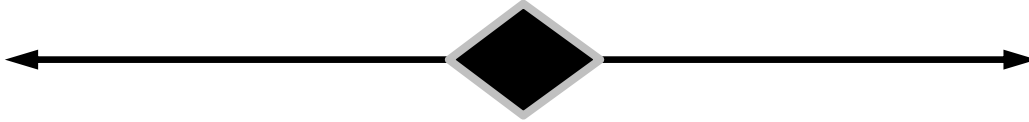


# South Dakota 2017 Annual Action Plan



**As Presented to the Board  
April 13, 2017  
And submitted to HUD  
June 30, 2017**

**Based on comments received by  
5:00 p.m. CT, April 10, 2017**

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# Executive Summary

## AP-05 Executive Summary - 24 CFR 91.200(c), 91.220(b)

### 1. Introduction

The Consolidated Plan is a five-year housing and community development planning document for the state of South Dakota. The Community Development Block Grant (CDBG), Emergency Solutions Grants Program (ESG), HOME Investment Partnerships Program (HOME) and the Housing Trust Fund (HTF) are US Department of Housing and Urban Development's (HUD) funded formula programs covered under the Consolidated Plan. These programs are referred to when addressing the overall goals of community development by providing decent affordable housing and a suitable living environment and expanding economic opportunities primarily for low- and moderate-income persons. The primary means toward this end is to extend and strengthen partnerships among all levels of government and the private sector, including for-profit and non-profit organizations in the production and operation of affordable housing and economic development.

The Consolidated Plan is carried out through Annual Action Plans. The 2017 Annual Action Plan hereinafter referred to as "the Plan," will provide a concise summary of the actions, activities, and the specific federal and non-federal resources that are anticipated to be available and utilized during the program year 2017 to address the priority needs and specific goals identified by the Consolidated Plan. The 2017 Annual Action Plan also includes information regarding the South Dakota Housing for the Homeless Consortium (SDHHC) and other housing programs administered by South Dakota Housing Development Authority.

For the State of South Dakota (State), South Dakota Housing Development Authority (SDHDA) administers the HOME, ESG and Housing Trust Fund programs and the Governor's Office of Economic Development (GOED) administers the CDBG Program.

### 2. Summarize the objectives and outcomes identified in the Plan

This could be a restatement of items or a table listed elsewhere in the plan or a reference to another location. It may also contain any essential items from the housing and homeless needs assessment, the housing market analysis or the strategic plan.

Demand for housing remains strong in South Dakota; both rental and homeownership. Based on these reasons, South Dakota's emphasis will continue to be placed on providing housing opportunities geographically across the State. Rental housing is needed for the lowest of income to workforce

housing evidencing the need to leverage resources and form creative partnerships to develop appropriate housing in various communities.

SDHDA will continue to prioritize housing opportunities for homeless, special needs population, as well as mixed income and workforce housing. SDHDA continues to encourage changes to the ESG and Continuum of Care (CoC) programs to enhance services provided by the recipients and expand rapid re-housing and homelessness prevention components. Accessing affordable, permanent housing opportunities for individuals and families who are considered hard to house due to reasons such as poor credit history, poor rental history, and criminal backgrounds is often difficult. SDHDA will continue to evaluate opportunities to assist these individuals and families through a combination of financial resources and programs.

The State will continue to develop viable communities by providing a suitable living environment and expanding economic opportunities for low- and moderate- income (LMI) persons through the Community Development Block Grant (CDBG) program. Through public meetings and State Planning District comments, the State has determined that the public need at the local level is community development, infrastructure, public facilities, economic development, removal of abandoned blighted structures, and workforce training. There is also a high demand for workforce housing. Building South Dakota Fund, created and funded by the State of South Dakota, includes the Housing Opportunity Fund which provides programs and funding for local infrastructure improvements, job grants, workforce education, and workforce housing, complementing the CDBG program.

SDHDA continues to partner with the Native American Homeownership Coalition to build capacity and partnerships to increase homeownership opportunities for Native Americans both on and off Indian Reservations. Trainings and workshops are ongoing to address the barriers to affordable housing for Native Americans. At the end of 2016, the coalition announced the formation of a Veteran's Committee which will focus on homeownership opportunities for Native Veterans. This committee will become fully engage in 2017.

The Housing Needs Study Program, assists rural communities in evaluating their need for housing. To date 46 communities and two Indian Reservations have been approved to participate bringing a new awareness for housing in their community. With conclusion of the housing study comes the realization that there is a lack of affordable housing and workforce housing, and often a lack of housing owners, developers, and contractors in many communities. Development of housing may consist of a duplex to larger apartment complexes requiring access to different funding sources and levels of expertise. The barriers that seem most prevalent in these communities is lack of development expertise and ability to find entities interested in taking on the risk of ownership and/or development. SDHDA will continue to work with partner agencies, meet with communities and assist in any way possible to address housing needs.

### **3. Evaluation of past performance**

This is an evaluation of past performance that helped lead the grantee to choose its goals or projects.

The main goal is addressing economic development and housing needs in communities across the state. As development costs continue to increase and land availability decreases, and interest rates begin to climb, the federal dollars are resulting in fewer housing units, less infrastructure and less community projects being developed. However, there is a statewide awareness for the need of housing opportunities and continued discussion on how to address this need.

SDHDA announced the funding reservations for HOME, HTF, HOF and the Housing Tax Credit Program, Nov. 17, 2016. Developers will now work on due diligence items for anticipation of construction loan closing to occur early spring 2017.

Per the Consolidated Plan, SDHDA anticipated approving HOME, Housing Tax Credits, Housing Opportunity Funds and other financing sources for construction of 150 new rental housing units - a total of 191 units were approved; anticipated acquisition and rehabilitation of 50 rental units – a total of 62 units were approved; anticipated 20 units for service enriched housing – no units were approved; and ESG funding of 22 emergency shelters - 22 agencies were funded. SDHDA has met the established goals for all of the multifamily housing objectives with the exception of developing service enriched housing.

With the funding sources outlined above, financing was also approved to assist in the rehabilitation of 157 homeowner occupied units, provide down payment and closing cost assistance to 39 households, and construct 17 single family homeownership units .

The availability of the Housing Trust Fund and Housing Opportunity Funds helped SDHDA reach most of its established goals. SDHDA will continue to establish goals for multifamily, homeownership, homeowner rehabilitation, homebuyer counseling, security deposit assistance, and administration of Section 8 and the ESG programs.

### **4. Summary of Citizen Participation Process and consultation process**

Summary from citizen participation section of plan.

A public meeting was held on December 8, 2016, to take public comments on the administration of the HOME, ESG, HTF and CDBG programs and receive comments on the administration of the non HUD funded programs of Housing Tax Credits and Housing Opportunity Fund, as well as the Citizen Participation Plan. This meeting was held prior to drafting of the 2017 Annual Action Plan.

The public meeting was held at 2:00 Central Time, via the Digital Dakota Network (DDN) with connections to the following ten locations: Aberdeen, Brookings, Eagle Butte, Mitchell, Pierre, Pine Ridge, Rapid City, Sioux Falls, Watertown and Yankton. There were 25 attendees.

Notice of the above meeting and the available comment period, was provided through a public notice (paid ad) in the following daily newspapers: The Aberdeen American News; The Rapid City Journal; The Sioux Falls Argus Leader; The Watertown Public Opinion; The Brookings Register; The Yankton Daily Press & Dakotan; The Madison Daily Leader; The Mitchell Daily Republic; The Huron Plainsman; The Pierre Capital Journal; The Spearfish Black Hills Pioneer. Notice of the meeting was also provided through a press release, posting on SDHDA's website and an email sent to interested parties consisting of developers, lenders, city officials, nonprofit organizations, advocacy groups, service providers, homebuilders, real estate brokers/agents, community leaders, contractors, local and tribal housing authorities, local Rural Development officials, and individuals.

Public comments were due by 5:00 PM Central Time, December 8, 2016.

The Draft 2017 Annual Action Plan was further revised and submitted for another 30 day comment period which ended April 10, 2017. Notice of the availability of the plan, the 30 day comment period, and the scheduled public meeting were all made available to the public.

A public meeting was held on March 29, 2017, via on line. There were 23 attendees who participated. Clarifying questions were asked during the public meeting and two written comments were received prior to the completion of the public comment period which ended April 10, 2017.

## **5. Summary of public comments**

This could be a brief narrative summary or reference an attached document from the Citizen Participation section of the Con Plan.

During the public meeting questions were asked for clarification of the information presented. Several questions were asked in relation to the ability of removing blighted structures and the opportunity of increasing funding for homeowner rehabilitation. One attendee also inquired about the opportunity to utilize ESG funding for families displaced by natural disasters.

Written comments received prior to the drafting of the 2017 Annual Action Plan include the following.

- Need funding for removal of dilapidated housing in small communities, as stand-alone program or match for local communities,
- Increase program funding and funding per home for homeowner rehabilitation,
- Need capacity building for small communities to develop housing and operate housing programs,

- Leveraging of local housing authorities so they are able to assist in addressing housing needs in rural communities,
- Consider using CDBG and other GOED infrastructure programs for housing development,
- Utilizing programs to help fill financial gap or reduce financial risk for developers in rural communities,
- Address appraisal issues - homes or developments cost more than they appraise for,
- Development of single family residences should consist of garages between the two homes,
- Availability of bus services in rural communities on the weekend, and
- Consideration of developing campus living at locations where buildings already exist.

Following are the written comments received during the 30 day public comment period ending April 10, 2017:

- One commenter requested HOME Funds be allowed to finance land trusts. This is an eligible activity under the HOME Program, however, SDHDA previously did not utilize HOME Funds for this activity. The HOME Allocation Plan was modified to include this activity.
- One written comment requested HOME Funds be utilized for down payment assistance. This is an eligible activity under the HOME Program, however, SDHDA previously only allowed this in conjunction with purchase of a Governor's House. The HOME Allocation Plan was modified to include this activity.
- Another written comment received requested SDHDA's consideration of allowing smaller sized housing units. Currently SDHDA does have minimum square footage requirements for all new construction. The request is to consider allowances for smaller lot sizes and square footages for homes and apartments, down to 250 sq. feet for efficiency and 400 sq. ft. for one bedroom units. The HOME Allocation Plan was modified to allow for this request.

A written request was received to clarify items outlined in the Exhibit 4 Development Characteristics.

## **6. Summary of comments or views not accepted and the reasons for not accepting them**

The comments received that were not accepted and the reasons for not accepting them are as follows.

- Need capacity building for small communities to develop housing and operate housing programs - Currently within the HOME Program there is funding available to assist newly formed Community Housing Development Organizations (CHDOs) with building capacity. In addition, SDHDA along with other organizations such as Home Address (a South Dakota program) and Neighbor works provide training opportunities. With a lack of funding sources and the continued high demand for housing, SDHDA's focus is to provide funding for the development of housing units. SDHDA staff is available as a resource for our communities and applicants. In addition, applicants are allowed to hire a consultant for the development process, with the cost considered an eligible development expense.

- Provide education and capacity building for local housing authorities so they are able to assist in addressing housing needs in rural communities - For the reasons stated above, SDHDA will not be allocating funding for capacity building, outside of current funding available for CHDOs.
- Consider using CDBG and other GOED infrastructure programs for housing development. With funding being on the decline and construction costs for community projects rising, GOED has determined that the housing programs in South Dakota are best served by SDHDA and will continue to use CDBG awards primarily to assist communities with other needs.
- Utilizing programs to help fill financial gap or reduce financial risk for developers in rural communities - SDHDA programs are utilized to help reduce financial risk, by being subordinated financing or allowing irregular repayment options, however, funding must also be used for eligible development expenses. At this time there is not availability of funding to be used as security or incentive outside of eligible project costs.
- Address appraisal issues - homes or developments cost more than they appraise for - Several conversations have centered on this topic. SDHDA is working with partner agencies to find possible solutions such as allowing the cost approach where appropriate. At this time there is no financial resource available to address this issue or ability to modify program requirements.
- Development of single family residences should consist of garages between the two homes - this option currently exists within our housing developments.
- Availability of bus services in rural communities on the weekend - SDHDA programs provide competitive points for housing developments located near public transportation. In many communities in South Dakota, the public transportation is part of the rural transit program. SDHDA will share information regarding the South Dakota rural transit program with the individual, with a recommendation they provide this comment to their local rural transit provider.
- Consideration of developing campus living at locations where buildings already exist - utilizing existing state buildings and campuses is a good idea and will be explored more.

## **7. Summary**

The Governor's Office of Economic Development will be expanding the CDBG program to allow for removal of dilapidated housing under the slum and blight category. The comment received regarding increasing the level of funding allowed per home for homeowner rehabilitation did not provide a recommendation as to the dollar amount to be utilized. In 2017, SDHDA will increase the set-aside from \$500,000 to \$750,000 for Homeowner Rehabilitation, and increase the assistance per homeowner from \$15,000 per home to \$25,000 per home, with SDHDA approval. This change will be made within the HOME Homeowner Rehabilitation Program Policy and Procedure Manual. Due to limited funding, this change will not be implemented for the Housing Opportunity Fund.

Other changes in the HOME Program are primarily in relation to homeownership activities with development assistance and homebuyer assistance activities being expanded.



## PR-05 Lead & Responsible Agencies - 91.300(b)

### 1. Agency/entity responsible for preparing/administering the Consolidated Plan

The following are the agencies/entities responsible for preparing the Consolidated Plan and those responsible for administration of each grant program and funding source.

Agency Role	Name	Department/Agency
Lead Agency	SOUTH DAKOTA	
CDBG Administrator		Governor's Office of Economic Development
HOPWA Administrator		
HOME Administrator	SOUTH DAKOTA	South Dakota Housing Development Authority
ESG Administrator	SOUTH DAKOTA	South Dakota Housing Development Authority
HOPWA-C Administrator	SOUTH DAKOTA	South Dakota Housing Development Authority

Table 1 – Responsible Agencies

### Narrative

South Dakota Housing Development Authority (SDHDA) in conjunction with the Governor's Office of Economic Development (GOED) prepares the Consolidated Plan. SDHDA administers the HOME, Emergency Solutions Grants, and Housing Trust Fund Programs with the Rental Housing Development division. The CDBG Program is administered through the Finance Division of GOED.

Sioux Falls Housing & Redevelopment Commission administers Housing Opportunities for Persons with Aids (HOPWA) for South Dakota. Since the HOPWA funding received by Sioux Falls Housing & Redevelopment Commission, is on a competitive basis the program information is not required to be a part of the Statewide Consolidated Plan. Those interested in learning more about the program are encouraged to contact Sioux Falls Housing and Redevelopment Commission. Information regarding the Tri-State HELP program can be found at the following web address - <http://siouxfallshousing.org/index.php?page=tri-state-help>.

### Consolidated Plan Public Contact Information

SDHDA, PO Box 1237, Pierre, SD 57501; Lorraine Polak, [Lorraine@sdhda.org](mailto:Lorraine@sdhda.org); 605-773-3181 phone; website - [www.sdhda.org](http://www.sdhda.org)

GOED, 711 East Wells Ave., Pierre, SD 57501; Paul Mehlhaff, [Paul.Mehlhaff@state.sd.us](mailto:Paul.Mehlhaff@state.sd.us); 605-773-4633 phone; [www.sddreadytowork.com](http://www.sddreadytowork.com)

## **AP-10 Consultation - 91.110, 91.300(b); 91.315(l)**

### **1. Introduction**

South Dakota Housing Development Authority (SDHDA) in conjunction with the Governor's Office of Economic Development (GOED) prepares the Consolidated Plan. SDHDA administers the HOME, ESG, and the HTF programs through the Rental Housing Development division. The CDBG Program is administered through the Finance Division of GOED.

Sioux Falls Housing & Redevelopment Commission administers Housing Opportunities for Persons with Aids (HOPWA) for South Dakota. Since the HOPWA funding received by Sioux Falls Housing & Redevelopment Commission, is on a competitive basis the program information is not required to be a part of the statewide Consolidated Plan. Those interested in learning more about the program are encouraged to contact Sioux Falls Housing and Redevelopment Commission.

SDHDA staff participate in meetings with SD Department of Human Services and Social Services, meetings with city officials, public housing authorities, service agencies and nonprofit and for profit developers. The information sharing from these meetings provides SDHDA with suggestions, concerns, and recommendations regarding the housing programs and how they are or are not effective in serving those who need housing, across the state. In addition knowledge gained by SDHDA staff regarding services, programs and assistance offered by the agencies listed above provides an opportunity to better coordinate services and ensure programs are effectively working together. Information gathering is a year-long process and is not limited to the four months during which time the housing plans are created.

### **Provide a concise summary of the state's activities to enhance coordination between public and assisted housing providers and private and governmental health, mental health and service agencies**

SDHDA is a member of several trade organizations and committees that increase the opportunity to coordinate efforts. At the state government level, SDHDA participates on the Behavioral Health Advisory Council (formerly the Mental Health Advisory Council), the State Independent Living Council, the SD WINS workgroup, and SDHDA's Executive Director attends the Governor's cabinet meetings. SDHDA is also a member of National Association of Housing and Redevelopment Organizations (NAHRO) and National Council of State Housing Agencies (NCSHA) providing information from the national perspective as well. Involvement with these different organizations provides SDHDA an opportunity to interact and enhance coordination among public and assisted housing providers, private and government health, mental health and service agencies throughout the year.

Information regarding training offered by our partner agencies such as the Mental Health First Aid Training provided by the mental health service agencies, are forwarded on to housing management companies, ESG recipients, and members of the SD Housing for the Homeless Consortium as well as being posted on SDHDA's website.

**Describe coordination with the Continuum of Care and efforts to address the needs of homeless persons (particularly chronically homeless individuals and families, families with children, veterans, and unaccompanied youth) and persons at risk of homelessness**

The Statewide Continuum of Care (CoC) is South Dakota Housing for the Homeless Consortium. SDHDA is the lead agency for the CoC providing a great opportunity for coordination of efforts. SD Department of Education, SD Department of Veterans Affairs, Domestic Violence Providers and service agencies are all active members of the CoC providing direct contact to information and resources.

CoC recipients are monitored to ensure their coordination with the partner agencies. In addition, scoring criteria for ESG and CoC selections is focused on documentation of coordination of efforts between these agencies and addressing the needs of the homeless as appropriate for their respective communities.

South Dakota is fortunate in that it does not have a large number of chronically homeless individuals and families. The majority of the chronically homeless are located in Sioux Falls and Rapid City. The SDHHC is working with current CoC recipients and other service providers to determine their interest in providing beds for the chronically homeless. Funding preference will be given to those willing to serve the chronically homeless.

Additional preference is given to address youth and veterans homelessness. The SDHHC is being provided with technical assistance for the Vets@Home project and is currently formulating the South Dakota master list of homeless veterans, as well as determining coordinated assessments and addressing gaps in services. SDHHC also partnered with several agencies for the submission of an application for HUD's Youth Homelessness Demonstration Program November 2016, and is also participating in Corporation for Supportive Housing and Collaborative Solutions Inc.'s Rural Youth Peer Network. Additional work is being completed to ensure the January 2017, Point in Time homeless count successfully accounts for South Dakota's chronic, veterans and youth homeless.

A member of the Policy Advisory Council (PAC) for the SDHHC is the Rapid City School District Homeless Liaison. This presence on the PAC is very important in understanding the services and needs of schools when serving homeless children and the best approaches to ensure service and educational needs are being addressed. In addition, two PAC members are service providers providing services to homeless and at risk youth.

**Describe consultation with the Continuum(s) of Care that serves the State in determining how to allocate ESG funds, develop performance standards for and evaluate outcomes of projects and activities assisted by ESG funds, and develop funding, policies and procedures for the operation and administration of HMIS**

SDHDA as the lead agency for the CoC also administers the ESG Program and is the administrator of the HMIS system. As the one agency, SDHDA is aware of priority and processes with the different programs and ensures they are in alignment. This provides a concerted effort and efficiencies in allocating funds to reach consistent performance measurements and achieve desired goals. The CoC is forming a HMIS committee to help oversee the utilization of the software, encourage participation and formulate performance measurements for ESG and CoC funded agencies.

The ESG selection committee consists of several PAC members of the SDHHC. This provides an opportunity for the PAC to learn more about other services and agencies to assist in addressing homelessness. In addition this provides an opportunity to ensure ESG funds were awarded to agencies and for services that are further enhancing the goals and objectives of SDHHC. Members of the PAC have also been involved in application selection criteria for the drafting of the 2016-2017 ESG allocation plan.

**2. Agencies, groups, organizations and others who participated in the process and consultations**

**Table 2 – Agencies, groups, organizations who participated**

1	<b>Agency/Group/Organization</b>	Sioux Falls Housing Corp. dba Affordable Housing Solutions
	<b>Agency/Group/Organization Type</b>	Housing
	<b>What section of the Plan was addressed by Consultation?</b>	Housing Need Assessment

<p><b>Briefly describe how the Agency/Group/Organization was consulted. What are the anticipated outcomes of the consultation or areas for improved coordination?</b></p>	<p>Staff from several housing development agencies were in attendance for the public meetings.</p>
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**Other local/regional/state/federal planning efforts considered when preparing the Plan**

Name of Plan	Lead Organization	How do the goals of your Strategic Plan overlap with the goals of each plan?
Continuum of Care	South Dakota Housing Development Authority	The South Dakota Housing for the Homeless Consortium (statewide CoC) and South Dakota Housing Development Authority have the same goal of ensuring South Dakota citizens have safe housing options.

**Table 3 - Other local / regional / federal planning efforts**

**AP-12 Participation - 91.115, 91.300(c)**

**1. Summary of citizen participation process/Efforts made to broaden citizen participation**

**Summarize citizen participation process and how it impacted goal-setting**

SDHDA and GOED hosted the public meeting on December 8, 2016, via the DDN with sites in ten different communities: Aberdeen, Brookings, Mitchell, Pierre, Rapid City, Eagle Butte, Pine Ridge, Sioux Falls, Watertown and Yankton. This meeting was held to take public comments on the administration of the HOME, ESG, HTF and CDBG programs, prior to drafting of the 2017 Annual Action Plan. In addition, the public meeting provided an opportunity to discuss the Housing Opportunity Fund, Housing Tax Credit Program and the Citizen's Participation Plan. There were a total of 25 attendees.

A second public meeting was held January 2017, to discuss the Draft 2017 Annual Action Plan. Posting of the public meeting was on SDHDA's website in addition to public notice and press releases being provided.

Additional changes were proposed in the 2017 Annual Action Plan so the plan was made available for another 30 day comment period from March 10, 2017, through April 10, 2017. The public meeting was held on March 29, via web access. There were 23 attendees. Notice of the public meeting was provided as a paid ad, incorporated into a press release and posted on SDHDA's website.

Notice of the public meetings are published in the daily papers as a public notice, issued as a press release, listed on the SDHDA website and sent via email to SDHDA's interested parties. The email contact list consists of homebuilders, lenders, real estate brokers/agents, community leaders, contractors, developers, local and tribal housing authorities, local Rural Development officials, advocacy groups, nonprofit organizations and others on SDHDA mailing lists.

The daily newspapers in which the public notices were published are:

- |                                   |                                   |
|-----------------------------------|-----------------------------------|
| The Aberdeen American News        | The Rapid City Journal            |
| The Sioux Falls Argus Leader      | The Watertown Public Opinion      |
| The Brookings Register            | The Yankton Daily Press & Dakotan |
| The Madison Daily Leader          | The Mitchell Daily Republic       |
| The Huron Plainsman               | The Pierre Capital Journal        |
| The Spearfish Black Hills Pioneer |                                   |

**Citizen Participation Outreach**

Sort Order	Mode of Outreach	Target of Outreach	Summary of response/attendance	Summary of comments received	Summary of comments not accepted and reasons	URL (If applicable)
1	Public Meeting	<p>Persons with disabilities</p> <p>Non-targeted/broad community</p> <p>Residents of Public and Assisted Housing</p>	<p>SDHDA and GOED hosted one public meetings via the DDN with sites in ten communities: Aberdeen, Brookings, Eagle Butte, Pierre, Mitchell, Pine Ridge, Rapid City, Sioux Falls, Watertown and Yankton. This meeting was held to take public comments on the administration of the HOME, ESG, HTF and CDBG programs, prior to drafting of the 2017 Annual Action Plan. Discussion was also held regarding the Housing Opportunity Fund, Housing Tax Credit Program and the Citizen's Participation Plan. There were a total of 25 attendees at the various locations. There were 23 attendees at the public meeting held on March 29, 2017.</p>			

Sort Order	Mode of Outreach	Target of Outreach	Summary of response/attendance	Summary of comments received	Summary of comments not accepted and reasons	URL (If applicable)
2	Newspaper Ad	Non-targeted/broad community	<p>Notice of the public meetings were published in the daily papers as a public notice, issued as a press release, listed on the SDHDA website and sent via email to SDHDA's interested parties. The email contact list consists of homebuilders, lenders, real estate brokers/agents, community leaders, contractors, developers, local and tribal housing authorities, local Rural Development officials, advocacy groups, nonprofit organizations and others on SDHDA mailing lists. The daily newspapers in which the public notices were published are: The Aberdeen American News; The Rapid City Journal; The Sioux Falls Argus Leader; The Watertown Public Opinion; The Brookings Register; The Yankton Daily Press &amp; Dakotan; The Madison Daily Leader; The Mitchell Daily Republic; The Huron Plainsman; The Pierre Capital Journal; The Spearfish Black Hills Pioneer</p>			



Sort Order	Mode of Outreach	Target of Outreach	Summary of response/attendance	Summary of comments received	Summary of comments not accepted and reasons	URL (If applicable)
3	Internet Outreach	Non-targeted/broad community	Notice of the public meetings were published in the daily papers as a public notice, issued as a press release, listed on the SDHDA website and sent via email to SDHDA's interested parties. The email contact list consists of homebuilders, lenders, real estate brokers/agents, community leaders, contractors, developers, local and tribal housing authorities, local Rural Development officials, advocacy groups, nonprofit organizations and others on SDHDA mailing lists.			

**Table 4 – Citizen Participation Outreach**

## Expected Resources

### **AP-15 Expected Resources – 91.320(c)(1,2)**

#### **Introduction**

The 2017 funding amount for the HOME, ESG, CDBG, and Housing Trust Fund programs is indicated below.

HOME, ESG, HTF, and CDBG funding sources are only partial funding for the many different activities and services provided. As federal funds continue to diminish, developers, communities and service providers must be creative and have partnerships and other resources to successfully complete the proposed projects. Other financing and services are being provided by local, state, and federal programs, private individuals,

foundations, and commercial lenders.

**Anticipated Resources**

Program	Source of Funds	Uses of Funds	Expected Amount Available Year 1				Expected Amount Available Remainder of ConPlan \$	Narrative Description
			Annual Allocation: \$	Program Income: \$	Prior Year Resources: \$	Total: \$		
CDBG	public - federal	Acquisition Admin and Planning Economic Development Housing Public Improvements Public Services	5,159,862	0	0	5,159,862	0	CDBG funds are primarily used to fund community projects. Eligible activities are detailed later in this plan.

Program	Source of Funds	Uses of Funds	Expected Amount Available Year 1				Expected Amount Available Remainder of ConPlan \$	Narrative Description
			Annual Allocation: \$	Program Income: \$	Prior Year Resources: \$	Total: \$		
HOME	public - federal	Acquisition Homebuyer assistance Homeowner rehab Multifamily rental new construction Multifamily rental rehab New construction for ownership TBRA	3,016,971	2,000,000	0	5,016,971	0	Majority of the HOME funds will be used for multifamily rental developments serving households at 30%, 40%, 50% and 60% AMI. A smaller portion of funds will be used for activities such as homeownership, security deposit assistance and homeowner rehabilitation.

Program	Source of Funds	Uses of Funds	Expected Amount Available Year 1				Expected Amount Available Remainder of ConPlan \$	Narrative Description
			Annual Allocation: \$	Program Income: \$	Prior Year Resources: \$	Total: \$		
ESG	public - federal	Financial Assistance Overnight shelter Rapid re-housing (rental assistance) Rental Assistance Services Transitional housing	749,606	0	0	749,606	0	ESG funds typically assist 22 shelters across the state to provide services for homeless or those at risk of becoming homeless. Portion of ESG funds will also be utilized to develop comparable database system for reporting purposes.

Program	Source of Funds	Uses of Funds	Expected Amount Available Year 1				Expected Amount Available Remainder of ConPlan \$	Narrative Description
			Annual Allocation: \$	Program Income: \$	Prior Year Resources: \$	Total: \$		
Housing Trust Fund	public - federal	Acquisition Admin and Planning Housing Multifamily rental new construction Multifamily rental rehab	3,000,000	0	0	3,000,000	0	The Housing Trust Fund will provide \$3 million in 2017 to assist households at or below 30% AMI. In South Dakota , up to 10% of the funds will be utilized to administer the program and the remaining funds will be utilized to develop permanent rental housing units through the activities of new construction, acquisition, and rehabilitation. It is unsure whether additional funding will be available in future years so HTF will not be utilized for tenant based rental assistance or operating assistance in 2017.

Table 5 - Expected Resources – Priority Table

**Explain how federal funds will leverage those additional resources (private, state and local funds), including a description of how matching requirements will be satisfied**

CDBG funding will assist in projects such as infrastructure, community buildings, fire halls, removal of delapidated structures, youth centers, economic development, and workforce training. A matching requirement is not necessary to be eligible for a grant award, however any match provided will be scored in the grant review process. Each project will submit a budget sheet with their application and will receive a score of low, medium, or high depending on the amount of match provided. Any funds that are not CDBG will be considered match.

Recipients of HOME funds are required to provide 12.5 percent of the match requirement. The match is typically in the form of donated

services, land, or materials, reduction of interest rates or lender fees, tax abatements and waiving of city fees. SDHDA provides the remaining 12.5 percent of the match requirement.

ESG recipients are required to provide 100 percent of the match requirement. Forms of match are typically volunteer hours and donation of money, goods, or services.

Typical multi-family developments utilize both HOME and Housing Tax Credits for development costs. In addition the Housing Opportunity Fund (funded by the State of South Dakota) will provide another funding source to assist in leveraging the HOME funds.

The Housing Trust Fund currently does not have a match requirement but is expected to be leveraged with HOME and Housing Tax Credit funding. Per the HTF allocation plan there is a maximum subsidy amount per bedroom size per various regions of the state. This subsidy amount is the maximum funding applicants can request.

**If appropriate, describe publically owned land or property located within the jurisdiction that may be used to address the needs identified in the plan**

Per the HOME, HTC and HTF allocating plans, developments receive competitive points for leveraging of funds with other funding sources such as private, local, and owner equity. Under the HOME program the applicant must provide half of the match requirement (12.5 percent). Many developers are able to utilize tax abatements, reduced interest rates, reduction in rate for third party services, and donation of land or services. At this time SDHDA or GOED are not aware of any publically owned land or property within the state that may be used to address the needs identified in this plan.

**Discussion**

SDHDA utilizes a two year allocation plan for the HOME, ESG and HTF programs. However, the allocation plans for HOME and HTF were modified early 2017 and made available for public comment to address changes in accumulating program income under the HOME Program and revising the subsidy amounts for the Housing Trust Fund Program.



## Annual Goals and Objectives

### AP-20 Annual Goals and Objectives – 91.320(c)(3)&(e)

#### Goals Summary Information

Sort Order	Goal Name	Start Year	End Year	Category	Geographic Area	Needs Addressed	Funding	Goal ID
1	Develop new rental housing units	2013	2017	Affordable Housing		Affordable Housing Homelessness	HOME: \$3,500,000 Housing Trust Fund: \$1,700,000	Renta constr 150 House Housin
2	Acquisition and Rehabilitation of rental units	2013	2017	Affordable Housing		Affordable Housing	HOME: \$500,000 Housing Trust Fund: \$500,000	Renta rehab 25 Ho Housin
4	Provide ESG funds to emergency shelters	2013	2017	Homeless		Homelessness	ESG: \$749,606	Tenan rental assista Rapid Rehou House Assiste Home Person Overn Shelte Person Assiste Home Preven Person Assiste

Sort Order	Goal Name	Start Year	End Year	Category	Geographic Area	Needs Addressed	Funding	Goal Impact
5	Development of special needs housing	2013	2017	Affordable Housing Homeless Non-Homeless Special Needs		Affordable Housing	HOME: \$500,000 Housing Trust Fund: \$200,000	Rental construction 20 Homeless Housing
6	Provide homeownership opportunities	2013	2017	Affordable Housing		Affordable Housing	HOME: \$200,000	Homeless Housing Additional Homeless Housing
7	Homeowner Rehabilitation	2013	2017	Affordable Housing		Affordable Housing	HOME: \$500,000	Homeless Housing Rehabilitation 50 Homeless Housing
9	Workforce Training	2013	2017	Non-Housing Community Development Economic Development/Workforce Training			CDBG: \$750,000	Public activities than Low/Middle Income Housing Beneficiaries Personnel Assistance
10	Security Deposit Assistance	2013	2017	Affordable Housing		Affordable Housing Homelessness	HOME: \$125,000 ESG: \$5,000	Tenant rental assistance Rapid Rehousing 275 Homeless Assistance
11	Homebuyer Assistance	2013	2017	Affordable Housing		Affordable Housing	CDBG: \$0 HOME: \$200,000 Housing Trust Fund: \$0	Direct Financial Assistance Homeless 25 Homeless Assistance

**Table 6 – Goals Summary**

**Goal Descriptions**

<b>1</b>	<b>Goal Name</b>	Develop new rental housing units
	<b>Goal Description</b>	Utilize HOME and Housing Trust Fund for development of new rental housing units. HOME will be targeted to households at or below 60% AMI and Housing Trust Fund will be targeted to households at or below 30% AMI.
<b>2</b>	<b>Goal Name</b>	Acquisition and Rehabilitation of rental units
	<b>Goal Description</b>	Utilize HOME and Housing Trust Fund for acquisition and rehabilitation of rental housing. HOME will be targeted to households at or below 60% AMI and Housing Trust Fund will be targeted to households at or below 30% AMI.
<b>4</b>	<b>Goal Name</b>	Provide ESG funds to emergency shelters
	<b>Goal Description</b>	ESG funding for emergency shelters for operations, rapid re-housing and homelessness prevention activities.
<b>5</b>	<b>Goal Name</b>	Development of special needs housing
	<b>Goal Description</b>	Utilize HOME and Housing Trust Fund for development of special needs housing. HOME will be targeted to households at or below 60% AMI and Housing Trust Fund will be targeted to households at or below 30% AMI.
<b>6</b>	<b>Goal Name</b>	Provide homeownership opportunities
	<b>Goal Description</b>	Utilize the HOME Program to assist with homeownership opportunities through financing and down payment assistance.
<b>7</b>	<b>Goal Name</b>	Homeowner Rehabilitation
	<b>Goal Description</b>	Utilize the HOME program for Homeowner Rehabilitation. \$750,000 is set-aside for this activity with agencies applying to SDHDA to administer the program.
<b>9</b>	<b>Goal Name</b>	Workforce Training
	<b>Goal Description</b>	Utilize CDBG funding to assist in workforce training opportunities.
<b>10</b>	<b>Goal Name</b>	Security Deposit Assistance
	<b>Goal Description</b>	Utilize HOME Program funds as a security deposit assistance to assist homeless or low-income families access permanent housing. ESG funds may also be used for rapid rehousing activity.

11	<b>Goal Name</b>	Homebuyer Assistance
	<b>Goal Description</b>	Utilize HOME Program funds and Housing Opportunity Funds to assist homeowners with development costs, downpayment or closing cost assistance.

## AP-25 Allocation Priorities – 91.320(d)

### Introduction:

HOME, ESG, Housing Trust Fund and CDBG funding is open to all eligible applicants through application processes. The allocation plans for the HOME Program, Housing Trust Fund, Housing Tax Credits, Emergency Solutions Grants Program, Housing Opportunity Fund and the Consolidated Plan outline the application process for the respective programs along with outlining allocation priorities. While priorities are outlined, award of funding is still contingent on the number and quality of applications received. What is anticipated below may not be funded based on the actual applications received.

### Funding Allocation Priorities

	Develop new rental housing units (%)	Acquisition and Rehabilitation of rental units (%)	Provide ESG funds to emergency shelters (%)	Development of special needs housing (%)	Provide homeownership opportunities (%)	Homeowner Rehabilitation (%)	Workforce Training (%)	Security Deposit Assistance (%)
CDBG	0	0	0	0	0	0	15	0
HOME	65	10	0	5	10	5	0	5
ESG	0	0	100	0	0	0	0	0
Housing Trust Fund	75	0	0	25	0	0	0	0

Table 7 – Funding Allocation Priorities

### Reason for Allocation Priorities

The above chart is reflective of program history and is subject to change as the needs of the communities change. Currently affordable rental housing is the largest housing demand given the low vacancy rates and high development costs of housing units in many SD communities.

### How will the proposed distribution of funds will address the priority needs and specific objectives described in the Consolidated Plan?

The distribution of funds will follow the priorities set forth in the consolidated plan of providing new

rental housing opportunities, providing opportunity for homeownership, assisting low income homeowners with rehabilitation needs, serving the homeless and those at risk of homeless with security deposits and providing funds to assist with the operation of the shelter. Under the CDBG program, funds will be utilized for Workforce Training. As indicated above, the actual funding and use of program funds will be dictated by the applications received during the competitive application process.

**AP-30 Methods of Distribution – 91.320(d)&(k)**

**Introduction:**

The CDBG, HOME, Housing Trust Fund and ESG programs all have their own respective allocation or administrative plans along with an application form. Specific information on the methods of distribution can be found on these plans which are available from SDHDA and GOED and can be found on the agency websites as well.

**Distribution Methods**

**Table 8 - Distribution Methods by State Program**

<b>1</b>	<b>State Program Name:</b>	Community Development Block Grant
	<b>Funding Sources:</b>	CDBG

<p><b>Describe the state program addressed by the Method of Distribution.</b></p>	<p>This statement describes the policies and procedures that will be used by the State to allocate the HUD CDBG Program funds in South Dakota for Federal Fiscal Year (FFY) 2017. Funds for this program are provided through the Title I of the Housing and Community Development Act of 1974 as amended. The State of South Dakota will receive \$5,159,862 in 2017 to fund the CDBG program. A minimum of 70 percent of the State's allocation will be used to fund projects that primarily benefit low and moderate-income persons.</p> <p>Program Objectives: The South Dakota CDBG program will provide grants to units of general local governments in non-entitlement areas. Since the potential demand for funds could exceed the amount available, eligible applicants selected for funding will be those communities having the greatest need and whose applications most adequately address locally determined need of low and moderate-income persons, consistent with one or more of the following purposes:</p> <ol style="list-style-type: none"> <li>1. Promote more rational land use;</li> <li>2. Provide increased economic opportunities for low and moderate-income persons;</li> <li>3. Correct deficiencies in public facilities that affect the public health, safety or welfare, especially of low and moderate income-persons.</li> <li>4. Increase efficiencies in public facilities that affect the public health, safety or welfare, especially of low and moderate income-persons.</li> </ol>
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<p><b>Describe all of the criteria that will be used to select applications and the relative importance of these criteria.</b></p>	<p>Eligible applicants are counties and incorporated municipalities, excluding the cities of Sioux Falls, Rapid City and Tribal Governments.</p> <p>Application Requirements. A project must meet one of three national objectives in addition to being an eligible activity as described in section 105(a) of the Act. The national objectives are to eliminate slum and blight, benefit people of predominately low and moderate income, or eliminate a threat to public health or safety that is unusual in nature and does not occur with regularity in the State. In addition to these requirements, the following criteria must be met:</p> <ol style="list-style-type: none"> <li>1. Eligible applicants must have a local Planning District prepare their CDBG application and administer an awarded grant through close out of the project.</li> <li>2. There is no limit to the number of grants from the 2017 program funds that an eligible applicant may receive for themselves or on behalf of an eligible applicant who can't apply on their own, such as an area development corporation, rural water system, sanitary district or other legally organized entity. All eligible applications not funded may be resubmitted in the next funding round for consideration again.</li> <li>3. Previous CDBG Program grants awarded prior to Year 2012 should be closed out. This restriction applies to grantees that have not done an administrative closeout on their awards from Years 2006 to 2012 and have not done a final closeout on their awards from Years 2006 to 2011. A grantee that has an open grant that was awarded during Years 2006-2011 because of circumstances beyond their control may request a waiver to this requirement. The waiver should include the current status of the grant, the reason the grant is not yet closed, and the expected closeout date. The waiver should be submitted to GOED with the application and will be ruled upon by the CDBG Staff.</li> <li>4. All applicants must have complied with the public hearing requirements of the act as amended. A public hearing must have been conducted to receive comments from interested parties on the proposed activities before an application for funds may be submitted.</li> </ol>
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	<p>5. A Community Development Housing Needs Assessment public hearing must be held before submitting a CDBG application. This public hearing is conducted to receive comments from interested parties on the development and housing needs of the community.</p> <p>6. CDBG application shall include data on the racial, ethnic, and gender characteristics of project beneficiaries.</p> <p>7. Applicants applying for a water or wastewater CDBG should meet the requirements set forth by the Department of Earth and Natural Resources (DENR) to be included on the State Water and Wastewater Plans when applying for grant funding.</p>
<p><b>If only summary criteria were described, how can potential applicants access application manuals or other state publications describing the application criteria? (CDBG only)</b></p>	<p>Application files are distributed to the six planning districts throughout the state. Eligible applicants can contact their planning district or CDBG staff for a complete application file. The con plan is available on the Governor's Office of Economic Development's website.</p>
<p><b>Describe the process for awarding funds to state recipients and how the state will make its allocation available to units of general local government, and non-profit organizations, including community and faith-based organizations. (ESG only)</b></p>	
<p><b>Identify the method of selecting project sponsors (including providing full access to grassroots faith-based and other community-based organizations). (HOPWA only)</b></p>	



<p><b>Describe how resources will be allocated among funding categories.</b></p>	<p>CDBG funds will be distributed from four separate programs that address distinct areas of need. Of the \$5,159,862 of CDBG funds received by the State, five hundred thousand dollars (\$500,000) will be available through the Special Projects Account, five hundred thousand dollars (\$500,000) will be available through the Imminent Threat Account, one million (\$1,000,000) will be available for removal of dilapidated structures, and the remainder of the annual allocation will be available for distribution through the Community Projects Account. A maximum of 15 percent of our annual allocation can be utilized for Public Services with Work Force Training being a priority. The State will withhold two percent of the annual allocation plus one hundred thousand dollars (\$100,000) for program administration. The State will set aside one percent of their allocation to provide technical assistance to local governments through the state’s council of governments. At any time throughout the year, the Commissioner of GOED will have the discretion to move funds from one program account to another program account. All remaining funds in any program can be rolled forward to award during the final grant cycle in October. Any funds remaining after the October funding cycle will be carried forward to the April round and used to fund Community Projects.</p>
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	<p><b>Describe threshold factors and grant size limits.</b></p>	<p>There is a maximum grant ceiling of \$750,000 per grant application plus an additional \$15,000 for Project Admin for a maximum award to a grantee of \$765,000.</p> <p>Individual grant amounts. Individual grants will be awarded only in amounts commensurate with the requirements of the proposed project.</p> <p>Available funding. Each funding cycle will award approximately half of the annual funds available through the account. The Commissioner of Governor’s Office of Economic Development (GOED) has the discretion to increase or decrease the amount awarded on any given funding cycle. Additionally, any funds carried over from the previous year not obligated by April 1st will be added to the first cycle pool of funds to maintain timeliness.</p> <p>There is no limit to the number of grants from the 2017 program funds that an eligible applicant may receive for themselves or on behalf of an eligible applicant who can't apply directly, such as an area development corporation, rural water system, sanitary district or other legally organized entity. All eligible applications not funded may be resubmitted.</p>
	<p><b>What are the outcome measures expected as a result of the method of distribution?</b></p>	<p>Outcomes are measured on the number of projects awarded, projects that are completed, allocation of training dollars, and number of individuals assisted with training dollars.</p>
<p><b>2</b></p>	<p><b>State Program Name:</b></p>	<p>Emergency Solutions Grants Program</p>
	<p><b>Funding Sources:</b></p>	<p>ESG</p>

<p><b>Describe the state program addressed by the Method of Distribution.</b></p>	<p>For 2017, the Emergency Solutions Grants (ESG) Program will be carried out in a similar manner to previous years, taking into account the goal for geographic distribution. SDHDA will continue to advertise and make available the ESG funds to units of local government and to private, nonprofit organizations where local government certification of approval of the proposed project will be obtained. In 2017, SDHDA will receive \$749,606 in ESG funding. Changes to the ESG program that were made in 2016 is the incorporation of competitive scoring criteria. Other changes included removing the criteria that organizations will not be able to apply for shelter operations only and incorporating minimum and maximum grant amounts. These changes were made to streamline the application process and clearly define how applications would be selected for funding.</p> <p>Each recipient will be required to match its ESG award with an equal amount of funds received from sources other than this program. SDHDA will waive up to \$100,000 of the State's overall matching requirement for grantees that are least capable of providing a match. These grantees must be:</p> <ul style="list-style-type: none"> <li>A. Located in areas of racial/ethnic concentration; i.e. counties with 500 or more minority persons and with 20 percent or more of its population comprised of minority individuals. Counties meeting this definition are Charles Mix, Coarsen, Dewey, Roberts, Shannon, and Todd; or</li> <li>B. Located in areas of low-income concentration; i.e. counties having more than 40 percent of its population in poverty. Counties meeting this definition are Buffalo, Corson, Dewey, Mellette, Shannon, Todd, and Ziebach; or</li> <li>C. Newly-formed, nonprofit organizations that have received their 501(c) (3) tax exempt ruling from the IRS within the last 3 years.</li> </ul>
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<p><b>Describe all of the criteria that will be used to select applications and the relative importance of these criteria.</b></p>	<p>In addition to what was stated above, ESG funds will be awarded based on need, the State recipient’s demonstrated ability to comply with Federal requirements, the completeness of the application and the amount of funds available for distribution. A committee of State employees and CoC members will review the applications and make awards based on the expansion of homeless assistance provided, whether it is the number of additional homeless persons served or the amount of additional services provided. Consideration will also be given to the applicant's efforts at helping the homeless make the transition to permanent accommodations.</p> <p>ESG amounts are to be used for services to homeless and near homeless individuals and families in these major categories:</p> <ol style="list-style-type: none"> <li>1. Renovation, major rehabilitation or conversion of building for use as emergency shelter facilities;</li> <li>2. Payment of certain expenses related to operating emergency shelter facilities;</li> <li>3. Provision of essential services related to emergency shelters and street outreach for the homeless;</li> <li>4. Provision of Rapid Re-Housing assistance;</li> <li>5. Development and implementation of homelessness prevention activities; and</li> <li>6. Participating in the Homeless Management Information System</li> </ol> <p>There are Key Applicant Eligibility factors in which to be eligible to apply for ESG funds:</p> <ol style="list-style-type: none"> <li>1. Either non-profit or unit of local government;</li> <li>2. No outstanding findings or other issues;</li> <li>3. Experienced homeless services/prevention providers;</li> <li>4. Must be able to meet recordkeeping and reporting requirements including HMIS utilization;</li> <li>5. Must be able to meet HMIS requirements (exception of domestic violence programs); and</li> </ol>
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	<p>6. Must be a member of the Housing for the Homeless Consortium.</p> <p>Applications which show a concerted effort to coordinate services with other agencies and other funding sources to best serve the Program Participants will be given priority.</p> <p>SDHDA has created a competitive scoring process for application selection. The applications will be scored based on the following criteria with a maximum score of 130 points. The scoring matrix is attached as Exhibit A. to the ESG Administrative Plan.</p> <ol style="list-style-type: none"> <li>1. Utilization of ESG funds;</li> <li>2. Participation in CoC;</li> <li>3. Proposed Application Requests;</li> <li>4. Participation in ESG Trainings;</li> <li>5. HMIS/Comparable Database Quality and Submissions;</li> <li>6. Organization Capacity/Past Performance;</li> <li>7. Program Monitoring</li> </ol>
<p><b>If only summary criteria were described, how can potential applicants access application manuals or other state publications describing the application criteria? (CDBG only)</b></p>	
<p><b>Describe the process for awarding funds to state recipients and how the state will make its allocation available to units of general local government, and non-profit organizations, including community and faith-based organizations. (ESG only)</b></p>	<p>The State of South Dakota allocates the ESG funds to South Dakota Housing Development Authority for administration. SDHDA then accepts applications during an open application cycle for which general local government and non-profits are eligible to apply. Applicants are awarded based on a competitive application process as outlined in the ESG Administrative Plan.</p>

<p><b>Identify the method of selecting project sponsors (including providing full access to grassroots faith-based and other community-based organizations). (HOPWA only)</b></p>	
<p><b>Describe how resources will be allocated among funding categories.</b></p>	<p>The ESG funding available for annual distribution through this competitive application is \$749,606 in 2017. Sixty percent of the total funding will be available for street outreach and shelter operation activities and 40 percent will be available for homeless prevention and rapid re-housing activities.</p> <p>ESG amounts are to be used for services to homeless and near homeless individuals and families in these major categories:</p> <ol style="list-style-type: none"> <li>1) Renovation, major rehabilitation or conversion of building for use as emergency shelter facilities;</li> <li>2) Payment of certain expenses related to operating emergency shelter facilities;</li> <li>3) Provision of essential services related to emergency shelters and street outreach for the homeless;</li> <li>4) Provision of Rapid Re-Housing assistance;</li> <li>5) Development and implementation of homelessness prevention activities; and</li> <li>6) Participating in the Homeless Management Information System</li> </ol>

<p><b>Describe threshold factors and grant size limits.</b></p>	<p>The ESG applications must be for the minimum amount of \$10,000 and the maximum of \$80,000. Key Applicant Eligibility factors in which to be eligible to apply for ESG funds:</p> <ol style="list-style-type: none"> <li>1. Either non-profit or unit of local government;</li> <li>2. No outstanding findings or other issues;</li> <li>3. Experienced homeless services/prevention providers;</li> <li>4. Must be able to meet recordkeeping and reporting requirements including HMIS utilization;</li> <li>5. Must be able to meet HMIS requirements (exception of domestic violence programs); and</li> <li>6. Must be a member of the Housing for the Homeless Consortium.</li> </ol> <p>Applications which show a concerted effort to coordinate services with other agencies and other funding sources to best serve the Program Participants will be given priority.</p> <p>Due to the demand for the funds, grants will be awarded based upon the following:</p> <ol style="list-style-type: none"> <li>1. Need for the funding;</li> <li>2. Plan for distribution of the funds in an effective and efficient manner; and</li> <li>3. Collaboration efforts with other agencies</li> </ol> <p>A committee of state employees and CoC members, who work with or have some knowledge of homeless programs, will review the applications along with SDHDA staff. The review committee consists of representatives from the Governor's Office, the Department of Health, the Department of Education, the Department of Labor, the Department of Human Services, the Department of Social Services, and the South Dakota Housing Development Authority.</p> <p>When making final selections, the review committee may make a grant award for less than the amount applied for or</p>
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		for fewer than all of the activities identified in the application, based on the demand for grant amounts, the extent to which the respective activities address the needs of the Program Participants, and the reasonableness of the costs proposed.
	<b>What are the outcome measures expected as a result of the method of distribution?</b>	Outcomes are measured by the number of clients served, the number of shelters assisted and the geographic distribution of services provided.
<b>3</b>	<b>State Program Name:</b>	HOME Program
	<b>Funding Sources:</b>	HOME
	<b>Describe the state program addressed by the Method of Distribution.</b>	<p>In 2017 SDHDA will receive \$3,016,971 in HOME funds that will be combined with HOME program income for the following activities. Actual funding is subject to federal appropriations and significant changes in funding may alter the following information.</p> <p>a. New construction, rehabilitation, and site development of owner occupied properties and lease/purchase properties; homebuyer assistance under the Governor’s House Homebuyer Program and similar gap financing assistance.</p> <p>b. Rehabilitation, conversion and acquisition with rehabilitation and new construction of rental properties.</p> <p>HOME funds will be distributed geographically taking into consideration the priorities outlined in the Consolidated Plan and the following percentage set asides:</p> <p>CHDOs - 15%</p> <p>Homeowner Rehab Pool - \$750,000</p> <p>Homebuyer Assistance Program - \$200,000</p> <p>Security Deposit Assistance Program - \$200,000</p> <p>Difficult to Develop - \$500,000</p> <p>Homeownership Development - \$500,000</p>



<p><b>Describe all of the criteria that will be used to select applications and the relative importance of these criteria.</b></p>	<p>The HOME projects will be awarded on a competitive application process based on the following categories. More information can be found in the HOME Allocation Plan.</p> <ul style="list-style-type: none"> <li>a. Local Housing Need - showing highest demand for housing</li> <li>b. Deep Income Targeting - serving lowest income tenants</li> <li>c. Extended Use Commitment - serving as affordable housing for the longest term</li> <li>d. Construction Type - rehabilitation or conversion projects</li> <li>e. Concerted Community Revitalization Plans - projects located in Qualified Census Tract that contributes to a Concerted Community Revitalization Plan</li> <li>f. Mixed Income Use</li> <li>g. Financial Support from Local Sources</li> <li>h. Applicant Characteristics - evidence of past experience</li> <li>i. Tenant Ownership – Lease Purchase</li> <li>j. Service Enriched Housing</li> <li>k. Units for Persons with Disabilities</li> <li>l. Accessibility - additional accessible housing units</li> <li>m. Leveraging of funds</li> <li>n. Percentage of Soft Costs Used for Project Costs</li> <li>o. Project Location</li> <li>p. Individuals with Children</li> <li>q. Public Housing Notification</li> <li>r. Project Characteristics</li> <li>s. READINESS TO PROCEED CRITERIA - points to projects that most clearly demonstrate readiness to proceed based on the following factors: <ul style="list-style-type: none"> <li>1. Completeness of Plans and Specifications</li> <li>2. Site Control</li> <li>3. Financing Commitments</li> <li>4. Utilities (i.e. water, sewer, electric, heat)</li> <li>5. Zoning</li> </ul> </li> </ul>
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	6. Platting
<b>If only summary criteria were described, how can potential applicants access application manuals or other state publications describing the application criteria? (CDBG only)</b>	
<b>Describe the process for awarding funds to state recipients and how the state will make its allocation available to units of general local government, and non-profit organizations, including community and faith-based organizations. (ESG only)</b>	
<b>Identify the method of selecting project sponsors (including providing full access to grassroots faith-based and other community-based organizations). (HOPWA only)</b>	
<b>Describe how resources will be allocated among funding categories.</b>	<p>The set-asides are the funding categories under the HOME Program. The set-asides are as follows: HOME funds will be distributed geographically taking into consideration the priorities outlined in the Consolidated Plan and the following percentage set asides:</p> <p>CHDOs - 15%</p> <p>Homeowner Rehab Pool - \$750,000</p> <p>Homebuyer Assistance Program - \$200,000</p> <p>Security Deposit Assistance Program - \$200,000</p> <p>Difficult to Develop - \$500,000</p> <p>Homeownership Development - \$500,000</p>

	<p><b>Describe threshold factors and grant size limits.</b></p>	<p>SDHDA will only review HOME applications that meet threshold (program and SDHDA requirements) as outlined in the HOME Program Allocation Plan. Upon meeting threshold, the applications are further reviewed to ensure funding limitations are met such as HOME funds being limited to gap financing and total HOME financing will be limited to 90 percent of the market value of the property (excluding all subsidies) or the total cost of the project as determined by an appraisal of the property. In addition, during the August application cycle, no more than 50 percent of the available General Pool may be allocated to any one community, no more than 25 percent to any one developer/sponsor/owner, and no more than 20 percent to any one project. If funds remain in the General Pool after the February application cycle, funds exceeding the foregoing limitations may be allocated to any project (i) that was allocated funds in the February application cycle and (ii) whose allocation was limited due to the foregoing limitations. CHDO organizations may exceed the project and developer limitations to the extent that CHDO set-aside funds are available for funding.</p>
	<p><b>What are the outcome measures expected as a result of the method of distribution?</b></p>	<p>Outcome measurements are based on number of housing units created, AMI levels being served and geographic distribution of the HOME funds.</p>
<p><b>4</b></p>	<p><b>State Program Name:</b></p>	<p>Housing Trust Fund</p>
	<p><b>Funding Sources:</b></p>	<p>Housing Trust Fund</p>

<p><b>Describe the state program addressed by the Method of Distribution.</b></p>	<p>For 2017, South Dakota will receive \$3 million in funding under the Housing Trust Fund program. Up to ten percent (10%) of the funds will be utilized for program administration and the remaining 90 percent (\$2.7 million) will be used to develop permanent rental housing units serving households at or below 30% AMI. Funds will be awarded based on competitive application process as outlined in the HTF Allocation Plan with up to \$600,000 of the funds being set-aside for projects located within Indian Reservations. No one project may receive more than 20 percent of the funds and no one developer may receive more than 25 percent of the funds for multiple projects.</p>
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<p><b>Describe all of the criteria that will be used to select applications and the relative importance of these criteria.</b></p>	<p>Applications must obtain a minimum of 400 points to be considered for funding, with maximum of 1,030 points being available. The scoring criteria are as follows, with additional information located in the allocation plan.</p> <ul style="list-style-type: none"> <li>Demostration of housing need</li> <li>Providing affordable housing for the longest term - extended use</li> <li>Construction type</li> <li>Projects located in areas of concerted community revitalization</li> <li>Projects that involved mixed-income use</li> <li>Financial support from local resources</li> <li>Demostration of developer capacity</li> <li>Service enriched housing</li> <li>Providing units for HUD Section 811 Program</li> <li>Providing additional handicap accessible housing units</li> <li>Leveraging of financial resources</li> <li>Percentage of financing used for soft costs</li> <li>Project location</li> <li>Serving households with children</li> <li>Commitment to provide notice to public housing authority</li> <li>Projects located in Promise Zone area</li> <li>Project characteristics</li> <li>Projects that demonstrate readiness to proceed with site control, evidence of financing, availability of utilities, proper zoning and platting and completion of architectural plans</li> </ul>
<p><b>If only summary criteria were described, how can potential applicants access application manuals or other state publications describing the application criteria? (CDBG only)</b></p>	

<p><b>Describe the process for awarding funds to state recipients and how the state will make its allocation available to units of general local government, and non-profit organizations, including community and faith-based organizations. (ESG only)</b></p>	
<p><b>Identify the method of selecting project sponsors (including providing full access to grassroots faith-based and other community-based organizations). (HOPWA only)</b></p>	
<p><b>Describe how resources will be allocated among funding categories.</b></p>	<p>For the Housing Trust Fund \$600,000 has been set-aside for developments located within Indian Reservations. There are no funding categories beyond this set-aside. New construction will only be approved for areas that have a demonstrated need for additional housing units.</p> <p>South Dakota will not allocate Housing Trust Fund dollars for homeownership activities, tenant based rental assistance or operating assistance in 2017.</p>
<p><b>Describe threshold factors and grant size limits.</b></p>	<p>Subsidy limits have been established based on potential income loss due to serving 30% AMI households over a 30 year period. This amount was then adjusted to account for construction cost differential demonstrated across the state. Subsidy limits were established for each bedroom size for three different zones in the state. This subsidy amount per HTF housing unit is the maximum funding applicants can request when submitting their applications. HTF subsidy limits are listed as an exhibit to the HTF allocation plan.</p> <p>In addition each project is limited to no more than 20% of the HTF funding, and no one developer can request more than 25% of the HTF funding for multiple applications.</p>

	<b>What are the outcome measures expected as a result of the method of distribution?</b>	Outcome measures are the number of housing units produced, type of housing units, and their geographical distribution.
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## **AP-35 Projects – (Optional)**

### **Introduction:**

Neither the Governor's Office of Economic Development nor the South Dakota Housing Development Authority approve projects prior to the action year. Applications for funding are received after the first of the year and funded once execution of the funding contract with HUD occurs. Due to this reason there will be no projects added to the Annual Action Plan.

## **AP-40 Section 108 Loan Guarantee – 91.320(k)(1)(ii)**

**Will the state help non-entitlement units of general local government to apply for Section 108 loan funds?**

No

## **AP-45 Community Revitalization Strategies – 91.320(k)(1)(ii)**

**Will the state allow units of general local government to carry out community revitalization strategies?**

No

## **AP-50 Geographic Distribution – 91.320(f)**

**Description of the geographic areas of the state (including areas of low-income and minority concentration) where assistance will be directed**

South Dakota administers the HOME, Housing Tax Credit and ESG programs statewide and will do the same for the Housing Trust Fund. The CDBG program is administered in the CDBG service area. There are no geographic priorities being established at this time. Funding under the programs is competitive in nature and many factors are taken into consideration when awarding funds, such as demonstrated need, capacity of developer and financial feasibility of the development. Scoring criteria helps dictate successful applications but currently the scoring is more influential on the type of project being developed and not geographic location (with the exception of being located near services).

Agencies must also be cognizant on the balance of financing and providing additional housing units in areas of concentration of low income households.

### **Geographic Distribution**

N/A



## Rationale for the priorities for allocating investments geographically

For the HOME Program, HTC and ESG there are no priorities for geography except for location in Qualified Census Tracts that are part of a concerted community revitalization area (HOME & HTC). For the Housing Trust Fund, there is a set-aside of \$600,000 for projects that are located within an Indian Reservation. In addition, competitively points are awarded for developments that are located within a Promise Zone designation area.

## Discussion

South Dakota Housing Development Authority currently administers the HOME, Housing Tax Credit, Housing Trust Fund, Housing Opportunity Fund and ESG programs statewide. The CDBG program is administered in the CDBG service area by the Governor's Office of Economic Development.

Many areas of the state have high demands for additional affordable housing units; there are no geographic priorities being established at this time. Funding under the programs is competitive in nature and many factors are taken into consideration when awarding funds, such as demonstrated need, capacity of developer and financial feasibility of the development. Scoring criteria helps dictate successful applications but currently the scoring is more influential on the type of project being developed and not geographic location (with the exception of being located near services).

## Affordable Housing

### AP-55 Affordable Housing – 24 CFR 91.320(g)

#### Introduction:

The one year goals indicated below are based on past years' activity. All funding administered by SDHDA is provided through a competitive open application process and besides scoring criteria, it can be difficult to dictate the applications that are submitted by developers.

One Year Goals for the Number of Households to be Supported	
Homeless	30
Non-Homeless	350
Special-Needs	20
Total	400

Table 9 - One Year Goals for Affordable Housing by Support Requirement

One Year Goals for the Number of Households Supported Through	
Rental Assistance	200
The Production of New Units	150
Rehab of Existing Units	50

<b>One Year Goals for the Number of Households Supported Through</b>	
Acquisition of Existing Units	50
Total	450

**Table 10 - One Year Goals for Affordable Housing by Support Type**

**Discussion:**

Production and financing of the units listed above will be provided by HOME, Housing Tax Credit, HTF, Governor's House Program, First-Time Homebuyer Program, Continuum of Care, Housing Opportunity Fund and USDA Rural Development.

The one year goals listed above consist of 200 households assisted with rental assistance through the Security Deposit Assistance Program, 150 units newly constructed (20 of which will be for special needs) and an additional 50 units of rehab consisting of multifamily or homeowner rehabilitation. Not listed above, but it is anticipated that an additional 1,000 households will be assisted with homebuyer activities across the state with assistance from the First-Time Homebuyer Program, USDA Rural Development, the Governor's House Program, HOME or Housing Opportunity Program funding. Typically homeownership activity is acquisition of existing homes but new construction is also an eligible activity and is typically around 10 percent. Funding from the Housing Trust Fund will assist in designation of additional housing units for extremely low-income households, special needs and homeless. It is not anticipated to develop additional units but instead make the units more affordable.

**AP-60 Public Housing - 24 CFR 91.320(j)**

**Introduction:**

SDHDA works with the local public housing and redevelopment agencies across the state, however, there is no special consideration or priority given by SDHDA to address their specific housing needs. Initial conversations have been held with the public housing and redevelopment agencies regarding the assessment tool and a statewide plan for further fair housing. At this time, the state plan is being delayed so conversations regarding this issue will resume when appropriate.

**Actions planned during the next year to address the needs to public housing**

No action steps are planned for 2017 except for corrdinating with the agencies while drafting of the next Five Year Consolidated Plan.

**Actions to encourage public housing residents to become more involved in management and**

## **participate in homeownership**

This action is dealt with directly by the public housing agencies.

## **If the PHA is designated as troubled, describe the manner in which financial assistance will be provided or other assistance**

SDHDA will assist a public housing agency, to the best of our abilities, if the public housing agency requests such assistance.

## **AP-65 Homeless and Other Special Needs Activities – 91.320(h)**

### **Introduction**

South Dakota Housing Development Authority (SDHDA) is the lead agency for the statewide Continuum of Care (CoC), South Dakota Housing for the Homeless Consortium (SDHHC). SDHDA is also the administrator of HMIS (Homeless Management Information System), HOME, ESG, HTF and Housing Tax Credits. Based on these reasons, SDHDA must be at the forefront of Homeless and Special Needs Activities in South Dakota and work towards ensuring the programs and services are coordinated and able to create results. Funding through the Housing Trust Fund will provide more opportunity to develop housing for special needs and homeless populations.

### **Describe the jurisdictions one-year goals and actions for reducing and ending homelessness including reaching out to homeless persons (especially unsheltered persons) and assessing their individual needs**

SDHDA is not a direct provider of services which creates a more difficult process to ensure outreach to homeless persons. However, the relationship with partner agencies creates the vehicle for outreach, which can be done with several different avenues.

With revisions to the Emergency Solutions Grants program, applicants receive outreach funding to help locate, identify, and build relationships with homeless individuals and families to engage them for the purpose of providing immediate support, intervention, and connections with homeless assistance programs and/or mainstream social services and housing programs. Funding for this activity helps organizations take the time to do the outreach. One ESG recipient has been engaged in street outreach.

Another form of outreach is the statewide homeless count. For immediate service, as homeless individuals or families who are planning on sleeping outside are encountered, the survey volunteers try and help them find shelter and services that day. In addition, the survey results are compiled to help document the need for housing and services but it also helps understand where the

gaps in services may exist. With this framework, SDHDA, the South Dakota Housing for the Homeless Consortium (SDHHC), and other interested parties, can create the actions necessary for reducing homelessness. Also many communities conduct their “Project Homeless Connect” and the Veteran’s Administration conducts “stand-downs” which are also very helpful in determining needs within their community and service areas.

SDHHC recently drafted its Ten Year Plan to End Homelessness. The plan is available for SDHHC members and the general public to review and provide feedback. The goals of the Ten Year Plan are outlined below:

1. Strengthen the capacity of public and private organizations by increasing awareness of collaborative opportunities, homelessness concerns, and successful interventions to provide and end homelessness.
2. Identify and implement system improvements to achieve positive, measureable results.
3. Expand, develop and coordinate the supply of affordable housing and supportive services to prevent and end homelessness and decrease days in shelters.

Within the goals stated above are many action steps and sub-steps to be accomplished. The responsible parties have been identified but currently no timeline for completion has been established.

### **Addressing the emergency shelter and transitional housing needs of homeless persons**

As indicated above, one of the goals with emergency shelters is to expand the agencies administering the ESG program. The majority of the current ESG recipients are Domestic Violence (DV) Shelters. Emergency Shelters for homeless populations, not DV, are located in Sioux Falls, Rapid City and Yankton. By expanding ESG funding and services to other agencies such as the Community Action Programs and units of local government, there will be better statewide coverage of services allowing more homeless persons to be served.

The South Dakota Housing for the Homeless Consortium is making it a goal to work towards development of more permanent supportive housing as the first step in helping homeless individuals and families obtain and sustain housing. Currently the success rate is at 68 percent for those individuals and families leaving transitional housing to permanent housing, however, HUD programs are strongly encouraging the development of permanent housing. There is a need for more intensive case management for those coming from emergency shelters or the streets to help individuals and families learn how to maintain permanent housing long term. The South Dakota Housing for the Homeless Consortium works closely with agencies across the state to make sure they are coordinating their services in order to help those wanting permanent housing the ability to keep permanent housing.

Rental Education is becoming more popular. The availability of this service will contribute to the success of those entering permanent housing by providing a curriculum covering tenant/landlord law,

budgeting, apartment inspections, screening processes, leases, and maintenance of the housing unit in addition to many other topics.

During 2016, the SDHHC took on additional initiatives such as accepting the Vets@Home technical assistance and applying for the HUD Youth Homelessness Demonstration program. These initiatives brought more partners to the table, highlighted additional action steps and provided additional resources for SDHHC. For the January 2017 homeless count, additional changes will also be incorporated such as using a mobile application for the homeless count and modifying the questions and process for a more accurate youth homeless count.

The additional initiatives and anticipated better count data will be utilized to analyze current needs and structure action plans to address the needs.

**Helping homeless persons (especially chronically homeless individuals and families, families with children, veterans and their families, and unaccompanied youth) make the transition to permanent housing and independent living, including shortening the period of time that individuals and families experience homelessness, facilitating access for homeless individuals and families to affordable housing units, and preventing individuals and families who were recently homeless from becoming homeless again**

Helping homeless make the transition to permanent housing has become the focus for many service agencies. With changes in the ESG Program, this process has gained additional resources. However, one of the largest obstacles in this transition is finding the suitable permanent housing that meets habitability standards, meets Fair Market Rent requirements of the programs and has a landlord willing to work with the agencies and the homeless population. Many of the communities in South Dakota have a tight rental market making it more difficult to find suitable permanent housing.

Several programs provide additional funding to help make this happen, such as programs offered through the Veterans Administration (VA) and the Department of Military and Veteran's Affairs. Currently HUD-VASH is administered in Sioux Falls and Rapid City; Healthcare for Homeless Veterans grant (HCHV) and the Grants and Per Diem program is being administered by Volunteers of America in Sioux Falls; and Supportive Services for Veteran Families (SSVF) grant program is being administered by Cornerstone Rescue Mission. In addition, many agencies have other specialized programs such as Volunteers of America, Dakotas who specialize in housing services for homeless youth.

Oglala Sioux Tribe of the Pine Ridge Reservation was selected to receive 20 Tribal HUD-VASH vouchers through the demonstration program. Planning meetings are being scheduled and SDHDA is excited to have the opportunity to work with the Oglala Sioux Tribe for implementation of this demonstration program.

Work continues on relationship building and encouraging private landlords to work with special

populations such as the homeless. Many times the background and credit checks result in reasons for the landlord to deny leasing a housing unit and until such time as permanent housing units become more readily available, it will continue to be difficult to transition homeless individuals and families quickly to permanent housing. SDHDA is currently analyzing opportunities to assist in bridging the gap in this process. In addition, as SDHDA continues to work with landlords and service providers for the implementation of HUD Section 811 program, the partnerships, services, and implementation.

For the 2016 CoC application one agency made the choice to change their program from transitional housing to rapid rehousing. SDHHC and the agency are hopeful for HUD approval to make this change which will assist in getting homeless permanently housed quickly. Working with the Vets@Home technical assistance this year provided the framework of completing master list of homeless individuals and begin formulating services and partnerships needed to quickly house homeless vets. Lessons learned through this program will be utilized as specific homeless groups are served.

**Helping low-income individuals and families avoid becoming homeless, especially extremely low-income individuals and families and those who are: being discharged from publicly funded institutions and systems of care (such as health care facilities, mental health facilities, foster care and other youth facilities, and corrections programs and institutions); or, receiving assistance from public or private agencies that address housing, health, social services, employment, education, or youth needs**

Emphasis continues to be focused on preventing homelessness and sharing information between agencies to assist individuals and families from becoming homeless. ESG coordination with other targeted homeless services to create a “buffet” of services and coordinated assessment will help to provide a strategic, community-wide system to prevent and end homelessness. SDHHC continues to work with public housing and redevelopment agencies, property managers and service providers to reach tenants at risk of eviction or to assist those who have a difficulty finding permanent housing due to poor credit or rental history. Services and programs that are being created or analyzed to assist the homeless or those at risk of homelessness consist of renter's education, re-evaluation of Crime Free Housing, and creation of programs to offset financial risk to landlords.

While drafting the Ten Year Plan to End Homelessness, SDHDA staff was in contact with DOC, hospitals and other service agencies. This dialogue has opened the door for future interaction and coordination to further discuss programs, discharge policies and coordination of efforts. In 2017 SDHHC needs to make a concerted effort to continue this dialogue to garner some success.

Dept. of Social Services, Division of Child Protection Services has defined procedures in place for the discharge of children from custody/placement. The planning that occurs prior to children being discharged from custody/placement depends on the age of the child, the discharge resource and the services that will be needed to support the child in his/her discharge placement. Children discharging from custody/placement prior to age 18 may be discharged to their birth parent, relative caregiver, a

legal guardian or may be adopted. Youth who were in placement, upon turning 18 years of age are ready for discharge are eligible for Independent Living Services. Youth are involved in planning their exit and are provided financial resources and on-going case management. Agencies such as Volunteers of America also provide services to this client base as they make the transition.

SD Dept. of Health (DOH) provides some standards of care for the homeless when discharged. SDHHC will work with DOH towards implementation of appropriate discharge planning protocols to track homeless individuals and families receiving services.

The Division of Mental Health has a discharge criteria for the CARE (Continuous Assistance, Rehabilitation and Education program) and the Dept. of Corrections has established procedures in place governing release planning for adults and juvenile offenders. For DOC, each adult offender within five years of possible release must develop a release plan with the assistance of DOC case management staff. These release plans have established components of residence, employment and programming needs (chemical dependency, mental health, physical health, sex offender treatment and academic education). South Dakota was a recipient of the Second Chance Act Prisoner Re-Entry Initiative grant providing an opportunity for DOC to learn of and implement programs and strategies to reduce recidivism. Recently the Depts. of Corrections, Labor, Education, Social Services and SDHDA gathered information regarding the interest and need for postsecondary technical education for adult inmates. Studies have indicated that high-quality, comprehensive correctional education programs provide 43 percent reduction in recidivism and 28 percent increase in post release employment. A task force was created in the spring 2016 to further explore options and implement changes within DOC to assist with post release employment.

## **Discussion**

There are many pieces to ending homelessness and in a rural state like South Dakota, sometimes these pieces are scarce. The best resources the state has is the willingness by citizens to support family and friends and being able to work with partner agencies to ensure services are provided. These resources are the basis on which ending homelessness can occur.

## **AP-75 Barriers to affordable housing – 91.320(i)**

### **Introduction:**

There can be many barriers to affordable housing, including regulations or requirements that were once created to protect others. At the local level, additional building codes and zoning requirements, which vary by community, can create project delays and additional costs. Federal policies such as Davis Bacon reporting results in additional project costs with contractors charging to cover the administrative cost of reporting. While these policies may be justified at times, the policies are not always relevant based on the community and the housing developers.

The push to develop green and energy efficient housing can also have negative implications. Access to products and expertise of contractors to install specialized products can be cost prohibitive in rural areas. There are many policies that sound good in theory but are not as effective when implemented. These barriers make affordable housing, less affordable.

Another barrier to affordable housing is lack of knowledge. As households rent or pursue homeownership, lack of knowledge can be a barrier for them to find appropriate housing choices. All too often renters are not aware of their rights and responsibilities as a tenant, often leading to making inappropriate decisions that can have a negative impact on their ability to find alternative housing. As a potential homebuyer it is critical to understand the home buying process, understanding reasons for potential denial and ensuring the mortgage products offered are appropriate for them.

In rural communities a barrier to homeownership is often times lack of comparable home sales to be utilized for the appraisal process. Public perception and lack of awareness is often another barrier to providing affordable housing. Another barrier in rural communities is the lack of capacity to develop additional housing units.

### **Actions it planned to remove or ameliorate the negative effects of public policies that serve as barriers to affordable housing such as land use controls, tax policies affecting land, zoning ordinances, building codes, fees and charges, growth limitations, and policies affecting the return on residential investment**

Currently there are no specific actions planned for removal of barriers formed by public policy. Discussions have occurred regarding the applicability of local building codes and the enforcement of the codes. Current state law requires that if a local unit of government adopts any ordinance prescribing standards for new construction, the ordinance must comply with the 2015 edition of the International Building Code (IBC). However, the governing body may amend, modify, or delete any portion of the IBC, before enacting such an ordinance. Current law allows many variances to exist among the local communities and doesn't address the responsibility of the local community to ensure the building codes are being met. This situation does cause concern with development of housing in smaller communities and ensuring decent and safe housing is being developed. SDHDA will like to



continue this discussion for potential resolution.

Developing green and energy efficient housing and building can impact project feasibility. SDHDA will work with the developer/contractor and the community/organizations to understand the regulations and create a balance. SDHDA held a training in 2015, to assist builders, contractors and inspectors to become a Certified Home Energy Rater. SDHDA was hopeful that it will be easier for contractors to attend this training and become certified and that the additional knowledge and expertise will allow for better competition among the contractors for both their ability to do the work and the cost associated with their contract. The training was held but there was a lack of interest by the general public. SDHDA will continue to look at offering other specialized courses to continue to assist our local contractors and developers.

In 2016, SDHDA set-aside funds under the HOME and Housing Tax Credit programs to assist in the development of a multifamily housing development that meets passive design standards. The set-aside will reduce the risk taken by the developer as SDHDA will work closely with the developer and the passive design architect and inspector to ensure correct implementation. One multi-family development has been chosen and SDHDA continues to work with the developer, architect, contractor and the passive design team to move this project from conception to completion. Construction is anticipated to begin spring 2017. From this experience, SDHDA will look to incorporate financially feasible components into future multi-family housing developments.

SDHDA continues to work with rural communities and nonprofit agencies to address housing needs in their communities. For capacity building, workshops and trainings are offered. To assist with financial risk, federal and state programs are utilized. A concerted effort is being made to get the local housing and redevelopment agencies involved in this process due to their inherent knowledge of housing and their community. SDHDA also continues to work with economic development and community leaders to address the appraisal gap issue and find potential solutions. SDHDA incorporated the set-aside for Homeownership Development to assist developers in rural communities to develop housing as their need may arise. Up to \$20,000 per single family home can be utilized as a development subsidy to assist in addressing the appraisal gap issue.

SDHDA will continue to expand on the opportunity to create and promote the use of renter's education to assist households in successful permanent occupancy.

### **Discussion:**

Many times knowledge of the barriers prior to development and construction help alleviate the difficulty encountered. By planning ahead the effect of the barrier can be minimized. And as indicated above, many times what is determined as a barrier was originally introduced for the good and protection of others.

SDHDA hired a consultant in 2010 to complete an Analysis of Impediments for South Dakota. One of the

action steps resulting from the analysis was an increase in Fair Housing training opportunities across the state. For additional action steps, difficulty arises when a statewide agency must determine and address impediments that exist at the local level.

SDHDA has contracted with a company to fund a Fair Housing Ombudsman position to assist in providing additional fair housing services statewide. Currently there are no agencies in South Dakota receiving funds from HUD under the Fair Housing Assistance Program (FHAP) or the Fair Housing Initiatives Program (FHIP). The scope of services being provided include trainings, public meetings, distribution of information via brochures and website and a 1-800 number. These services are provided statewide and are paid for by SDHDA. The program was implemented April 2015. The assistance includes tenant/landlord disputes, companion animals, and fair housing issues. Several fair housing issues have been referred on to HUD.

SDHDA action steps that occurred during 2016, as it relates to furthering fair housing are as follows:

- Provided fair housing training in several different communities in South Dakota;
- Continued with the Fair Housing Ombudsman, 1-800 number and website;
- Communication with the City of Sioux Falls regarding coordination of efforts in trainings and providing services.

For 2017, SDHDA plans to complete the following action steps:

- Review SDHDA programs to determine if sufficient fair housing information is currently being made available to our partner agencies and passed along to the end beneficiaries. This could involve required training for rental housing developers, enhancing the homebuyer education courses, enhancing lender training or other requirements as determined necessary;
- Coordinate with HUD FHEO office, local HUD office, and the SD Attorney General's office to determine the types of complaints being received and evaluate potential changes that may need to be made in education and awareness for 2018;
- Meet with the cities of Sioux Falls and Rapid City and the public housing agencies to discuss potential coordination of efforts regarding the Affirmatively Furthering Fair Housing plan;
- Provide Fair Housing Training opportunities statewide; and
- Evaluate the Multi-family Crime Free Housing program to recommend changes for additional opportunities for housing choice.

## **AP-85 Other Actions – 91.320(j)**

### **Introduction:**

The Annual Action Plan provides an outline of programs, services and funding provided by HUD, USDA Rural Development, the State of South Dakota and SDHDA. This combination of resources is targeted to community development and ensuring affordable, decent, safe and sanitary housing is available for all South Dakotans. There are many components to community development and affordable housing, and as the economy and community change, so do the relevance of these components along with the methodology used to address them.

### **Actions planned to address obstacles to meeting underserved needs**

In process of planning for program changes and reviewing applications for funding, it is SDHDA's goal to learn of the underserved needs and try to address them. Allocation plans, scoring criteria and preferences are used to entice developers to address the underserved needs.

In addition, SDHDA has partnered with a service provider to provide Fair Housing training, information sharing, and outreach to help identify underserved needs. Focus has been placed on meeting with residents of lower income neighborhoods along with meeting with service providers to ensure appropriate information is being made available to those who may be underserved.

### **Actions planned to foster and maintain affordable housing**

HOME, Housing Tax Credit, Housing Trust Fund, Housing Opportunity Funds and other funding sources will continue to be available to develop and rehabilitate affordable housing across the state. Specific activities are outlined in the program allocation plans. With the Housing Opportunity Fund, the financial assistance can be more geographically distributed assisting rural communities which previously were not successful in obtaining other financing sources as well as expanding the income based served. SDHDA implemented the Housing Trust Fund. in 2016. The funding is targeted to 30 percent AMI which will provide assistance for households who are currently on Section 8 waiting lists in many communities. SDHDA is hopeful that housing developers will utilize the availability of Housing Trust Fund funds to serve special needs populations and those who are currently underserved.

### **Actions planned to reduce lead-based paint hazards**

All housing units funded through HOME, HTF and ESG must be inspected to ensure no lead based paint hazards exist. The mitigation requirements for lead based paint can have a substantial impact on the affordability of housing. SDHDA has been working towards ensuring that the public is educated about these requirements and any housing financed by HOME, HTF or ESG funds are in compliance. To encourage compliance with this requirement, up to \$2,000 per unit of HOME funds can be awarded as grant funds and will not be required to be repaid for the encapsulation, abatement, or stabilization of

Lead Based Paint and the corresponding inspection costs. These costs must be pre-approved by SDHDA.

### **Actions planned to reduce the number of poverty-level families**

SDHDA and GOED will work in conjunction with other agencies in implementing poverty reducing goals, programs and policies as appropriate. At this time there are no jurisdictional goals for reducing the number of poverty-level families, however, work is being done in this area through the Continuum of Care and ESG programs and other state initiatives and programs. Under the CDBG program, up to 15 percent of the CDBG funds are being provided for a job training programs, providing the skills being demanded in geographical employment centers, which benefit both the employee and the employer.

During the 2013 legislative session, the Building South Dakota bill was approved and funded, providing additional economic development opportunities for the entire state. Components of the bill are programs and funding for local infrastructure improvements, job grants, workforce education, and housing, which are integral to economic development statewide. The goal of these programs is to provide opportunities for all communities in South Dakota to build their economic base and ultimately reduce the number of poverty-level families.

### **Actions planned to develop institutional structure**

SDHDA will continue to work with organizations to assist in developing capacity through coalition efforts, meetings, seminars, conferences and workshops. Topics will range from homebuyer education, development of affordable housing, energy efficiency, management best practices, and organizational structure for nonprofit organizations which may be interested in becoming Community Housing Development Organizations.

### **Actions planned to enhance coordination between public and private housing and social service agencies**

SDHDA is a member of many different trade organizations and advisory boards. This involvement provides an opportunity to enhance coordination. Hosting trainings and meetings as needed also provides an opportunity to work on specific topics, resolve issues and ensure coordination among agencies.

With the implementation of the HUD Section 811 program, meetings are being held with public and private landlords, developers, and service agencies to discuss the coordination necessary for utilization of the program. These meetings along with the implementation of the program will highlight areas that need to be enhanced, knowledge that may need to be shared as well as best practices to be followed.

### **Discussion:**

Enhanced coordination between agencies starts with conversation and building relationships. As

agencies continually communicate and work together, coordination continues to grow and agencies begin to seek out each other for guidance, ideas and partnerships. While no set action steps are planned, SDHDA will continue to seek out partnering agencies as appropriate to assist in meeting the needs of South Dakotans.

## Program Specific Requirements

### AP-90 Program Specific Requirements – 91.320(k)(1,2,3)

#### Introduction:

HOME, HTF, ESG and CDBG funding is open to all eligible applicants through a competitive application processes. The HOME Program Allocation Plan, the Housing Trust Fund Allocation Plan, the ESG Administrative Plan and the Consolidated Plan outline the application process for the respective programs.

#### **Community Development Block Grant Program (CDBG) Reference 24 CFR 91.320(k)(1)**

Projects planned with all CDBG funds expected to be available during the year are identified in the Projects Table. The following identifies program income that is available for use that is included in projects to be carried out.

1. The total amount of program income that will have been received before the start of the next program year and that has not yet been reprogrammed	0
2. The amount of proceeds from section 108 loan guarantees that will be used during the year to address the priority needs and specific objectives identified in the grantee's strategic plan.	0
3. The amount of surplus funds from urban renewal settlements	0
4. The amount of any grant funds returned to the line of credit for which the planned use has not been included in a prior statement or plan	0
5. The amount of income from float-funded activities	0
<b>Total Program Income:</b>	<b>0</b>

#### **Other CDBG Requirements**

1. The amount of urgent need activities	500,000
2. The estimated percentage of CDBG funds that will be used for activities that benefit persons of low and moderate income. Overall Benefit - A consecutive period of one, two or three years may be used to determine that a minimum overall benefit of 70% of CDBG funds is used to benefit persons of low and moderate income. Specify the years covered that include this Annual Action Plan.	70.00%

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**HOME Investment Partnership Program (HOME)**  
**Reference 24 CFR 91.320(k)(2)**

1. A description of other forms of investment being used beyond those identified in Section 92.205 is as follows:

For 2017, SDHDA will receive \$3,016,917 in HOME funds to be used with approximately \$2,000,000 of HOME program income for the following activities. The final allocation of HOME funds is subject to federal appropriations and changes to the anticipated amount, may alter the following information.

- a. New construction, rehabilitation, and site development of owner occupied properties and lease/purchase properties; homebuyer assistance under the Governor’s House Homebuyer Program and similar gap financing assistance.
- b. Rehabilitation, conversion and acquisition with rehabilitation and new construction of rental properties.

HOME funds will be distributed geographically taking into consideration the priorities outlined in the Consolidated Plan and the following set asides:

CHDOs - 15%

Homeowner Rehab Pool - \$750,000

The Governor's House Homebuyer Program - \$200,000

Security Deposit Assistance Program - \$200,000

Difficult to Develop - \$500,000

Homeownership Development - \$500,000

HOME funds will be leveraged with other funding sources such as housing tax credit equity, Housing Trust Fund, conventional financing, Federal Home Loan Bank, donations and owner equity. The amount of HOME funds that may be invested in an affordable housing project are regulated under 24 CFR Part 92.250. In addition, applications receive competitive points for leveraging of HOME funds with other funding sources.

For those projects which combine HOME and other governmental subsidies, SDHDA certifies that prior to the commitment of funds to a project; SDHDA will evaluate the project in accordance with

SDHDA's HOME Subsidy Layering Policy, which incorporates HUD CPD Notice 15-11, dated December 22, 2015. SDHDA certifies that it will not invest any more HOME funds in combination with other governmental assistance than is necessary to provide affordable housing.

The HOME projects will be awarded based on a competitive application process.

2. A description of the guidelines that will be used for resale or recapture of HOME funds when used for homebuyer activities as required in 92.254, is as follows:

Recapture: If the house is sold prior to the end of the affordability period defined within the HOME Plan, SDHDA will recapture the entire amount of the HOME investment up to the net proceeds of the sale, if the homebuyer acquired the home through the direct assistance of HOME funds.

Resale: For projects that are provided HOME funds as a development subsidy, the following resale requirements apply:

- a. The housing must remain affordable to low-income homebuyers at or below 80% of the area median income for the period of affordability starting at the date of initial purchase. The period of affordability is defined in the Project Period of Affordability section within the HOME Plan. The purchaser's family income must be at or below 80% of area median income as defined by the IRS Form 1040 Adjusted Gross Income definition for annual (gross) income and the purchaser must occupy this property as the purchaser's principal residence.
- b. The percentage of the purchaser's family income that can be used to pay the principal, interest, taxes, and insurance (PITI) is equivalent to the underwriting standards established by the purchaser's lender. However, if a non-traditional lender is underwriting the financing; the principal, interest, taxes, and insurance must be 30 percent or less of the purchaser's family income.
- c. The seller receives a "fair return on investment", which is defined as seventy-five (75%) of the net sale proceeds. Net sale proceeds (sale proceeds a seller would receive after the sale of the home, calculated by taking the sales price of the home and subtracting all selling costs which typically consist of paying off existing mortgages, pro-ration of property taxes, payment of real estate commission fees, transfer or excise taxes and any title, escrow, or closing fees) is utilized to determine if funds are available for the seller to receive their return on investment.

Should SDHDA award funds to sub-recipients, they along with CHDOs will be required to use the same resale and recapture provisions as SDHDA.

3. A description of the guidelines for resale or recapture that ensures the affordability of units acquired with HOME funds? See 24 CFR 92.254(a)(4) are as follows:

Resale/Recapture Provisions. Homebuyers assisted under HOME will be required to adhere to the

following recapture and resale guidelines as specified by 24 CFR 92.254. All recapture and resale restrictions will be imposed by the recorded mortgage and deed restrictions running with the land.

Resale: For projects that are provided HOME funds as a development subsidy, the following resale requirements apply:

- a. The housing must remain affordable to low-income homebuyers at or below 80 percent of the area median income for the period of affordability starting at the date of initial purchase. The period of affordability is defined in the Project Period of Affordability section within the HOME Plan. The purchaser's family income must be at or below 80 percent of area median income as defined by the IRS Form 1040 Adjusted Gross Income definition for annual (gross) income and the purchaser must occupy this property as the purchaser's principal residence.
  - b. The percentage of the purchaser's family income that can be used to pay the principal, interest, taxes, and insurance (PITI) is equivalent to the underwriting standards established by the purchaser's lender. However, if a non-traditional lender is underwriting the financing; the principal, interest, taxes, and insurance must be 30 percent or less of the purchaser's family income.
  - c. The seller receives a "fair return on investment", which is defined as seventy-five percent (75%) of the net sale proceeds. Net sale proceeds (sale proceeds a seller would receive after the sale of the home, calculated by taking the sales price of the home and subtracting all selling costs which typically consist of paying off existing mortgages, pro-ration of property taxes, payment of real estate commission fees, transfer or excise taxes and any title, escrow, or closing fees) is utilized to determine if funds are available for the seller to receive their return on investment.
4. Plans for using HOME funds to refinance existing debt secured by multifamily housing that is rehabilitated with HOME funds along with a description of the refinancing guidelines required that will be used under 24 CFR 92.206(b), are as follows:

SDHDA will allow the acquisition or refinancing of existing debt secured by multifamily housing that is being rehabilitated by HOME funds under the following conditions:

- a. Management practices must be reviewed and it must be demonstrated that disinvestment has not occurred; that the long term needs of the project can be met; and that the feasibility of serving the targeted population over an extended affordability period (no less than 15 years) can be maintained. If it is determined that disinvestment has occurred, SDHDA will finance the property only if the property is purchased through an arm's length transaction and the current owners and management agent are completely removed from the proposal.
- b. The new investment must be made to maintain current affordable units or create additional affordable units. The cost in terms of assistance to refinance or acquire and rehabilitate an existing



property shall not exceed the amount of assistance to construct a new property of like quality.

c. The HOME funds will be used as gap financing and total financing will be limited to 90 percent of the market value of the property (excluding all subsidies) or the total cost of the project as determined by an appraisal of the property.

d. In all cases, an analysis will be made to determine the risk of prepayment or opt out of the existing federal rental subsidy (i.e., a HUD Section 8 contract) and, therefore, the risk of losing the affordable housing supply. Those properties that are financially feasible, are located in a market with substantiated need, and indicate the greatest risk for converting to market rate housing will be given priority for funding.

e. At financing, and after completion of rehabilitation, if applicable, all major systems (roof, windows, heating, etc.) of property must be in like new or new condition. If these systems are not in need of repair at the time of application, sufficient reserves must be established to allow for replacement of such components if the normal life span would require such replacement prior to the end of the affordability period. Consideration will be given to functional obsolescence of the property. If it is not cost effective to overcome structural problems, the property may not be eligible for financing. Modifications to allow a higher level of care to elderly residents of a property are an eligible activity if there is an identified need for such level of care and the property is financially feasible upon completion.

f. Under no circumstances will the term of the HOME loan exceed the expected remaining useful life of the property.

### **Emergency Solutions Grant (ESG) Reference 91.320(k)(3)**

1. Include written standards for providing ESG assistance (may include as attachment)

For 2017, the Emergency Solutions Grants (ESG) Program will be carried out in a similar manner to previous years, taking into account the goal for geographic distribution and incorporating for 2016, a competitive application scoring. SDHDA will continue to advertise and make available the ESG funds to units of local government and to private, nonprofit organizations where local government certification of approval of the proposed project will be obtained. SDHDA will receive \$749,606 in ESG funding for 2017.

Each recipient will be required to match its ESG award with an equal amount of funds received from sources other than this program. SDHDA will waive up to \$100,000 of the State's overall matching

requirement for grantees that are least capable of providing a match. These grantees must be:

- A. Located in areas of racial/ethnic concentration; i.e. counties with 500 or more minority persons and with 20 percent or more of its population comprised of minority individuals. Counties meeting this definition are Charles Mix, Coarsen, Dewey, Roberts, Shannon, and Todd; or
- B. Located in areas of low-income concentration; i.e. counties having more than 40 percent of its population in poverty. Counties meeting this definition are Buffalo, Corson, Dewey, Mellette, Shannon, Todd, and Ziebach; or
- C. Newly-formed, nonprofit organizations that have received their 501(c) (3) tax exempt ruling from the IRS within the last 3 years.

Grants will be awarded based on competitive scoring that incorporates the following:

- 1. Utilization of ESG Funds;
- 2. Participation in the CoC;
- 3. Proposed Application Requests;
- 4. Participating in ESG Trainings;
- 5. HMIS/Comparable Database Quality and Submissions;
- 6. Organizational Capacity/Past Performance.

A selection committee of State employees and CoC members will review the applications and make awards based on criteria outlined in the administrative plan. Awards will be made within 65 days of the ESG award letter from HUD.

ESG amounts are to be used for services to homeless and near homeless individuals and families in these major categories:

- 1) Renovation, major rehabilitation or conversion of building for use as emergency shelter facilities;
- 2) Payment of certain expenses related to operating emergency shelter facilities;
- 3) Provision of essential services related to emergency shelters and street outreach for the

homeless;

- 4) Provision of Rapid Re-Housing assistance;
  - 5) Development and implementation of homelessness prevention activities; and
  - 6) Participating in the Homeless Management Information System
2. If the Continuum of Care has established centralized or coordinated assessment system that meets HUD requirements, describe that centralized or coordinated assessment system.

The Continuum of Care has not established a centralized or coordinated assessment system at this time. Review of the current HMIS and 211 systems are in process to determine the best framework for the centralized assessment system. Currently the city of Sioux Falls is also reviewing options for centralized assessment. SDHHC will work closely with the City of Sioux Falls to ensure there is no duplication of efforts and hopefully work together to create compatible systems.

3. Identify the process for making sub-awards and describe how the ESG allocation available to private nonprofit organizations (including community and faith-based organizations).

ESG applicants must be non-profits or units of local government and in compliance with ESG guidelines and applicable state and federal policies and procedures, including compliance with federal and state non-discrimination laws. SDHDA continues to reach out to new agencies and local units of government to encourage additional participation in the program.

ESG funding will be awarded based on the selection criteria listed above.

Applicants with outstanding audit findings, IRS findings, SDHDA monitoring findings or other compliance issues are not eligible ESG sub-grantees and any sub-grantees will not be eligible to receive allocations if any of these conditions occur within the grant period. Please note SDHDA will work with all interested parties, where appropriate, toward the resolution of the unresolved matters.

Eligible applicants must be able to demonstrate prior experience serving individuals and families at-risk of or currently experiencing homelessness. Also, the applicant must show their expertise in their staff having case management skills and to what extent are those skills.

Sub-grantees are required to utilize the Homeless Management Information System (HMIS). Domestic Violence Providers are required to use a separate system, created by SDHDA, in which to report aggregate data for the clients they serve with ESG funding.

Applications which show a concerted effort to coordinate services with other agencies and other

funding sources to best serve the Program Participants will be given priority.

Due to the demand for the funds a minimum and maximum grant amounts have been established.

A committee of state employees and CoC members, who work with or have some knowledge of homeless programs, will review the applications along with SDHDA staff. The review committee consists of representatives from the Governor's Office, the Department of Health, the Department of Education, the Department of Labor, the Department of Human Services, the Department of Social Services, and Policy and Advisory Committee members of SDHHC.

When making final selections, the review committee may make a grant award for less than the amount applied for or for fewer than all of the activities identified in the application, based on the demand for grant amounts, the extent to which the respective activities address the needs of the Program Participants, and the reasonableness of the costs proposed.

4. If the jurisdiction is unable to meet the homeless participation requirement in 24 CFR 576.405(a), the jurisdiction must specify its plan for reaching out to and consulting with homeless or formerly homeless individuals in considering policies and funding decisions regarding facilities and services funded under ESG.

Recipients of ESG funds have provided documentation that they have met the homeless participation requirement or in the process of meeting this requirement. For SDHDA, the addition of a Policy Advisory Council (PAC) member of the CoC to the ESG selection committee will ensure the homeless participation requirement is met at the jurisdiction level. There are currently two formerly homeless individuals who serve as PAC members for the CoC.

5. Describe performance standards for evaluating ESG.

SDHDA is responsible for monitoring all ESG activities, including activities that are carried out by sub-recipients, to ensure that the program requirements established by the HUD Notice and any subsequent guidance are met.

SDHDA staff will have responsibility for continuous monitoring of all ESG sub-recipient activities. This will be accomplished with site visits to sub-recipients and monthly review of all reimbursement requests that will be required of sub-recipients. SDHDA will conduct site visits on a bi-annual basis through each grant term. SDHDA will also provide support and technical assistance, as needed.

Additional monitoring of sub-recipients may be conducted by the local HUD office of Community Planning and Development; HUD's Office of Special Needs Assistance Program, or any other applicable federal agency. These agencies will be monitoring the ESG program nationwide to determine compliance with federal program requirements.

