

U. S. Department of Housing and Urban Development



Community Planning and Development

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ANNUAL COMMUNITY ASSESSMENT SUMMARY

JURISDICTION: State of South Dakota
PROGRAM YEAR START: January 1, 2013
PERIOD COVERED BY ASSESSMENT: January 1, 2013 thru December 31, 2013

HUD is required to conduct an annual review of performance by grant recipients according to the provisions of the Housing and Community Development Act and the National Affordable Housing Act. We must determine that each recipient is in compliance with the statutes and has the continuing capacity to implement and administer the programs for which assistance is received. This is to report the results of our review of the State of South Dakota's performance.

The State, as an entitled recipient of Community Development Block Grant (CDBG), HOME Investment Partnership Program (HOME), and Emergency Solutions Grant (ESG), is required by regulations at 24 CFR §91.520 (a) (b) and (c) to report on activities funded during the report year and how the activities benefited the citizens of South Dakota and in particular the low- and moderate- income residents, special need citizens, and the homeless. The submission of the State's CDBG annual Performance Evaluation Report (PER) also continues to be required as part of the Consolidated Annual Performance and Evaluation Report (CAPER). This CAPER is for the first year of the five-year Consolidated Plan (2013 – 2017).

Part I. Summary of Consolidated Plan/Action Plan Review and Assessment

CDBG

The State of South Dakota is meeting the primary objective of the Community Development Block Grant (CDBG) Program, development of viable urban communities, by providing decent housing and a suitable living environment and expanding economic opportunities for principally persons of low- and moderate-income. Consistent with this primary objective, the State expended 89.57 percent of the 2013 CDBG funding to benefit low- and moderate- income persons, and 90.80 percent over the course of the State's three year certification period, which is well above the regulatory requirement of a 70 percent overall benefit.

The Annual Performance Report of the CAPER provides satisfactory information on State programs funded through federal and State money. Programs are provided to assist local municipalities and counties with a wide variety of needs. These units of local government utilized CDBG funds for affordable housing activities, public facility improvements, and workforce development for the benefit of low- to moderate- income residents.

HOME

Our assessment of the HOME program indicates that the program addresses each of the State's Consolidated Plan objectives through a variety of activities throughout the State. South Dakota

provided affordable housing to 379 households in the 2013 program year: 275 affordably rental housing opportunities; 42 homeownership opportunities; and 62 housing opportunities to homeless individuals.

The CAPER included Fair Housing and Equal Opportunity information. The CAPER was forwarded to HUD's Region VIII Office of Fair Housing and Equal Opportunity. FHEO's review found that the State is in compliance with its citizen participation, AFFH, and recordkeeping requirements. The analysis did note three concerns and provided related technical assistance. Please contact Deborah G.E. Manigault, Equal Opportunity Specialist, via telephone at 303-839-2619, or through email at eborah.G.Manigault@HUD.Gov, with any questions regarding FHEO's review.

ESG

During the 2013 program year the State awarded grant funds to 19 subrecipients and set aside 15.07 percent for shelters, 1.40 percent for homeless prevention, .95 percent for rapid re-housing, 5.59 percent for admin, 0.00 percent for street outreach, and .30 percent for HIMS; assisting a total of 2,650 person. The State satisfied the dollar for dollar match requirement with total funds of \$111,372.90 expended. They met the 24-month expenditure requirement for 2011 funds. The 24-month expenditure deadlines for 2012 and 2013 funds are yet to pass.

Part II. Summary of Grantee Performance

HOME

The State is to be congratulated on the overall success of its HOME program. This success is achieved by being timely with the obligation and disbursement of HOME funds. The HOME program requires that all funds be under a binding commitment to affordable housing within 24 months of grant agreement; that not less than 15 percent of such funds are reserved for investment only in housing to be developed, sponsored, or owned by community housing development organizations (CHDO); and HUD will reduce or recapture HOME funds in the HOME Investment Trust Fund Treasury account if not expended within 5 years of execution of the grant. The most recent Deadline Compliance Status Reports—May 6, 2014—indicates that the State is meeting the CHDO reservation requirement for 2012 HOME funds, the distribution requirements for 2009 funds and the two-year commitment requirement for 2012 HOME funds.

The most recent Open Activities Reports—May 20, 2014—indicates that the State had 22 open HOME activities, with zero in final draw for over 120 days; however, the State has five activities with funds partially drawn down with no activity for more than six months. The status of these activities will result in a concern for the State as noted below. A list of these activities has been provided with this report.

The HOME program requires, at 24 CFR § 92.300, that 15% of the grant must be committed to CHDO activities. IDIS reports and the Headquarters issued HOME Deadline Compliance Status Report reveal that the State is meeting the 15% commitment to CHDO's with a cumulative total of 15%. Additionally, South Dakota has utilized 0.0% of its HOME allocation for administration, meeting the 10% limit at 24 CFR § 92.207.

Concern 1: Projects open for greater than six months with no draws**CONDITION**

The HOME PJs Status of Open Activities as of May 20, 2015 lists five activities with funds partially drawn down but with no activity for more than six months. A list of these activities has been provided with this report.

CAUSE

HOME funds have been committed for 22 projects; however, five projects may have stalled.

EFFECT

Overtime, stalled projects can result in failed projects.

RECOMMENDED ACTION

In order to prevent these projects from failing, please take action to revive these projects and continue making draws.

CDBG

The State's annual grant was obligated and announced to UGLG's within 15 months of the State signing its grant agreement with HUD in compliance with the timely distribution of funds requirement at 24 CFR 570.494.

Regulations at 24 CFR § 570.489 limit the amount of State administration and technical assistance expenses to \$100,000 plus three percent of the State annual grant plus current year program income. The State's disbursement in IDIS for administrative expenses was \$262,410.00, which meets the three percent over \$100,000 threshold.

Regulations at 24 CFR § 570.201(e)(1) limit the amount of funds that can be obligated to public service activities to 15 percent of the aggregate amount of the annual grant and prior year program income. The State obligated 7.32 percent of their funds to public service activities.

While the State's Line of Credit Control System (LOCCS) account balance for CDBG funds was regularly above 2.0 during the 2013 program year, it did not reach the higher levels experienced in previous years, and as noted in the 2012 ACA. HUD encourages the State to continue working to reduce its overall LOCCS account balance.

Also noted in the 2012 ACA was the open status of past grant years. The State has open grant years for CDBG allocations dating as far back as 1988. Following the end of the program year, but prior to the release of this assessment, the State submitted substantial closeout documentation for grant years 1988 through 2005. HUD staff are working through these reports to ensure proper closure of these grant years.

ESG

The Emergency Solutions Grant (ESG) regulations require a cap on emergency shelter activities and street outreach to be 60 percent and an administrative cap of 7.5 percent of the grant amount. The State is meeting these percentage caps.

Part III. HUD Evaluation and Conclusions**A. OVERALL EVALUATION**

The State of South Dakota continues to be a high performer with the disbursement of CDBG and HOME funds to communities that utilize the funds to assist low- and moderate income residents. We encourage the State to continue with fair housing education and out-reach in the State as well as coordination between affordable housing providers.

B. CONCLUSIONS AND FINDINGS

Community Planning and Development, Rocky Mountains, Denver, has reviewed available facts and data pertaining to the performance of the State of South Dakota, for its Consolidated Plan and the formula Community Planning and Development Programs specified in that Plan (Community Development Block Grant , HOME Investment Partnership Act, and Emergency Shelter Grant) during the period specified above. Based on the overall review and the information summarized above, CPD makes the following findings:

1. During the period specified above, the State of South Dakota carried out its program substantially as described in its Consolidated Plan as approved and amended.
2. The Consolidated Plan, as implemented, complies substantially with the requirements of applicable laws and regulations.
3. The State of South Dakota has the continuing capacity to carry out its approved program in a timely manner.
4. Five HOME projects have been open for greater than six months with no draws.

PR 48 - HOME/TCAP Open Activities Report 05/20/2014

PJ	Activity	Year	Project	Tenure Type	Funding Date	Draw Date	Draw Days	Funded Amount	Drawn Amount	Percent Drawn
SOUTH DAKOTA	3669	2010	68	Rental	1/5/2012	8/27/2013	266	425,000.00	414,375.00	97.50%
SOUTH DAKOTA	3760	2012	15	Rental	10/15/2012	11/5/2013	196	683,000.00	665,925.00	97.50%
SOUTH DAKOTA	3761	2012	17	Rental	10/19/2012	10/15/2013	217	595,344.00	446,508.00	75.00%
SOUTH DAKOTA	3799	2012	27	Homebuyer	2/8/2013	5/21/2013	364	79,900.00	39,950.00	50.00%
SOUTH DAKOTA	3800	2012	25	Homebuyer	2/8/2013	9/10/2013	252	107,402.00	53,149.73	49.48%



July 2, 2014

Mr. Phillip McKeough
US Department of Housing and Urban Development
Community Planning and Development
1670 Broadway Street
Denver, CO 80202-4801

RE: FY 2013
Annual Community Assessment Summary

Dear Mr. McKeough:

Thank you for providing the FY 2013 Annual Community Assessment (ACA) Summary. South Dakota Housing Development Authority (SDHDA) would like to provide a response and update regarding the five HOME activities listed in the ACA report and assure HUD that these activities are being monitored and continue to be viable HOME activities.

Three of the HOME activities are for multifamily developments. All three of these developments have been completed and placed in service. Drawdown of funds has recently occurred for activity #3761. The owners are submitting the final documentation to SDHDA and we anticipate the final draw down of funds to occur within the next 30 days for all three activities.

Two of the activities are homebuyer activities. For these homes the construction has either been completed or is nearly complete. Activity #3799 consists of two separate homes. One home has been sold to the homebuyer and the drawn amount of \$39,950 is for this house. The second home is nearing completion. For activity #3800, construction continues and a drawdown of funds is occurring this week.

South Dakota Housing Development Authority appreciates your support and guidance with these programs and the opportunity to provide decent, safe and affordable housing for South Dakota citizens. We look forward to continue working with you. Please call me at 605-773-3108 with any questions or concerns.

Sincerely,

A handwritten signature in cursive script that reads "Lorraine Polak".

Lorraine Polak
Director of Rental Housing Development

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