



**South Dakota
Neighborhood Stabilization
Program Plan**



AS APPROVED BY HUD
JANUARY 2009



P.O. Box 1237 • Pierre, SD 57501-1237
(605) 773-3181/TTY (605) 773-6107
FAX (605) 773-5154
www.sdhda.org

NSP GRANT SUBMISSION TEMPLATE **& CHECKLIST**

(UPDATED 10.21.08)

NSP grant allocations can be requested by submitting a paper NSP Substantial Amendment or a form under the Disaster Recovery Grant Reporting (DRGR) system. This template sets forth the suggested format for grantees under the NSP Program. A complete submission contains the information requested below, including:

- (1) The NSP Substantial Amendment (attached below)
- (2) Signed and Dated Certifications (attached below)
- (3) Signed and Dated [SF-424](#).

Grantees should also attach a completed NSP Substantial Amendment Checklist to ensure completeness and efficiency of review (attached below).

Alternative formats of this document are available to persons with disabilities upon request.

PLANNING - 11/17

**THE
NEIGHBORHOOD STABILIZATION
PROGRAM (NSP)
SUBSTANTIAL AMENDMENT
“THE PLAN”**

Jurisdiction(s): South Dakota South Dakota Housing Development Authority	NSP Contact Person: Mark Lauseng Address: PO Box 1237, Pierre, SD 57501 Telephone: (605) 773-3181 Fax: (605) 773-5154 Email: Mark@sdhda.org
Jurisdiction Web Address: • www.sdhda.org	

A. AREAS OF GREATEST NEED

Provide summary needs data identifying the geographic areas of greatest need in the grantee’s jurisdiction.

Note: An NSP substantial amendment must include the needs of the entire jurisdiction(s) covered by the program; states must include the needs of communities receiving their own NSP allocation. To include the needs of an entitlement community, the State may either incorporate an entitlement jurisdiction’s consolidated plan and NSP needs by reference and hyperlink on the Internet, or state the needs for that jurisdiction in the State’s own plan. The lead entity for a joint program may likewise incorporate the consolidated plan and needs of other participating entitlement jurisdictions’ consolidated plans by reference and hyperlink or state the needs for each jurisdiction in the lead entity’s own plan.

HUD has developed a foreclosure and abandonment risk score to assist grantees in targeting the areas of greatest need within their jurisdictions. Grantees may wish to consult this data, at http://www.huduser.org/datasets/nsp_target.html in developing this section of the Substantial Amendment.

Response:

South Dakota contains two entitlement communities for the CDBG program. Neither the community of Sioux Falls nor Rapid City, are eligible to receive an allocation of Neighborhood Stabilization Program (NSP) funds directly from the U.S. Department of Housing and Urban Development (HUD). The State of South Dakota is entitled to an allocation amount of \$19.6 million.

The NSP funds, administered by the South Dakota Housing Development Authority (SDHDA), will be targeted to areas of greatest demonstrated need. The areas of greatest need will be determined by giving priority emphasis and consideration to those areas of the state that have the greatest percentage and number of home foreclosures, highest number and percentage of homes financed by a subprime mortgage related loan, and areas identified as likely to face a significant rise in the rate of home foreclosures.

While the number of foreclosures and sub-prime mortgages in South Dakota are substantially less than other areas around the country, there are a number of foreclosures and sub-prime mortgages that do exist with the highest concentration in the Sioux Falls Metropolitan Statistical Area (MSA) and Rapid City HUD Metro FMR Area (HMFA).

Foreclosures

The primary factor in determining a targeted area of demonstrated need is the number and percentage of foreclosures. As documented in the foreclosure information located on the NSP website, Minnehaha, Pennington, and Meade counties have the highest estimated number of foreclosures. Every county in South Dakota has at least one foreclosure with the exception of Jones County. As of November 3, 2008, there were 19 HUD foreclosed homes in South Dakota of which nine are located in the community of Sioux Falls, two in the community of Clark and the remaining units in eight additional communities. There were no FDIC or US Army Corps of Engineers properties for sale. REOTrans.com, which is a national foreclosure listing for banks and institutions, indicated an additional 22 foreclosed homes for sale with eight homes in Sioux Falls, three in Rapid City, two in both communities of Piedmont and Black Hawk and the remaining seven homes located in seven different communities.

Following are the counties with greatest number of estimated foreclosures per HUD data.

Counties with more than 500 foreclosures:

Minnehaha Pennington

Counties with more than 100 foreclosures:

Codington Lincoln Meade

Counties with more than 50 foreclosures:

Beadle Brookings Brown Butte Clay
Davison Turner Union

In evaluating the foreclosure rate, the counties of Shannon, Buffalo, Dewey, and Ziebach have the highest percentage rate of foreclosures. Many of the counties listed below incorporate Indian reservations.

Following are the counties with the greatest estimated foreclosure rate per HUD data.

Counties with 10 percent or greater:

Buffalo Dewey Shannon Ziebach

Counties with 5 percent or greater:

Corson Faulk Harding Jackson Sanborn Todd

Subprime Mortgages

The number and percentage of subprime mortgages is a component in the consideration of targeting areas of demonstrated need. An analysis of sub-prime mortgages is necessary to provide possible indicators of future foreclosure activity, however, sub-prime mortgages alone do not demonstrate areas of greatest need. Areas of high sub-prime mortgages will continually be monitored for potential changes; increases in foreclosures will potentially require an amendment to The Plan.

Information gathered from a private source provides an indication that there are over 4,500 subprime mortgages in the state of South Dakota and at least one subprime mortgage in every county with exception of Buffalo, Jones, Mellette, Sully, Todd and Ziebach counties. The greatest number of subprime mortgages is located in Minnehaha, Pennington and Lincoln counties. Sioux Falls is located within both Minnehaha and Lincoln counties with Rapid City being located in Pennington. While there are subprime mortgages located in nearly every county in South Dakota, over 50 percent of the subprime mortgages are in the three counties listed previously. Per the raw data utilized for the calculation of the Neighborhood Stabilization Program Allocation, South Dakota has an estimated 7,582 subprime mortgages; however, this information is not broken down by counties or zip codes. Based on the private information gathered, one could estimate that the percentages would remain the same and the top three counties would have nearly 70 percent more subprime mortgages than originally anticipated.

Of the 4,500 subprime mortgages, it is estimated that 16.35 percent of the loans are seriously delinquent. South Dakota ranks in the bottom two or three states for number of subprime mortgages, the outstanding loan amount and subprime per capita, however, it jumps up in the ranking when reviewing the percentage of the loans that are seriously delinquent. The 16.35 percent ranks South Dakota 35th, indicating that even if the number of subprime mortgages are lower than other states, there is a greater chance of foreclosure of these homes.

Following are counties with the highest sub-prime mortgages per the private data source.

Counties with more than 500 subprime mortgages:

Lincoln Minnehaha Pennington

Counties with more than 100 subprime mortgages:

Brookings Brown Codington Davison Lawrence
Meade Union

In addition, based on the same information, the State of South Dakota has a 3.3 percent rate of subprime to estimated number of mortgages. Listed below are counties experiencing a subprime rate higher than 4 percent.

Beadle	Bennett	Charles Mix	Clay	Corson
Davison	Douglas	Fall River	Harding	Hyde
Jerauld	Kingsbury	Marshall	McCook	Moody
Sanborn	Shannon	Spink	Stanley	Tripp
Turner				

Future Risk

HUD has provided an Estimated Foreclosure and Abandonment Risk Score table providing information of areas of greatest need based on Census Block Groups. The scores are based on four different sources that are used to predict whether or not a neighborhood has a high or low risk for foreclosed and abandoned homes. The scores range from zero to ten, with ten suggesting a very high risk. Applicants are encouraged to utilize this data to begin reviewing the specified areas and further evaluate other data such as county records on foreclosures filings or tax foreclosures to define an area of need and appropriate activity. HUD’s risk score table can be found at http://www.huduser.org/datasets/nsp_target.html. Based on this information, the following counties currently indicate a Risk Score of seven or greater:

Beadle	Clark	Hand	Lawrence	Meade	Minnehaha
Moody	Pennington	Potter	Roberts	Spink	Yankton

B. DISTRIBUTION AND USES OF FUNDS

Provide a narrative describing how the distribution and uses of the grantee’s NSP funds will meet the requirements of Section 2301(c) (2) of HERA that funds be distributed to the areas of greatest need, including those with the greatest percentage of home foreclosures, with the highest percentage of homes financed by a subprime mortgage related loan, and identified by the grantee as likely to face a significant rise in the rate of home foreclosures. *Note:* The grantee’s narrative must address these three stipulated need categories in the NSP statute, but the grantee may also consider other need categories.

Response:

Per Section 2301(c) (2) of Housing and Economic Recovery Act (HERA), NSP funds will be distributed to the areas of greatest need. As indicated in the information above, the counties of Minnehaha and Pennington indicate the highest number of foreclosures (20.6 percent and 19.56 percent respectively), along with the greatest number of subprime mortgages (25 percent and 22 percent respectively). Based on this information, 20 percent of the funds (\$3.92 million) will be targeted to Minnehaha and Lincoln Counties and an additional 20 percent of the NSP funds (\$3.92 million) targeted to Pennington County.

In addition to the number of foreclosed homes, one must consider the percentage rate of foreclosed homes. The counties of Shannon, Buffalo, Dewey and Ziebach have

foreclosure rates of 33 percent, 12.5 percent and two counties at 10 percent respectively, which are the highest rates in South Dakota. Due to the nature of the high foreclosure rates, lower median incomes, and the fact that these counties encompass Indian Reservations, 20 percent of the NSP funds (approximately \$3.92 million) will also be designated for Indian reservations.

The Indian Reservations will be defined by the reservation boundaries. The boundary lines may encompass a portion of, or the entire county. Applicants can access a map of the reservation boundaries at <http://www.nationalatlas.gov/printable/fedlands.html#list>. NSP funds can be accessed for both fee simple or trust land but the land on which the activity will take place, must reside within the boundary lines. The applicant may be a private entity or have tribe affiliation.

SDHDA will accept applications for utilization of NSP funds for other areas of South Dakota demonstrating a need based on characteristics previously outlined. The following counties demonstrate the greatest need based on a combination of risk factors indicated above.

Of the total \$19.6 million, SDHDA anticipates allocating the funds in the following manner:

\$1,960,000 (10%) for administration costs

\$3,920,000 (20%) for Minnehaha and Lincoln Counties

\$3,920,000 (20%) for Pennington County

\$3,920,000 (20%) for Indian Reservations (defined by Indian Reservation boundaries, including a portion of, or all of the following counties)

Buffalo	Charles Mix	Codington	Corson	Day	Dewey
Grant	Hyde	Hughes	Jackson	Marshall	Shannon
Todd	Stanley	Lyman	Roberts	Ziebach	

\$5,880,000 (30%) for the following targeted counties evidencing demonstrated need. The following counties have a combination of high foreclosures, high subprime mortgages and high Estimated Foreclosure and Abandonment Risk Score:

Beadle	Brookings	Brown	Butte	Clark	Clay
Codington	Davison	Faulk	Hand	Harding	Lawrence
Meade	Moody	Potter	Roberts	Sanborn	Spink
Turner	Union	Yankton			

Counties not listed above will not be considered as a targeted area and will not receive an allocation of NSP funds as this time. Applicants are encouraged to review HUD's Estimated Foreclosure and Abandonment Risk Score and other supporting information prior to submitting an application for NSP funding. If applicants can determine a

demonstrated need does exist based on supporting data not reflected above they are encouraged to contact SDHDA to further evaluate their eligibility.

SDHDA will continually monitor the foreclosure rates in all counties in South Dakota. There is anticipation that the supporting data will change over time and due to the rural nature of South Dakota, it is very likely that the subprime mortgages and foreclosures may occur in a delayed fashion compared to more metro states.

If additional financing, beyond the 20 percent allocation, is necessary for Minnehaha and Lincoln Counties, Pennington County, or Indian reservations, these locations will be eligible to receive additional funding, if funds are available. If economic conditions continue to change resulting in additional foreclosures, other areas of the state may become eligible to receive NSP funds. Modifications of The Plan can be proposed to HUD at any time.

C. DEFINITIONS AND DESCRIPTIONS

(1) Definition of “Blighted Structure” in context of state or local law.

Response:

Definition of “Blighted Structure”

South Dakota law does not have a definition of “Blighted Structure.” Blighted Structures will be defined as physical structures exhibiting signs of deterioration or is potentially hazardous to persons or surrounding property, including but not limited to: (a) a structure that is in danger of partial or complete collapse; (b) a structure with any exterior parts that are loose or in danger of falling; or (c) a structure with any parts, such as floors, porches, railings, stairs, ramps, balconies or roofs, that are accessible and that have either collapsed, are in danger of collapsing or are unable to support the weight of normally imposed loads.

Definition of “Vacant Property”

South Dakota does not have a definition of “Vacant Property” in the state law. Vacant Property can refer to either a building or land that for a minimum of 90 days has been:

1. unoccupied and unsecured (not prohibiting entry);
2. unoccupied and secured by other than normal means;
3. unoccupied and a dangerous structure;
4. unoccupied and condemned;
5. unoccupied and has city code violations; or
6. condemned and illegally occupied.

Vacant Property does not mean any building being constructed pursuant to a valid permit issued pursuant to the city building code and residential code for one- and two-family dwellings.

Raw land would not be defined as Vacant Property. Vacant Property could include buildings or land which was previously developed via infrastructure improvements such as roads, water, sewer, power lines, etc. However, land that has been farmland, open space, wilderness, etc. would not be defined as Vacant Property.

Definition of “Abandoned”

Per Federal Register Vol. 73, No. 194 dated October 6, 2008, Abandoned will be defined as follows: A home is Abandoned when mortgage or tax foreclosure proceedings have been initiated for that property, no mortgage or tax payments have been made by the property owner for at least 90 days, AND the property has been Vacant for at least 90 days.

Definition of “Foreclosed”

Per Federal Register Vol. 73, No. 194 dated October 6, 2008, Foreclosed will be defined as follows: A property “has been foreclosed upon” at the point that, under state or local law, the mortgage or tax foreclosure is complete. HUD generally will not consider a foreclosure to be complete until after the title for the property has been transferred from the former homeowner under some type of foreclosure proceeding or transfer in lieu of foreclosure, in accordance with state or local law.

Definition of “Affordable Rents”

Affordable Rents will be defined as a tenant paying no more than 30 percent of their annual income for gross housing costs, including utility costs, with adjustments for smaller and larger families.

(3) Describe how the grantee will ensure continued affordability for NSP assisted housing.

Response:

Depending on the type of activity and funding level, the affordability periods will vary. Affordability periods as outlined under the HOME Program 24 Code of Federal Regulations (CFR) 92.252(a), (c), (e), and (f) and 24 CFR 92.254, will be utilized for NSP funding. Applicants will indicate within their application, the number of units and the respective AMI levels to be served with the NSP funds. SDHDA will require the NSP assisted units to remain restricted to the respective AMI levels for the entire affordability period per the restrictive covenant document. Restrictive covenants will be filed on the real estate per the terms indicated below:

New Construction of Rental Housing	20 years of affordability
Rental Housing (rehabilitation or acquisition),	
Homeownership Assistance or Demolition of	

Blighted Structures

NSP Funding per unit - under \$15,000	5 years of affordability
\$15,000 – 40,000	10 years of affordability
Over \$40,000	15 years of affordability

(4) Describe housing rehabilitation standards that will apply to NSP assisted activities.

Response:

Housing that is rehabilitated with NSP funding must meet all applicable local codes, rehabilitation standards, ordinances, and zoning ordinances at the time of project completion. All housing assisted with NSP funds must meet, at a minimum, the Housing Quality Standards in 24 CFR Part 982.401. If rehabilitation standards in effect in the locality of the project are less restrictive, or there are no rehabilitation standards then at a minimum, one of the three model codes Uniform Building Code (ICBO), National Building Code (BOCA), Standard Building Code (SBCCI); or the Council of American Building Officials (CABO) one or two family code; or the Minimum Property Standards (MPS) in 24 CFR Part 200.925 or 200.926 will apply.

Applicants are encouraged, to the greatest extent possible, to strategically incorporate modern green building and energy efficiency improvements to provide long-term affordability and increase sustainability and attractiveness of housing and neighborhoods.

D. LOW INCOME TARGETING

Identify the estimated amount of funds appropriated or otherwise made available under the NSP to be used to purchase and redevelop Abandoned or Foreclosed upon homes or residential properties for housing individuals or families whose incomes do not exceed 50 percent of area median income: \$7,644,000.

Note: At least 25% of funds must be used for housing individuals and families whose incomes do not exceed 50 percent of area median income.

Response:

It is estimated that \$7,644,000 (39 percent) may be allocated for housing serving individuals and families whose income does not exceed 50 percent of the area median income (AMI). Discussions are underway with nonprofit agencies and service providers to redevelop Vacant Property for permanent housing for tenant populations serving special needs and homeless. It is anticipated that approximately \$5,000,000 will be used to purchase and renovate, redevelop, or newly construct housing under 24 CFR 570.201(e) to serve this targeted population. Discussions with potential applicants indicates that majority of these funds will be requested for Sioux Falls, Rapid City and Indian reservations.

To the greatest extent possible, nonprofit agencies will be encouraged to create financing mechanisms necessary to allow households of 50 percent AMI to purchase single family

homes that were previously Abandoned or Foreclosed. NSP funds will also be eligible for the acquisition and rehabilitation of Abandoned or Foreclosed homes for rental units.

E. ACQUISITIONS & RELOCATION

Indicate whether grantee intends to demolish or convert any low- and moderate-income dwelling units (i.e., $\leq 80\%$ of area median income).

If so, include:

- The number of low- and moderate-income dwelling units—i.e., $\leq 80\%$ of area median income—reasonably expected to be demolished or converted as a direct result of NSP-assisted activities.
- The number of NSP affordable housing units made available to low-, moderate-, and middle-income households—i.e., $\leq 120\%$ of area median income — reasonably expected to be produced by activity and income level as provided for in DRGR, by each NSP activity providing such housing (including a proposed time schedule for commencement and completion).
- The number of dwelling units reasonably expected to be made available for households whose income does not exceed 50 percent of area median income.

Response:

NSP funds are anticipated to serve households of 50 percent or less, 80 percent or less, and 120 percent or less of AMI in each of the different eligible activities.

An estimated \$1,000,000 is anticipated to be used to demolish Blighted Structures, resulting in approximately 100 units across the state of South Dakota. A small number of dwelling units may be converted to rental housing with emphasis on special needs housing. However the Vacant Property may also be Blighted Structures and the cost of rehabilitation would be too costly.

In order to meet NSP program requirements, census tracts and block groups will be utilized to ensure at least 51 percent of the residents within the census tract or block group have incomes at or below 120 percent AMI, or the corresponding targeted AMI level.

Homeownership assistance and acquisition and rehabilitation of Abandoned or Foreclosed homes for resale or rental are anticipated to serve more households of 120 percent AMI. Under the eligible use of purchase and rehabilitate residential properties that have been Abandoned or Foreclosed and redevelopment of demolished or Vacant Property, it is anticipated that a majority of the funds will be utilized to serve households that do not exceed 50 percent AMI. There is strong public interest in providing housing opportunities for special needs or homeless populations, creating an estimated 65 units of permanent housing for households at or below 50 percent AMI, 43 units for 80 percent AMI and 35 units for 120 percent AMI. Since 50 percent of the current foreclosures are located in Sioux Falls and Rapid City, it is estimated that 50 percent of the NSP funds for this activity will be utilized in these two communities.

For the total activities it is anticipated that 85 units and \$7,644,000 million of the funding will be utilized for households of 50 percent AMI or less. An additional 73 housing units and \$5,761,000 million of NSP funds will be for households of 80 percent AMI or less. The remaining \$4,235,000 million will be targeted for households of 120 percent of AMI or less.

Capacity of nonprofit agencies, developers and changes within community needs will dictate the need to further evaluate the estimated funding and AMI levels for the specified activities.

The time-frame involved for commencement and completion of stated activities will be dependent on the applicants for the NSP funding and the eligible activity. Activities involving the acquisition and rehabilitation of Abandoned or Foreclosed single family homes or residential properties may be difficult to accomplish in the 18 month time-frame due to the foreclosure process. However, potential applicants are already in the process of locating eligible properties and formulating their plans.

SDHDA will post an NSP application on its website in January 2009, so applicants can begin reviewing the application requirements and gathering data. Upon notice from HUD, of their approval of the NSP Plan, SDHDA will begin accepting applications. SDHDA will partner with other agencies, as necessary, to ensure efficient and effective utilization of the NSP funds. If applicants propose utilizing HOME, Housing Tax Credit, or Tax Exempt Bond Financing in addition to NSP funding, a separate application must be completed and submitted for the respective program.

F. PUBLIC COMMENT

Provide a summary of public comments received to the proposed NSP Substantial Amendment.

Note: proposed NSP Substantial Amendment must be published via the usual methods and posted on the jurisdiction's website for no less than 15 calendar days for public comment.

Response:

SDHDA posted the NSP Plan on its website November 10, 2008. The 15 day public comment period began on the 10th and ended at 5:00 p.m. CT on November 25, 2008. Notice of the public comment period appeared in the daily newspapers and a statewide press release was sent to TV, print, and radio media. Interested parties were also given the opportunity to discuss with SDHDA staff and comment on the NSP plan at the SDHDA annual conference held on November 18 and 19, 2008.

Written comments received are as follows:

One written comment indicated their appreciation for allowing NSP funds to be utilized to demolish blighted structures. No change to the NSP Plan was made.

A written comment requested incorporating in The Plan that “blighted” could be defined by a local TIF or BID ordinance. Per the Federal Register Vol. 73, No. 194, dated October 6, 2008, the NSP plan is to define a blighted structure. The Federal Register did not request definition of a blighted area. Area Median Income requirements will be utilized in determining that the proposed activities will meet the National Objective of serving households of 120 percent AMI or less.

Another written comment requested that The Plan incorporate a provision that the Governor’s House could be utilized as “infill” to redevelop demolished or vacant properties. This comment has been incorporated.

One comment was received asking that the demolition of structures such as former schools, churches or commercial building or other such facilities, for the redevelopment as housing, be defined as an authorized use under this Plan. Further clarification was made in The Plan to indicate these structures would be eligible for demolition, only if they are considered Blighted Structures.

A written comment suggested making the application process as simplified as possible. SDHDA will take this comment into consideration when drafting the application form. If other funding sources are utilized in conjunction with NSP funds, applicants will need to follow timing and requirements of the most restrictive program. No change was made to The Plan for this comment.

Two written comments were received indicating that \$1 million dollars targeted to demolition activity may be insufficient. The \$1 million was a calculated estimate that may be modified if necessary. HUD will not require one-for-one replacement of low- and moderate-income dwellings units that are demolished or converted for activities assisted with NSP, however, the NSP funds are to be focused on neighborhood stabilization. While demolition is an eligible activity NSP funds should be focused on providing housing opportunities for eligible households. No change was made to The Plan; however, SDHDA will monitor the dollar amount requested per activity to determine modifications at a future date, if necessary.

A written comment requested further clarification of the allocation process. Additional information was provided in The Plan to further explain this process.

A couple of written comments were in regards to the application process – one concerning a point system and the second in relation to environmental reviews. No point system will be utilized with this funding source. HUD environmental reviews will be completed for each activity and the level of review will be dependent on the type of activity being requested. Additional clarification regarding the application process was incorporated into the NSP Plan. In addition, careful consideration will be given while

drafting the NSP application form to ensure it will provide guidance to the applicant and outline the information needed to fulfill HUD requirements.

One commentator requested SDHDA to consider formulating a community score for each county. HUD has created an Estimated Foreclose and Abandonment Risk Score based on census tracts, which is similar to this proposal. This information can be found on the HUD website at http://www.huduser.org/datasets/nsp_target.html. In addition it is anticipated that South Dakota's information may continue to change, affecting the areas determined to have the greatest need. Based on this information, no change was made to The Plan. SDHDA would like to utilize the information currently available and remain flexible to entertain applications as demonstrated need may change.

Another written comment requested SDHDA to hold meetings with potential applicants regarding the final NSP Plan. Upon approval of the NSP Plan by HUD, SDHDA will host future meetings to further discuss NSP funding and eligible activities. No changes were made to The Plan regarding this comment.

One written comment asked if SHDA would consider all eligible activities. There are five eligible activities as outlined in HERA Section 2301 (c) (3). SDHDA will not entertain land banking as an eligible activity, so no change was made to The Plan for this comment. All other activities are outlined within The Plan.

In addition this comment further stated that The Plan should notify applicants that all eligible activities are subject to change and interpretation based on HUD's approval of The Plan and/or changes being issued regarding the NSP Notice. This notice was incorporated into The Plan to ensure applicants are aware of these potential changes.

A written and verbal comment received was in regards to the 10 percent administration funds. The comments requested SDHDA's consideration to allow a portion of the administration funds to be utilized by the recipient in carrying out their proposed activity. SDHDA will utilize the administration funds to cover costs associated with NSP. If SDHDA contracts with another entity to assist in administering NSP, administration funds will be utilized to pay for their services. In addition SDHDA could utilize a portion of the administration funds to fund eligible activities. Applicants will outline in their application budgets, the cost associated with administering their program or developing their project. Applicants will be compensated according to a reasonable budget as outline in their application. Additional clarification regarding the 10 percent administration funds was incorporated into The Plan for this comment.

One written comment requested clarification of "vacant". Clarification was made in The Plan to state Vacant Property can refer to a building or land.

Another written comment was in regards to demolish Blighted Structures and whether NSP funds could be utilized to acquire the property. Further clarification was provided in The Plan as follows "NSP funds can only be used for the cost of clearing the Blighted

Structure. No NSP funds can be requested for purchase of the Blighted Structure unless the project also qualifies under acquisition of an Abandoned or Foreclosed property”.

A comment requested clarification on whether NSP funds could be utilized to acquire the demolished or vacant structure. NSP funds can be used to acquire demolished or Vacant Property. Further clarification was made in The Plan.

The final written comment was in regards to affordability restrictions. References to the affordability restrictions were modified in The Plan to accurately reflect the proper page.

(The rest of this page was intentionally left blank.)

G. NSP INFORMATION BY ACTIVITY (COMPLETE FOR EACH ACTIVITY)

IF AN APPLICANT WISHES TO USE NSP FUNDS FOR ACTIVITIES THAT ARE ELIGIBLE UNDER ONLY ONE OF THE FOUR ACTIVITIES LISTED BELOW, THE ACTIVITIES LISTED IN HERA AND THE NSP PLAN CAN BE VIEWED AS SEVERABLE AND DISCRETE. HOWEVER, THE PROVISIONS OF THE DIFFERENT ACTIVITIES BECOME CUMULATIVE IF AN APPLICANT WISHES TO USE NSP FUNDS FOR MULTIPLE ACTIVITIES ON THE SAME PROJECT, AND THOSE ELIGIBLE ACTIVITIES ARE NOT ALL CATEGORIZED UNDER THE SAME ELIGIBLE USE.

THE FOLLOWING FUNDING AMOUNTS ARE ESTIMATES ONLY.

(1) Activity Name: **Financing Mechanisms for Homeownership Assistance**

(2) Activity Type: Housing and Economic Recovery Act §2301(c)(3)(A) and 24 CFR 570.206 and 24 CFR 570.201(n) allow for NSP funds to be utilized for financing mechanisms for homeownership assistance to purchase Foreclosed upon homes. Homeownership assistance is limited to households of 120 percent of AMI or less and can be provided for downpayment, closing costs, subordinated financing, or share-equity loans. Eligible applications can request NSP funds for the direct funding and the cost for delivery of the service. Applicants may request NSP funding as either a loan or grant funding.

(3) National Objective: Beneficiaries of the NSP funding must be households of 120 percent AMI or less. Preference will be given to Applicants serving households at or below 50 and 80 percent AMI.

(4) Activity Description:

The data reviewed for the creation of this Plan indicates Sioux Falls MSA and Rapid City HMFA as areas of greatest need since these areas have the highest number of subprime mortgages and the highest number of foreclosures. However, this activity is eligible for all targeted areas as listed on page 5, with an estimated 50 percent of the NSP -funds for this activity being allocated to Lincoln, Minnehaha and Pennington Counties. Applicants are encouraged to target funds for 50 percent AMI but it may be difficult to reach these households for the Abandoned and Foreclosed homes. It is anticipated that majority of these funds will be for households of 120 percent AMI, with 80 percent and 50 percent households being met on a declining basis.

Applicants will be required to estimate the number of homes, location of the homes, number of eligible households, and the AMI level they anticipate to serve with the NSP funding. Applicants can request NSP funding to be utilized as a grant or low interest loan given the activity and AMI level to be served. Applicants must demonstrate within their application, their capacity to complete the proposed project in the time-frame allowed.

Homebuyer Education -

Each NSP-assisted homebuyer is required to receive and complete at least eight hours of homebuyer education or counseling from a HUD-approved housing counseling agency before obtaining a mortgage loan.

(5) Location Description: This activity will be eligible for targeted counties as listed on page 5 of The Plan; however 50 percent of the funding is anticipated to be awarded to Sioux Falls and Rapid City based on their number of foreclosures and subprime mortgages.

(6) Performance Measures: Applicants must indicate within their application the AMI targeting and the anticipated funding necessary for the activity type. Performance measurements will be based on the dollar amount of funding and the number of households served at the corresponding AMI levels (50 percent of area median income and below, 51-80 percent, and 81-120 percent).

(7) Total Budget: An estimated \$640,000 will be utilized under this activity. Preference will be given to those applications that leverage the NSP funding with other sources. Applicants must indicate within their application the total sources and uses of funds for homeownership assistance. In addition the application must indicate location of property, number of units and the proposed assistance necessary.

NSP funding will be limited to \$5,000 for households of 120 percent or less AMI, \$10,000 for households of 80 percent or less AMI, and \$14,999 for households of 50 percent AMI or less.

(8) Responsible Organization: SDHDA will allocate the NSP funds to eligible applicants who are local units of government, nonprofit or for profit developers. Applicants must demonstrate their capacity to complete the proposed project in the time-frame required and have a housing goal of providing homeownership opportunities.

(9) Projected Start Date: January 2009

(10) Projected End Date: June 30, 2010

(11) Specific Activity Requirements: Financing for Homeownership Activities may be in the form of a loan or grant. Terms and conditions (years, interest rate, etc.) of the financing must be detailed within the NSP application. Interest rate charged on the financing cannot exceed three percent (3%) for a term not to exceed the affordability period. Affordability restrictions as outlined on Pages 7-8 of The Plan will be required based on the amount of financing provided and recorded as a mortgage or deed restriction on the real property.

Applicants are required to ensure that homebuyers obtain a mortgage loan from a lender who agrees to comply with the bank regulators' guidance for non-traditional mortgages. Applicants are also cautioned against providing or permitting homebuyers to obtain subprime mortgages for whom such mortgages are inappropriate.

(1) Activity Name: **Purchase and rehabilitation of homes and residential properties that have been Abandoned or Foreclosed upon, in order to sell, rent or redevelop such homes and properties**

(2) Activity Type: Housing and Economic Recovery Act §2301(c)(3)(B) and 24 CFR 570.206; 24 CFR 570.201(a), (b), and (i); and 24 CFR 570.202 allow for NSP funds to be utilized for the acquisition and rehabilitation of homes and residential properties that have been Abandoned or Foreclosed upon, in order to sell, rent, or redevelop such homes and properties.

(3) National Objective: All housing units acquired and rehabilitated with NSP funding will be restricted (sold or rented) to households of 120 percent AMI or less. Preference for funding will be given to Applicants serving households at or below 50 and 80 percent AMI.

(4) Activity Description: NSP funding can be requested to acquire and rehabilitate single family homes and residential properties that have been Abandoned or Foreclosed upon (as defined in the Federal Register /Vol. 73, No. 194 dated Monday October 6, 2008) for the purpose of selling or renting the redeveloped homes and residential properties.

(5) Location Description: This activity will be eligible for areas of South Dakota outlined on page 5 of The Plan; however, it is anticipated that approximately 50 percent of the funding will be utilized in Lincoln, Minnehaha and Pennington Counties based on the number of foreclosures and subprime mortgages.

(6) Performance Measures: Applicants must indicate within their application the AMI targeting and the anticipated funding necessary for the activity type. Performance measurements will be based on the dollar amount of funding and the number of households served at the corresponding AMI levels (50 percent of area median income and below, 51-80 percent, and 81-120 percent).

(7) Total Budget: An estimated \$9 million will be utilized for this activity. Applicants must indicate within their application the total sources and uses of funds for acquisition and rehabilitation of the proposed property. In addition the application must indicate location of property, number of units to be acquired and rehabilitated along with the anticipated resale price or rental income to be received.

NSP funding will be limited to the HUD 221 (d)(3) limits found on page 26 of The Plan, correlating to the location of the project and the bedroom size of the housing units assisted.

(8) Responsible Organization: SDHDA will allocate the NSP funds to eligible applicants who are local units of government, nonprofit or for profit developers. Applicants must demonstrate their capacity to complete the proposed project in the time-frame required.

(9) Projected Start Date: January 2009

(10) Projected End Date: June 30, 2010

(11) Specific Activity Requirements: Section 2301(d)(1) of HERA requires any purchase of a Foreclosed-upon home or residential property under NSP is at a discount from the current market-appraised value of the home or property. Such discount shall ensure that purchasers are paying below-market value for the home or property. Applicants must indicate within their application that they are seeking to obtain the “maximum reasonable discount” from the mortgagee, taking into consideration likely “carrying costs” of the mortgagee if it were to not sell the property to the applicant.

If NSP funds are provided as a loan, the interest rate charged on the financing will not exceed three percent (3%) for a term not to exceed the affordability period.

Purchase Price Requirements -

Any purchase of a Foreclosed upon home or residential property must be at a discount from the current market appraised value of the home or property, taking into consideration its current condition. A third party appraisal will be required for purposes of determining the statutory purchase discount and ensuring the purchasers are paying below-market value for the home or property. For an individual purchase transaction, the purchase discount must be at least 15 percent from the current market appraised value of the home or property. For purchase transactions in the aggregate, the average purchase discount must be at least 15 percent from the current market appraised value.

Eligible Costs -

Applicants may request NSP funding to pay for development costs such as sales costs, closing costs, and reasonable developer’s fees, related to the NSP assisted housing, rehabilitation, or construction activities. NSP funding is NOT eligible for the expense of operating rental housing or for tenant-based rental assistance.

Rehabilitation Standards –

Any rehabilitation of a Foreclosed upon home or residential property shall be to the extent necessary to comply with applicable laws, codes or other requirements as relating to housing safety, quality, and habitability, in order to sell, rent or redevelop such homes and properties. Please refer to Page 8 of this Plan for further rehabilitation requirements.

Resale Requirements –

If an Abandoned or Foreclosed upon home or residential property is to be sold to an individual as a primary resident, no profit may be earned on such sale. Section 2301(d)(2) directs the sale of such property shall be in an amount equal to or less than the costs to acquire and redevelop or rehabilitate such home or property up to a decent, safe and habitable condition.

Documentation must be maintained on the purchase and sale price of each property and the sources and uses of funds utilized.

The maximum sales price for a property is determined by aggregating all costs of acquisition, rehabilitation, and redevelopment (including related activity delivery costs, which generally include, among other things, costs related to the sale of the property).

In determining the sale price, the applicant cannot use the costs of boarding up, lawn mowing, maintaining the property in static condition, or in the absence of NSP-assisted rehabilitation or redevelopment, the costs of completing a sales transaction or other disposition, to be redevelopment or rehabilitation costs.

Homebuyer Education –

Each NSP-assisted homebuyer is required to receive and complete at least eight hours of homebuyer education or counseling from a HUD-approved housing counseling agency before obtaining a mortgage loan.

Other Requirements -

NSP funding cannot be provided to an applicant to finance an acquisition of tax foreclosed (or any other) properties from itself, other than to pay the necessary and reasonable costs related to the appraisal and transfer of title.

Applicants who are contemplating using NSP funds to assist an acquisition involving an eminent domain action are advised to consult legal counsel before taking action, as this may present problems with Takings Clause of the Fifth Amendment to the U.S. Constitution and prior Supreme Court rulings.

Relocation requirements under 24 CFR Part 92.353 may apply.

HUD provides information on FHA Foreclosed properties at <http://www.hud.gov/offices/hsg/sfh/reo/reohome.cfm>. Applicants may also contact their local HUD FHA office for further assistance.

The NSP application will indicate the sources and uses of funds. The NSP funding may be requested as a low interest loan (up to 3 percent) or grant funding, depending on the financing necessary for the proposed project. The properties receiving NSP funding will be restricted to households of the AMI levels as proposed in the application. Please refer to Pages 7-8 of The Plan for the required affordability requirements per activity and NSP funding amount. Affordability requirements will be recorded as a mortgage or deed restriction on the real property.

Applicants are required to ensure that homebuyers obtain a mortgage loan from a lender who agrees to comply with the bank regulators' guidance for non-traditional mortgages. Applicants are also cautioned against providing or permitting homebuyers to obtain subprime mortgages for whom such mortgages are inappropriate.

If NSP funds assist a property that was previously assisted with HOME funds or another federal subsidy program, but on which the affordability restrictions were terminated

through foreclosure or transfer in lieu of foreclosure pursuant to 24 CFR Part 92, the applicant must revive the HOME or other federal programs affordability restrictions for the greater of the remaining affordability period or the continuing affordability requirements of NSP.

(The rest of this page was intentionally left blank.)

(1) Activity Name: **Demolish Blighted Structures**

(2) Activity Type: Housing and Economic Recovery Act §2301(c)(3)(D) and 24 CFR 570.201(d) allow for NSP funds to be utilized for clearance for Blighted Structures.

(3) National Objective: NSP funds will be eligible for demolition of Blighted Structures. In order to meet NSP program requirements, census tracts and block groups will be utilized to ensure at least 51 percent of the residents within the census tract or block group have incomes at or below 120 percent AMI, or the corresponding targeted AMI level. HUD has available data on the percentage of low-, moderate- and middle income persons by census tracts and block groups at <http://www.huduser.org/publications/commdev/nsp.html>.

(4) Activity Description:

NSP funds will be eligible to assist in the demolition of Blighted Structures for the counties of demonstrated need listed on page 5 of The Plan. Applicants will be required to provide information, including pictures, of the Blighted Structures, along with costs associated with the demolition and the future plans of the real property upon completion of the demolition. Applicants must define the service area benefitting from the NSP funded activity.

NSP funds can only be used for the cost of clearing the Blighted Structure. No NSP funds can be requested for purchase of the Blighted Structure unless the project also qualifies under acquisition of an Abandoned or Foreclosed property.

(5) Location Description: NSP funds will be eligible to assist in the demolition of Blighted Structures for the counties of demonstrated need listed on page 5 of The Plan.

(6) Performance Measures: Applicants must indicate within their application the AMI targeting based on census tracts or block group, along with the anticipated funding necessary for the activity type. Performance measurements will be based on the dollar amount of funding and the corresponding AMI levels (50 percent of area median income and below, 51-80 percent, and 81-120 percent).

(7) Total Budget: Applicants must submit within their NSP application, the total cost of demolition and the other proposed funding sources. It is estimated that \$1 million of NSP funding may be utilized for this activity.

NSP funding will be up to \$10,000 for single family homes or \$100,000 for all other types of structures.

(8) Responsible Organization: SDHDA will allocate the NSP funds to eligible applicants who are local units of government, nonprofit or for profit developers. Applicants must demonstrate their capacity to complete the proposed project in the time-frame required.

(9) Projected Start Date: January 2009

(10) Projected End Date: June 30, 2010

(11) Specific Activity Requirements:

The dollar amount of NSP funds requested must be documented within the NSP application. Affordability restrictions as outlined on Pages 7-8 of The Plan will be required based on the amount of financing provided and recorded as a mortgage or deed restriction on the real property.

If NSP funds are provided as a loan, the interest rate charged on the financing will not exceed three percent (3%) for a term not to exceed the affordability period.

Documentation must be maintained on the cost to demolish the structure and the sources and uses of funds utilized.

(The rest of this page was intentionally left blank.)

(1) Activity Name: **Redevelop demolished or Vacant Property**

(2) Activity Type: Housing and Economic Recovery Act §2301(c)(3)(E) and 24 CFR 570.201(a) , (b), (c), (e), (i) and (n) and 24 CFR 570.204 allow for NSP funds to be utilized for redevelopment of demolished or Vacant Property.

(3) National Objective: All housing units developed with NSP funding will be restricted (sold or rented) to households of 120 percent AMI or less. Preference for funding will be given to Applicants serving households at or below 50 and 80 percent AMI.

(4) Activity Description: Under this activity, NSP funding will be eligible for acquisition and redevelopment of acquired demolished or Vacant Property for activities including, but not limited to, new construction of housing, providing shelter for persons having special needs such as homeless shelters, convalescent homes; hospitals, nursing homes; battered spouse shelters; halfway houses for run-away children, drug offenders or parolees; group homes for mental disabilities, building infrastructure for housing, public facilities and improvements, public services for housing counseling, relocation, and nonresidential uses, such as public park, commercial use, or mixed residential and commercial use.

Providing NSP funds are only used for redevelopment activities, the property does not need to be Abandoned, Foreclosed upon or previously residential. However, if NSP funds are requested for another activity for the same property, other program provisions will apply.

Redevelopment of demolished or Vacant Property can incorporate the use of a Governor's House. The Governor's House can be placed on land for sale to households meeting the NSP National Objective of 120 percent or less AMI and the Governor's House program requirements.

Applicants may request NSP funds to pay for costs such as sales costs, closing costs, and reasonable developer's fees, related to NSP-assisted housing, rehabilitation, or construction activities. NSP funding preference will be given for permanent housing projects serving households at or below 50 and 80 percent AMI.

Applicants are encouraged to acquire and redevelop FHA Foreclosed properties. HUD provides information on FHA Foreclosed properties at <http://www.hud.gov/offices/hsg/sfh/reo/reohome.cfm>. Applicants may also contact their local HUD FHA office for further assistance.

(5) Location Description: This activity will be eligible for targeted counties of need as outlined on page 5 of The Plan. Funding under this activity will have a high preference of serving households of 50 and 80 percent AMI or less.

(6) Performance Measures: Applicants must indicate within their application the AMI targeting based on the proposed households to occupy the housing units, the households

anticipated to utilize the services, or the census tracts or block group information. Performance measurements will be based on the dollar amount of funding and the corresponding AMI levels (50 percent of area median income and below, 51-80 percent, and 81-120 percent) of the households served.

(7) Total Budget: Applicants must submit within their NSP application, the total cost of redevelopment and the proposed funding sources, including the NSP funds requested. It is estimated that \$7 million of NSP funding may be utilized for this activity.

NSP funding will be limited to the HUD 221 (d)(3) limits found on page 28 of The Plan, correlating to the location of the project and the bedroom size of the housing units assisted.

(8) Responsible Organization: SDHDA will allocate the NSP funds to eligible applicants who are local units of government, nonprofit or for profit developers. Applicants must demonstrate their capacity to complete the proposed project in the time-frame required.

(9) Projected Start Date: January 2009

(10) Projected End Date: June 30, 2010

(11) Specific Activity Requirements: The dollar amount of NSP funds requested must be documented within the NSP application. Affordability restrictions as outlined on Page 10 and 11 of The Plan will be required based on the amount of financing provided and recorded as a mortgage or deed restriction on the real property.

Applicants may request NSP funding as either loan or grant funding, depending on the financing need and AMI levels to be served. If NSP funds are provided as a loan, the interest rate charged on the financing will not exceed three percent (3%) for a term not to exceed the affordability period.

Documentation must be maintained on the purchase price and cost to develop the property with the sources and uses of funds utilized.

Administration and Planning Costs –

The Housing and Economic Recovery Act §2301(c)(3) and 24 CFR 570.205 and 206 allow for an amount of up to 10 percent of the NSP grant provided to the State of South Dakota and administered by South Dakota Housing Development Authority, to be utilized for general administration and planning activities. In addition up to 10 percent of program income earned may also be used for administration costs. The administration funds will be utilized to cover costs incurred by SDHDA for administration of the program. If SDHDA contracts with third parties to assist in administration of the program, administration funds will be utilized to pay for their services. SDHDA may also choose to utilize a portion of the administrative funds for eligible activities.

Other Uses –

The use of NSP funds for any activities not specifically addressed in this Plan, must receive prior approval. Applicants must make a written request to SDHDA, which will then be submitted to the local HUD field office for consideration. Such requests must demonstrate that the proposed activity constitutes an eligible use under the NSP.

HUD will not consider requests to allow foreclosure prevention activities, such as refinancing mortgages and paying back taxes; or to allow demolition of structures that are not Blighted Structures; or to allow purchase of residential properties and homes that have not been Abandoned or Foreclosed upon as provided in HERA and defined in this plan.

Expenditures of Funds –

NSP funds must be committed within 18 months of receipt by SDHDA. Funds are considered committed when they have been obligated for a specific NSP activity; for example, for acquisition of a specific property. Funds are obligated for an activity when orders are placed, contracts are awarded, services are received, and similar transactions have occurred that require payment by the applicant during the same or future period.

SDHDA will be deemed to have received its NSP grant at the time HUD signs its NSP grant agreement. SDHDA will notify interested parties at such time the NSP funds have been received and are eligible for allocation to applicants.

All NSP funds must be expended within four years of receipt of funds from HUD.

Applicants are advised that The Plan is subject to U.S. Department of Housing and Urban Development's review and approval. Additional interpretation and guidance may affect the eligible activities as listed in The Plan.

Application Process –

SDHDA will post an NSP application on its website in January 2009, so applicants can begin reviewing the application requirements and gathering data. Upon notice from HUD, of their approval of the NSP Plan, SDHDA will begin accepting applications.

Applications will only be funded if they will contribute to meeting the goal of stabilizing neighborhoods, are for an eligible activity, demonstrate a feasible project, demonstrate ability to be completed in a timely fashion and the applicant has the capacity to produce the intended results. Projects will be given priority for meeting at a minimum, the 25 percent requirement for 50 percent AMI. Dependent upon the date of HUD's funding approval, applications are anticipated to be received until June 30, 2010.

All recipients need to be aware that due to the environmental review requirements and specifically 24 CFR Part 58.22, neither a recipient nor any participant in the development process, including public or private non-profit or for-profit entities, or any of their contractors, may commit HUD assistance under a program listed in Section 58.1(b) on an activity or project until HUD or SDHDA has approved the recipient's Request for Release of Funds (RROF) and the related certification from the responsible entity. In addition, until the RROF and the related certification have been approved, neither a recipient nor any participant in the development process may commit non-HUD funds or undertake an activity or project under a program listed in Section 58.1(b) if the activity or project would have an adverse environmental impact or limit the choice of reasonable alternatives.

This means that once a decision has been made to use federal money, such as NSP, for the project no action can be taken on the property by either the recipient, sub-recipient, or a third party (such as a contractor or developer) until after the project has received environmental clearance. This rule is triggered by intent rather than when application is made. For acquisition the environmental review must be completed prior to the use of NSP funds. For rehabilitation, no activity can be started until after environmental clearance is received. For public infrastructure, clearance of sites, and new construction of public facilities no dirt can be moved on or adjacent to the site and no development action can be taken until environmental clearance is received.

**SOUTH DAKOTA
HUD 221 (d)(3) SUBSIDY LIMITS**

	<u>Zone I</u>	<u>Zone II</u>	<u>Zone III</u>
0 bedroom	\$ 91,546	\$ 90,529	\$ 92,563
1 bedroom	\$104,940	\$103,774	\$106,106
2 bedrooms	\$127,607	\$126,190	\$129,025
3 bedrooms	165,082	\$163,247	\$166,916
4+ bedrooms	\$181,210	\$179,196	\$183,223

Zone I (Sioux Falls - Base City)

Aurora	Douglas	Marshall
Beadle	Edmunds	McCook
Bon Homme	Faulk	McPherson
Brookings	Grant	Miner
Brown	Gregory	Minnehaha
Brule	Hamlin	Moody
Charles Mix	Hand	Roberts
Clark	Hanson	Sanborn
Clay	Hutchinson	Spink
Codington	Jerauld	Turner
Davison	Kingsbury	Union
Day	Lake	Yankton
Deuel	Lincoln	

Zone II (Pierre - Key City)

Buffalo	Hyde	Sully
Campbell	Jones	Todd
Corson	Lyman	Tripp
Dewey	Mellette	Walworth
Haakon	Potter	Ziebach
Hughes	Stanley	

Zone III (Rapid City - Key City)

Bennett	Harding	Pennington
Butte	Jackson	Perkins
Custer	Lawrence	Shannon
Fall River	Meade	

This exhibit is subject to change based on updates from the Department of Housing and Urban Development.

CERTIFICATIONS

- (1) **Affirmatively furthering fair housing.** The jurisdiction will affirmatively further fair housing, which means that it will conduct an analysis to identify impediments to fair housing choice within the jurisdiction, take appropriate actions to overcome the effects of any impediments identified through that analysis, and maintain records reflecting the analysis and actions in this regard.
- (2) **Anti-lobbying.** The jurisdiction will comply with restrictions on lobbying required by 24 CFR part 87, together with disclosure forms, if required by that part.
- (3) **Authority of Jurisdiction.** The jurisdiction possesses the legal authority to carry out the programs for which it is seeking funding, in accordance with applicable HUD regulations and other program requirements.
- (4) **Consistency with Plan.** The housing activities to be undertaken with NSP funds are consistent with its consolidated plan, which means that NSP funds will be used to meet the congressionally identified needs of Abandoned and Foreclosed homes in the targeted area set forth in the grantee's substantial amendment.
- (5) **Acquisition and relocation.** The jurisdiction will comply with the acquisition and relocation requirements of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, as amended (42 U.S.C. 4601), and implementing regulations at 49 CFR part 24, except as those provisions are modified by the Notice for the NSP program published by HUD.
- (6) **Section 3.** The jurisdiction will comply with section 3 of the Housing and Urban Development Act of 1968 (12 U.S.C. 1701u), and implementing regulations at 24 CFR part 135.
- (7) **Citizen Participation.** The jurisdiction is in full compliance and following a detailed citizen participation plan that satisfies the requirements of Sections 24 CFR 91.105 or 91.115, as modified by NSP requirements.
- (8) **Following Plan.** The jurisdiction is following a current consolidated plan (or Comprehensive Housing Affordability Strategy) that has been approved by HUD.
- (9) **Use of funds in 18 months.** The jurisdiction will comply with Title III of Division B of the Housing and Economic Recovery Act of 2008 by using, as defined in the NSP Notice, all of its grant funds within 18 months of receipt of the grant.
- (10) **Use NSP funds \leq 120 of AMI.** The jurisdiction will comply with the requirement that all of the NSP funds made available to it will be used with respect to individuals and families whose incomes do not exceed 120 percent of area median income.
- (11) **Assessments.** The jurisdiction will not attempt to recover any capital costs of public improvements assisted with CDBG funds, including Section 108 loan guaranteed funds, by

assessing any amount against properties owned and occupied by persons of low- and moderate-income, including any fee charged or assessment made as a condition of obtaining access to such public improvements. However, if NSP funds are used to pay the proportion of a fee or assessment attributable to the capital costs of public improvements (assisted in part with NSP funds) financed from other revenue sources, an assessment or charge may be made against the property with respect to the public improvements financed by a source other than CDBG funds. In addition, with respect to properties owned and occupied by moderate-income (but not low-income) families, an assessment or charge may be made against the property with respect to the public improvements financed by a source other than NSP funds if the jurisdiction certifies that it lacks NSP or CDBG funds to cover the assessment.

(12) **Excessive Force.** The jurisdiction certifies that it has adopted and is enforcing: (1) a policy prohibiting the use of excessive force by law enforcement agencies within its jurisdiction against any individuals engaged in non-violent civil rights demonstrations; and (2) a policy of enforcing applicable State and local laws against physically barring entrance to or exit from, a facility or location that is the subject of such non-violent civil rights demonstrations within its jurisdiction.

(13) **Compliance with anti-discrimination laws.** The NSP grant will be conducted and administered in conformity with title VI of the Civil Rights Act of 1964 (42 U.S.C. 2000d), the Fair Housing Act (42 U.S.C. 3601-3619), and implementing regulations.

(14) **Compliance with lead-based paint procedures.** The activities concerning lead-based paint will comply with the requirements of part 35, subparts A, B, J, K, and R of this title.

(15) **Compliance with laws.** The jurisdiction will comply with applicable laws.

Signature/Authorized Official

Date

Mark Lauseng, Executive Director
Title

NSP Substantial Amendment Checklist

For the purposes of expediting review, HUD asks that applicants submit the following checklist along with the NSP Substantial Amendment and SF-424.

Contents of an NSP Action Plan Substantial Amendment

Jurisdiction(s): State of South Dakota Lead Agency: South Dakota Housing Development Authority Jurisdiction Web Address: www.sdhda.org	NSP Contact Person: Lorraine Polak Address: PO Box 1237, Pierre, SD 57501 Telephone: (605) 773-3108 Fax: (605) 773-5154 Email: Lorraine@sdhda.org
--	---

The elements in the substantial amendment required for the Neighborhood Stabilization Program are:

A. AREAS OF GREATEST NEED

Does the submission include summary needs data identifying the geographic areas of greatest need in the grantee's jurisdiction?

Yes No . Verification found on pages 1-4.

B. DISTRIBUTION AND USES OF FUNDS

Does the submission contain a narrative describing how the distribution and uses of the grantee's NSP funds will meet the requirements of Section 2301(c)(2) of HERA that funds be distributed to the areas of greatest need, including those with the greatest percentage of home foreclosures, with the highest percentage of homes financed by a subprime mortgage related loan, and identified by the grantee as likely to face a significant rise in the rate of home foreclosures?

Yes No . Verification found on pages 4-6.

Note: The grantee's narrative must address the three stipulated need categories in the NSP statute, but the grantee may also consider other need categories.

C. DEFINITIONS AND DESCRIPTIONS

For the purposes of the NSP, do the narratives include:

- a definition of "blighted structure" in the context of state or local law,
Yes No . Verification found on page 6.
- a definition of "affordable rents,"
Yes No . Verification found on page 7.
- a description of how the grantee will ensure continued affordability for NSP assisted housing,
Yes No . Verification found on pages 7-8.

- a description of housing rehabilitation standards that will apply to NSP assisted activities?
Yes No . Verification found on page 8.

D. INFORMATION BY ACTIVITY

Does the submission contain information by activity describing how the grantee will use the funds, identifying:

- eligible use of funds under NSP,
Yes No . Verification found on pages 14, 16, 20 & 22.
- correlated eligible activity under CDBG,
Yes No . Verification found on pages 14, 16, 20 & 22.
- the areas of greatest need addressed by the activity or activities,
Yes No . Verification found on pages 15, 16, 20 & 22.
- expected benefit to income-qualified persons or households or areas,
Yes No . Verification found on pages 15, 16, 20 & 22.
- appropriate performance measures for the activity,
Yes No . Verification found on pages 15, 16, 20 & 22.
- amount of funds budgeted for the activity,
Yes No . Verification found on pages 15, 16, 20 & 23.
- the name, location and contact information for the entity that will carry out the activity,
Yes No . Verification found on pages 15, 17, 20 & 23.
- expected start and end dates of the activity?
Yes No . Verification found on pages 15, 17, 21 & 23.

E. SPECIFIC ACTIVITY REQUIREMENTS

Does each activity narrative describe the general terms under which assistance will be provided, including:

If the activity includes acquisition of real property,

- the discount required for acquisition of Foreclosed upon properties,
Yes No . Verification found on pages 17-18.

If the activity provides financing,

- the range of interest rates (if any),
Yes No . Verification found on pages 15, 17, 21 & 23.

If the activity provides housing,

- duration or term of assistance,
Yes No . Verification found on pages 7-8, 15, 17, 21 & 23.
- tenure of beneficiaries (e.g., rental or homeownership),
Yes No . Verification found on pages 7-8, 15, 17, 21 & 23.
- does it ensure continued affordability?
Yes No . Verification found on pages 7-8, 15, 17, 21 & 23.
- does the applicant indicate which activities will count toward the statutory requirement that at least 25% of funds must be used to purchase and redevelop Abandoned or Foreclosed upon homes or residential properties for housing individuals and families whose incomes do not exceed 50% of area median income?
Yes No . Verification found on pages 8-10.

F. LOW INCOME TARGETING

- Has the grantee described how it will meet the statutory requirement that at least 25% of funds must be used to purchase and redevelop Abandoned or Foreclosed upon homes or residential properties for housing individuals and families whose incomes do not exceed 50% of area median income?
Yes No . Verification found on pages 8-10.
- Has the grantee identified how the estimated amount of funds appropriated or otherwise made available will be used to purchase and redevelop Abandoned or Foreclosed upon homes or residential properties for housing individuals or families whose incomes do not exceed 50% of area median income?
Yes No . Verification found on pages 8-10.
Amount budgeted = \$7,600,000.

G. DEMOLISHMENT OR CONVERSION OF LOW- AND MODERATE-INCOME UNITS

Does grantee plan to demolish or convert any low- and moderate-income dwelling units?

Yes No . (If no, continue to next heading)

Verification found on page 9.

Does the substantial amendment include:

- The number of low- and moderate-income dwelling units—i.e., $\leq 80\%$ of area median income—reasonably expected to be demolished or converted as a direct result of NSP-assisted activities?
Yes No . Verification found on pages 9-10.

- The number of NSP affordable housing units made available to low-, moderate-, and middle-income households—i.e., $\leq 120\%$ of area median income—reasonably expected to be produced by activity and income level as provided for in DRGR, by each NSP activity providing such housing (including a proposed time schedule for commencement and completion)?
Yes No Verification found on pages 9-10.
- The number of dwelling units reasonably expected to be made available for households whose income does not exceed 50 percent of area median income?
Yes No Verification found on pages 9-10.

H. PUBLIC COMMENT PERIOD

Was the proposed action plan amendment published via the grantee jurisdiction’s usual methods and on the Internet for no less than 15 calendar days of public comment?
Yes x No Verification found on page 10.

Is there a summary of citizen comments included in the final amendment?
Yes No Verification found on pages 11-13.

I. WEBSITE PUBLICATION

The following Documents are available on the grantee’s website:

- SF 424 Yes No .
- Proposed NSP Substantial Amendment Yes No .
- Final NSP Substantial Amendment Yes No .
- Subsequent NSP Amendments Yes No .

Website URL: www.sdhda.org

K. CERTIFICATIONS

The following certifications are complete and accurate:

- | | | |
|--|---|-----------------------------|
| (1) Affirmatively furthering fair housing | Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/> |
| (2) Anti-lobbying | Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/> |
| (3) Authority of Jurisdiction | Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/> |
| (4) Consistency with Plan | Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/> |
| (5) Acquisition and relocation | Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/> |
| (6) Section 3 | Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/> |
| (7) Citizen Participation | Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/> |
| (8) Following Plan | Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/> |
| (9) Use of funds in 18 months | Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/> |
| (10) Use NSP funds ≤ 120 of AMI | Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/> |
| (11) No recovery of capital costs thru special assessments | Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/> |
| (12) Excessive Force | Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/> |
| (13) Compliance with anti-discrimination laws | Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/> |
| (14) Compliance with lead-based paint procedures | Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/> |
| (15) Compliance with laws | Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/> |

