

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, 2014
PERIOD COVERED BY ASSESSMENT: January 1, 2014 through December 31, 2014

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 second 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 96.98 percent of the 2014 CDBG funding to benefit low- and moderate- income persons, and 93.16 percent over the course of the State's three year—2013, 2014 & 2015—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 1,826 households in the 2014 program year: 304 affordably rental housing opportunities; 1,123 homeownership opportunities; 392 new units constructed, and 7 rehabilitated housing units.

ESG

During the 2014 program year the State awarded grant funds to 20 subrecipients and set aside 22.11 percent for shelters, 3.44 percent for homeless prevention, 4.53 percent for rapid re-housing, 5.75 percent for admin, 0.00 percent for street outreach, and 0.30 percent for HIMS; assisting a total of 2,650 person. The State satisfied the dollar for dollar match requirement with total funds of \$42,464 grant funds expended during the program year and \$50,453 of match. The met the 24-month expenditure requirement for 2012 funds. The 24-month expenditure deadlines for 2013 and 2014 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); 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 Report—June 02, 2015—indicates that the State is meeting the CHDO reservation requirement for 2013 HOME funds, the distribution requirements for 2010 funds and the two-year commitment requirement for 2013 HOME funds.

The most recent Open Activities Reports—June 4, 2014—indicates that the State had 21 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. HUD is particularly concerned with Activity 3768 as it was stalled at the end of the program year and is now 556 days past its last draw. This concern is noted below.

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 16.7%. Additionally, South Dakota has utilized 5.75% 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 June 4, 2015 shows Activity 3768 with funds partially drawn down but with no activity for 556 days.

CAUSE

HOME funds have been committed for 22 projects; however, Activity 3768 has stalled.

EFFECT

Overtime, stalled projects can result in failed projects

RECOMMENDED ACTION

In order to prevent this project from failing, please take action to revive this project 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 administrative and technical assistance expenses to \$100,000 plus three percent of the State's annual grant plus current year program income. The State's disbursement for administrative expenses was \$205,130 or 1.99 percent after the \$100,000 allotment.

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 2.7 percent of their funds to public service activities.

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.

FHEO

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. Once South Dakota's CAPER is reviewed by FHEO staff, the conclusions of that review will be forwarded to the State.

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 outreach 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 Solutions 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. One HOME project has been open for greater than six months with no draws.