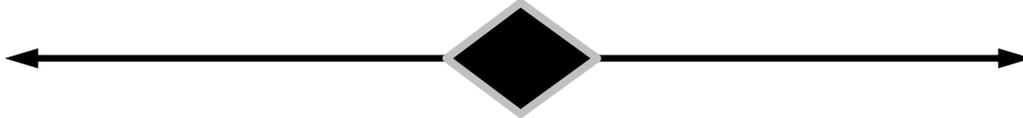


DRAFT
South Dakota
2016 Annual Action Plan



Approved by Board for Public Comment
February 17, 2016

Public Comments Due
5:00 p.m. CT, March 21, 2016

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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) and HOME Investment Partnerships Program (HOME) are US Department of Housing and Urban Development's (HUD) funded formula programs covered under the Consolidated Plan. The overall goals of community development and planning programs covered in the Consolidated Plan are to develop viable communities 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 2016 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 2016 to address the priority needs and specific goals identified by the Consolidated Plan. The 2016 Annual Action Plan will also include information regarding the National Housing Trust Fund (HTF) that is expected to be funded and available for allocation in 2016 and the activities being undertaken by the South Dakota Housing for the Homeless Consortium (SDHHC).

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; communities are experiencing tight rental markets with vacancy rates around 2% and sale of single family homes remain steady. Based on these reasons,

South Dakota's emphasis will continue to be placed on providing housing opportunities geographically across the State for both rental and homeownership. Demand for rental housing is evident for the lowest of income to workforce housing evidencing the need to leverage resources and form creative partnerships to develop appropriate housing.

The HOME Program will be utilized for financing new construction, rehabilitation, or acquisition/rehabilitation for both multi-family and single family housing. HOME funds will continue to be available for homebuyer assistance, homeowner rehabilitation and security deposit assistance. Set-asides of HOME funds will also be available to assist in developing difficult projects and developing a passive multifamily development.

SDHDA will also continue to prioritize housing opportunities for homeless and special needs population groups. In addition SDHDA was successful in applying for the HUD Section 811 Program. Planning meetings are being held with SDHDA, Dept. of Human Services, Dept. of Social Services, and service providers to assist in making necessary changes to programs and develop relationships to ensure successful Section 811 Program implementation.

SDHDA continues to encourage changes to the ESG and Continuum of Care (CoC) programs to enhance services provided by the recipients. SDHDA will continue to focus on utilizing ESG funds statewide and promote the benefits of the rapid re-housing and homelessness prevention components. SDHDA will also be incorporating a competitive scoring application for the ESG program and program compliance reviews for CoC recipients.

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 hearings 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, and workforce training. There is also a high demand for workforce housing.

During the 2013 legislative session, the Building South Dakota Fund was passed providing programs and funding for local infrastructure improvements, job grants, workforce education, and housing, which are integral to economic development. The Housing Opportunity Fund can be utilized for rental and homeownership activities for incomes up to 115% of AMI. This tool has been a great addition to assist with workforce issues in the state.

SDHDA has been working with USDA Rural Development on homeownership endeavors, one of which is the formation of the Native American Homeownership Coalition (Coalition). The Coalition first met in June 2013, with great representation from Native American organizations, federal and state agencies, private and nonprofit agencies, and lenders. The goal of the Coalition is to build capacity and

partnerships to increase homeownership opportunities for Native Americans both on and off Indian Reservations. This Coalition continues with strong support. Trainings and workshops are ongoing to address the barriers to affordable housing for Native Americans.

In 2012, SDHDA started the Housing Needs Study Program to assist rural communities in evaluating their need for housing. The program provides up to 50 percent of the cost or up to \$5,000 per applicant to pay for the cost of a housing study. A partnership with Community Partners Research ensures consistent market study review and analysis at a pre-determined cost. To date 36 communities have been approved to participate with 33 studies being completed 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 in many communities across the state. 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 State of South Dakota will soon be submitting its Annual Performance Report (APR) via IDIS (Integrated Disbursement & Information System, HUD's online software) for program year 2015. As development costs continue to increase, land availability begins to decrease, and interest rates begin to climb, the federal dollars are resulting in fewer housing units, less infrastructure and less community projects being developed. However, housing awareness is statewide and the need for housing is evident in more communities.

For 2015, SDHDA modified the application cycle to have applications submitted by the end of August. This change was made to correlate with the building season in South Dakota. Reservation of funding was announced November 2015, allowing the developers to utilize the winter months to complete their due diligence items in anticipation that construction loan closing could occur in early spring.

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 379 units were approved; anticipated acquisition and rehabilitation of 50 multi-family rental units – a total of 224 units were financed; anticipated 20 units for service enriched housing – no units were

financed; and ESG funding of 22 emergency shelters - 21 shelters 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 29 homeowner occupied units, provide down payment and closing cost assistance to 322 households, construct 29 single family homeownership units and assist 51 households with homelessness prevention activities.

The availability of 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 program. SDHDA will also be incorporating new goals pertaining to workforce housing and furthering fair housing statewide.

4. Summary of Citizen Participation Process and consultation process

Summary from citizen participation section of plan.

Four public meetings were held on January 25th, February 1st, February 2nd and February 3rd, in the communities of Rapid City, Sioux Falls, Aberdeen, and Pierre, to take public comments on the administration of the HOME, ESG and CDBG programs and receive ideas for the administration of the Housing Trust Fund. These meetings were held prior to drafting of the 2016 Annual Action Plan and the 2016-2017 HOME, Housing Tax Credit, ESG, and the HTF allocation plans. There were a total of 40 attendees.

Notice of the meeting 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 meetings 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.

Once the revised plans are drafted and released for public comment, a second public meeting will be held via DDN on March 9, 2016, beginning at 2:00 P.M. CT. There are seven DDN sites across the state scheduled. The public comment period will be open from February 19, through March 21, 2016.

Notice of the second public meeting and the 30 day comment period will be published in the daily newspapers listed above, and advertised via a press release, email notice to interested parties and posted on SDHDA's website.

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.

Verbal comments were received during the public meetings but no written comments were received prior to the February 3rd deadline. The verbal discussion focused on clarification of the information presented. One attendee provided information regarding challenges facing the city of Sioux Falls emphasizing the need for more affordable housing and higher wages. Currently there is a four- to five-year wait for Section 8 vouchers and nearly 50% of public school students receive reduced or free lunches in Sioux Falls.

Several individuals voiced their concern for financing to assist rural communities in removing dilapidated single family homes and another citizen expressed concern regarding adequate housing for individuals exiting the correctional system. Other comments provided were in regard to the daily administration of the HOME, Housing Tax Credit, Housing Opportunity Fund, and the Housing Trust Fund, all financing programs administered by SDHDA and the CDBG program administered by GOED.

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

Based on the comments and stated previously, the following were not accepted.

The request to provide a funding source to cover the cost of demolition of dilapidated single family homes in rural communities was not included in the allocation plans. This activity, as a stand-alone activity, is not eligible for funding under these programs. It was noted that demolition is an eligible expense in conjunction with new construction or rehabilitation.

7. Summary

SDHDA received good participation and discussion from those attending the public meetings and comments in relation to the Annual Action Plan are highlighted above.

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 and ESG Programs and will also be administering the Housing Trust Fund 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. 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

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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 and ESG Programs through the Rental Housing Development division. The Housing Trust Fund will also be administered by SDHDA. 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 will be focused on documentation of coordination of efforts between these agencies and addressing the needs of the homeless as appropriate for their respective communities.

In January 2016, HUD announced the award of Tribal HUD-VASH vouchers to the Oglala Sioux Tribe of the Pine Ridge Reservation in South Dakota. SDHDA will be meeting with representatives of the Oglala Sioux Tribe in the near future to discuss availability of permanent housing for the VASH vouchers.

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.

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.

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.

In 2015, the ESG selection committee consisted of several PAC members of the SDHHC. This provided an opportunity for the PAC to learn more about other services and agencies to assist in addressing homelessness. In addition this provided 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 ESG allocation plan.

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

Other agencies who participated in the process are the local planning districts also known as Councils of Local Government (Councils). Their involvement provides additional opportunities to learn of concerns and needs of the entire state. The Councils each represent specified geographical areas and are vital in understanding the needs of the state including many rural communities. The Councils work with the CDBG program in addition to housing programs.

Table 2 – Agencies, groups, organizations who participated

Identify any Agency Types not consulted and provide rationale for not consulting

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	

Table 3 - Other local / regional / federal planning efforts

Narrative

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 four public meetings in the communities of Rapid City, Sioux Falls, Aberdeen, and Pierre on January 25, February 1, February 2 and February 3, 2016.. These meetings were held to take public comments on the administration of the HOME, ESG and CDBG programs, prior to drafting of the 2016 Annual Action Plan, the 2016 - 2017 ESG, HOME and Housing Tax Credit allocation plans. In addition, the public meetings provided an opportunity to discuss the implementation of the Housing Trust Fund which is anticipated to be funded in the spring of 2016. Discussion was also held regarding the Housing Opportunity Fund Program and the Citizen's Participation Plan. There were a total of 40 attendees at the various locations.

SDHDA and GOED held the meetings at public locations and conducted meetings at 5:30 and 7:30 p.m. to be more convenient for the general public the change in meeting time did not generate additional attendance.

A second public meeting will be held on March 9, 2016, during the 30-day public comment period. This meeting will be held via the Dakota Digital Network (DDN) with the meeting to begin at 2:00 p.m. Central Time. Posting of the DDN locations will be on SDHDA's website in addition to public notice and press releases being provided.

Notice of the first meeting was 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 emails consist 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 notice was 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)

Table 4 – Citizen Participation Outreach

Expected Resources

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

Introduction

The information below is the 2016 funding for the HOME, ESG, HTF and CDBG programs, which is subject to federal appropriations.

HOME, ESG, HTF and CDBG funding sources will be 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 Reminder 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	Estimated 5,119,477	0			0	The majority of the CDBG funds are used to funds 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 Reminder 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	Estimated 3,002,167	2,000,000		5,000,000	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 Reminder of ConPlan \$	Narrative Description
			Annual Allocation: \$	Program Income: \$	Prior Year Resources: \$	Total: \$		
ESG	public - federal	Conversion and rehab for transitional housing Financial Assistance Overnight shelter Rapid re-housing (rental assistance) Rental Assistance Services Transitional housing	Estimated 582,158	0	0	582,158	0	ESG funds typically assist 22 shelters across the state to provide services for homeless or those at risk of becoming homeless.

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, and workforce training. The match requirement will

be on a scoring basis. Each project will submit a budget sheet with their application and will receive a score of low, medium, or high. Any funds that are not CDBG will be considered match.

Recipients of HOME funds are required to provide 12.5% 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% of the match requirement.

ESG recipients are required to provide 100% 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 will provide another funding source to assist in leveraging the HOME funds.

The Housing Trust Fund currently does not have a match requirement.

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 and HTC 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%). 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 is 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

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 Outcome Indicator
1	Develop new rental housing units	2013	2017	Affordable Housing		Affordable Housing	HOME: \$3,500,000	Rental units constructed: 150 Household Housing Unit
2	Acquisition and Rehabilitation of rental units	2013	2017	Affordable Housing		Affordable Housing	HOME: \$500,000	Rental units rehabilitated: 25 Household Housing Unit
3	Administer Section 8 Rental Assistance	2013	2017	Affordable Housing		Affordable Housing		Other: \$20,000,000 Other
4	Provide ESG funds to emergency shelters	2013	2017	Homeless		Affordable Housing Homelessness	ESG: \$500,000	Other: 22 Other
5	Homeowner Rehabilitation	2013	2017	Affordable Housing		Affordable Housing	HOME: \$500,000	Homeowner Housing Rehabilitated: 50 Household Housing Unit
6	Development of special needs housing	2013	2017	Affordable Housing Homeless Non-Homeless Special Needs		Affordable Housing Homelessness	HOME: \$500,000	Rental units constructed: 20 Household Housing Unit
7	Provide homeownership opportunities	2013	2017	Affordable Housing		Affordable Housing	HOME: \$50,000	Direct Financial Assistance to Homebuyers: 1,500 Households Assisted

Sort Order	Goal Name	Start Year	End Year	Category	Geographic Area	Needs Addressed	Funding	Goal Outcome Indicator
8	Provide homeowner counseling homebuyer education	2013	2017	Affordable Housing		Affordable Housing		Other: 2000 Other
9	Security Deposit Assistance	2013	2017	Affordable Housing		Affordable Housing Homelessness	HOME: \$125,000	Tenant-based rental assistance / Rapid Rehousing: 200 Households Assisted
10	Homebuyer Assistance	2013	2017	Affordable Housing		Affordable Housing	HOME: \$300,000	Direct Financial Assistance to Homebuyers: 20 Households Assisted
11	Workforce Training	2013	2017	Non-Housing Community Development Economic Development/Workforce Training			CDBG: \$750,000	Public service activities other than Low/Moderate Income Housing Benefit: 200 Persons Assisted

Table 6 – Goals Summary

Goal Descriptions

1	Goal Name	Develop new rental housing units with deep income targeting
	Goal Description	Develop new rental housing units utilizing the HOME, Housing Tax Credit, Housing Trust Funds and Housing Opportunity Fund programs to assist households at or below 60% AMI with opportunity to develop additional deep income targeted units at 30% AMI with the incorporation of the Housing Trust Fund

2	Goal Name	Acquisition and Rehabilitation of rental units
	Goal Description	Acquire and rehabilitate existing rental units with HOME, Housing Tax Credit, Housing Trust Fund and Housing Opportunity Funds, serving households at or below 60% AMI, with additional units at 30% AMI with the incorporation of the Housing Trust Fund
3	Goal Name	Administer Section 8 Rental Assistance
	Goal Description	SDHDA as administrator of the Section 8 program, continue to administer the program and provide approximately \$20,000,000 annually for South Dakota citizens.
4	Goal Name	Provide ESG funds to emergency shelters
	Goal Description	Allocate the ESG funds to eligible shelters across the state at the same time soliciting involvement from new agencies to ensure adequate services geographically distributed across the state.
5	Goal Name	Homeowner Rehabilitation
	Goal Description	Utilize HOME funds, SDHDA CHIP, Mutual Self Help, Housing Opportunity Funds and USDA Rural Development Programs to assist qualified homeowners with rehabilitation of their home. In addition, market the programs for additional agencies to participate in the programs ensuring services are more geographically provided across the state.
6	Goal Name	Development of special needs housing
	Goal Description	Utilize HOME funds, Housing Tax Credits, Housing Trust Funds and Housing Opportunity Funds for development of special needs housing.
7	Goal Name	Provide homeownership opportunities
	Goal Description	Through the use of partnering of programs such as HOME, Housing Opportunity Funds, USDA Rural Development, the Governor's House, and the First-time Homebuyer Program, SDHDA anticipates assisting 1,500 households.
8	Goal Name	Provide homeowner counseling homebuyer education
	Goal Description	Funding from SDHDA's HERO (Homeowner Education Resource Organization), HUD Counseling grants and other funding sources will be utilized to provide homeowner education to 2000 households in 2015.

9	Goal Name	Security Deposit Assistance
	Goal Description	HOME funds will be utilized under the Tenant Based Rental Assistance activity of Security Deposit Assistance for an estimated 200 households.
10	Goal Name	Homebuyer Assistance
	Goal Description	HOME funds and Housing Opportunity Funds will be utilized to assist an estimated 20 homebuyers purchase their home through reduced interest mortgages, deferred loans, or down payment assistance.
11	Goal Name	Workforce Training
	Goal Description	CDBG Program will assist grantees with workforce training grants to provide training for individuals in need of training to help them development new skills and to improve their economic opportunity outlook.
12	Goal Name	Services for those difficult to house
	Goal Description	Evaluate the potential of combining resources to assist in providing permanent housing for those who are considered difficult to house due to past history of poor credit, poor rental history, past criminal activity and other barriers. In addition review the possibility of incorporating Rental Education assistance in successful renting experience.
13	Goal Name	Fair Housing Services
	Goal Description	Continue to provide statewide services as it relates to Fair Housing, Tenant Landlord Disputes and providing training where and when necessary to ensure appropriate education and services are being provided.

Table 7 – Goal Descriptions

AP-25 Allocation Priorities – 91.320(d)

Introduction

HOME, ESG HTF and CDBG funding is open to all eligible applicants through application processes. The HOME Program Allocation Plan, the HTC Allocation Plan, the ESG Administrative Plan 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 applications.

Funding Allocation Priorities

	Develop new rental housing units (%)	Acquisition and Rehabilitation of rental units (%)	Administer Section 8 Rental Assistance (%)	Provide ESG funds to emergency shelters (%)	Homeowner Rehabilitation (%)	Development of special needs housing (%)	Provide homeownership opportunities (%)	Provide homeowner counseling homebuyer education (%)	Security Deposit Assistance (%)	Homebuyer Assistance (%)	Workforce Training (%)
CDBG	0	0	0	0	0	0	0	0	0	0	3
HOME	64	10	0	0	5	10	5	0	3	3	0
ESG	0	0	0	100	0	0	0	0	25	0	0
HTF	70	15				15					

Table 8 – Funding Allocation Priorities

Reason for Allocation Priorities

The funding listed above is reflective of program history. Allocation amounts are estimated based on demand and capacity of the agencies.

How will the proposed distribution of funds 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, HTF 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 9 - Distribution Methods by State Program

1	State Program Name:	Community Development Block Grant
	Funding Sources:	CDBG

<p>Describe the state program addressed by the Method of Distribution.</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) 2016. 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 \$5,190,066 in 2016 to fund the CDBG program. A minimum of 70 percent of the State's allocation, as a whole, 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"> 1. Promote more rational land use; 2. Provide increased economic opportunities for low and moderate-income persons; 3. Correct deficiencies in public facilities that affect the public health, safety or welfare, especially of low and moderate income-persons; 4. Increase efficiencies in public facilities that affect the public health, safety, or welfare, especially of low and moderate income persons.
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<p>Describe all of the criteria that will be used to select applications and the relative importance of these criteria.</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"> 1. Eligible applicants must have a local Planning District prepare their CDBG application and administer an awarded grant through close out of the project. 2. There is no limit to the number of grants from the 2016 program funds that an eligible applicant may receive for themselves or on behalf of an ineligible applicant such as an area development corporation, rural water system, sanitary district or other legally organized entity. All eligible applications not funded may be resubmitted. 3. Previous CDBG Program grants awarded prior to Year 2011 should be closed out. This restriction applies to grantees that have not done an administrative closeout on their awards from Years 2006 to 2011 and have not done a final closeout on their awards from Years 2006 to 2010. A grantee that has an open grant that was awarded during Years 2006-2010 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. 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
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	<p>comments from interested parties on the proposed activities before an application for funds may be submitted.</p> <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>If only summary criteria were described, how can potential applicants access application manuals or other state publications describing the application criteria? (CDBG only)</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>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)</p>	
<p>Identify the method of selecting project sponsors (including providing full access to grassroots faith-based and other community-based organizations). (HOPWA only)</p>	
<p>Describe how resources will be allocated among funding categories.</p>	<p>CDBG funds will be distributed from three separate programs that address distinct areas of need. Of the \$5,190,066 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, and the remainder of the annual allocation will be available for distribution through the Community Projects Account. A maximum of 15% of our annual allocation will 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.</p>

<p>Describe threshold factors and grant size limits.</p>	<p>There is a maximum ceiling of \$750,000 per grant application plus 3 % for Technical Assistance for a maximum total of \$772,500.</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 2016 program funds that an eligible applicant may receive for themselves or on behalf of an ineligible applicant 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>What are the outcome measures expected as a result of the method of distribution?</p>	<p>Outcomes will be based on the number of projects completed, allocation of training dollars, and number of individuals assisted with training dollars.</p>
<p>2 State Program Name:</p>	<p>Emergency Solutions Grants Program</p>
<p>Funding Sources:</p>	<p>ESG</p>

<p>Describe the state program addressed by the Method of Distribution.</p>	<p>For 2016, 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 2016, SDHDA will received \$574,427 in ESG funding. Changes to the 2016 distribution process is the incorporation of competitive scoring criteria. Other changes include removing the criteria that organizations will not be able to apply for shelter operations only and incorporating minimum and maximum grant amounts. These changes are being made to streamline the application process and clearly define how applications will 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"> 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.
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<p>Describe all of the criteria that will be used to select applications and the relative importance of these criteria.</p>	
<p>If only summary criteria were described, how can potential applicants access application manuals or other state publications describing the application criteria? (CDBG only)</p>	
<p>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)</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>Identify the method of selecting project sponsors (including providing full access to grassroots faith-based and other community-based organizations). (HOPWA only)</p>	
<p>Describe how resources will be allocated among funding categories.</p>	<p>The ESG funding available for annual distribution through this competitive application for 2016 is \$574,427 of which 60% of the total funding will be available for street outreach and shelter operation activities and 40% 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"> 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

<p>Describe threshold factors and grant size limits.</p>	<p>The minimum grant amount will be \$10,000 and the maximum grant amount will be \$80,000. Key Applicant Eligibility factors in which to be eligible to apply for ESG funds:</p> <ol style="list-style-type: none"> 1. Either non-profit or unit of local government; 2. No outstanding findings or other issues; 3. Experienced homeless services/prevention providers; 4. Must be able to meet recordkeeping and reporting requirements including HMIS utilization; 5. Must be able to meet HMIS requirements (exception of domestic violence programs); and 6. Must be a member of the Housing for the Homeless Consortium. <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"> 1. Need for the funding; 2. Plan for distribution of the funds in an effective and efficient manner; and 3. Collaboration efforts with other agencies <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,</p>
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		<p>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 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.</p>
	<p>What are the outcome measures expected as a result of the method of distribution?</p>	<p>Outcomes are measured by the number of clients served, the number of shelters assisted and the geographic distribution of services provided.</p>
<p>3</p>	<p>State Program Name:</p>	<p>HOME Program</p>
	<p>Funding Sources:</p>	<p>HOME</p>

<p>Describe the state program addressed by the Method of Distribution.</p>	<p>In 2016, SDHDA will receive \$3,023,348 in HOME funds to be used 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> <ul style="list-style-type: none"> 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. <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 - \$500,000</p> <p>The Governor's House Homebuyer Program - \$150,000</p> <p>Security Deposit Assistance Program - \$150,000</p> <p>Difficult to Develop - \$500,000</p> <p>Multifamily Passive Building Design - \$500,000</p>
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<p>Describe all of the criteria that will be used to select applications and the relative importance of these criteria.</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"> a. Local Housing Need - showing highest demand for housing b. Deep Income Targeting - serving lowest income tenants c. Extended Use Commitment - serving as affordable housing for the longest term d. Construction Type - rehabilitation or conversion projects e. Concerted Community Revitalization Plans - projects located in Qualified Census Tract that contributes to a Concerted Community Revitalization Plan f. Mixed Income Use g. Financial Support from Local Sources h. Applicant Characteristics - evidence of past experience i. Tenant Ownership – Lease Purchase j. Service Enriched Housing k. Units for Persons with Disabilities l. Accessibility - additional accessible housing units m. Leveraging of funds n. Percentage of Soft Costs Used for Project Costs o. Project Location p. Individuals with Children q. Public Housing Notification
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	<p>r. Project Characteristics</p> <p>s. READINESS TO PROCEED CRITERIA - points to projects that most clearly demonstrate readiness to proceed based on the following factors:</p> <ol style="list-style-type: none"> 1. Completeness of Plans and Specifications 2. Site Control 3. Financing Commitments 4. Utilities (i.e. water, sewer, electric, heat) 5. Zoning 6. Platting
<p>If only summary criteria were described, how can potential applicants access application manuals or other state publications describing the application criteria? (CDBG only)</p>	
<p>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)</p>	

<p>Identify the method of selecting project sponsors (including providing full access to grassroots faith-based and other community-based organizations). (HOPWA only)</p>	
<p>Describe how resources will be allocated among funding categories.</p>	<p>The set-asides are the funding categories under the HOME Program. The set-asides are as follows -</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 - \$500,000</p> <p>The Governor's House Homebuyer Program - \$150,000</p> <p>Security Deposit Assistance Program - \$150,000</p> <p>Difficult to Develop - \$500,000</p> <p>Multifamily Passive Building Design - \$500,000</p>

<p>Describe threshold factors and grant size limits.</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>What are the outcome measures expected as a result of the method of distribution?</p>	<p>Outcome measurements are based on number of housing units created, AMI levels being served and geographic distribution of the HOME funds.</p>

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. Due to this reason there will be no projects added to the Annual Action Plan.

#	Project Name

Table 10 – Project Information

Describe the reasons for allocation priorities and any obstacles to addressing underserved needs

The Consolidated Plan, the HOME Allocation Plan, the Housing Trust Fund Allocation Plan, and the Emergency Solutions Grants Program Administrative Plan outline the allocation process and priorities for the respective programs.

AP-38 Project Summary

Project Summary Information

Table 11 – Project Summary

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?

Available Grant Amounts

Acceptance process of applications

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

State’s Process and Criteria for approving local government revitalization strategies

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, Housing Trust Fund and ESG programs statewide. 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

Target Area	Percentage of Funds

Table 12 - Geographic Distribution

Rationale for the priorities for allocating investments geographically

Not applicable - there are currently no geographic priorities for allocation of funds.

Discussion

South Dakota administers the HOME, Housing Tax Credit, Housing Opportunity Fund and ESG programs statewide. The CDBG program is administered in the CDBG service area.

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 13 - 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
Acquisition of Existing Units	0
Total	400

Table 14 - One Year Goals for Affordable Housing by Support Type

Discussion

The goals listed above are in relation to HOME funding only. Additional households will be assisted with other financing programs offered through SDHDA.

Production and financing of the units listed above will be provided by HOME, NSP, 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 multi-family 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%.

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 needs.

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

Not applicable.

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, with the best of our abilities, if the public housing agency requests such assistance.

Discussion

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.

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 the new Emergency Solutions Grant, 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 a 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 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% for those individuals and families leaving transitional housing to permanent housing, however, HUD programs are strongly encouraging the development of permanent housing. The need for more intensive case management for those coming from emergency shelters or the streets to helping individuals and families learn how to maintain permanent housing long term. The South Dakota Housing for the Homeless Consortium (SDHHC) 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.

The 2016 statewide homeless count was conducted January 26, 2016. The results of the count and survey will be available early spring. Upon release of the count information, analysis will be completed

by SDHHC to determine needs of the homeless and assist in modifying program services as appropriate.

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 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.

Recently it was announced that the 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 process will be valuable for other targeted populations.

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. As additional resources and services become available, this information is passed along to the housing managers and owners, service providers and other agencies who may become aware of the housing situation for low-income individuals and families, to assist them prior to eviction.

The Department 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 through the Division of Child Protections Services. Youth are involved in planning their exit and are provided financial resources and on-going case management to help ensure success upon discharge. Agencies such as Volunteers of America also provide services to this client base as they make the transition.

South Dakota Department of Health (DOH) provides some standards of care for the homeless when discharged. SDHHC works with DOH towards implementation of appropriate discharge planning protocols to track homeless individuals and families receiving services through the DOH.

The Division of Mental Health has a discharge criteria and required documentation for the CARE (Continuous Assistance, Rehabilitation and Education Program). Discharge may occur when: (1) The consumer moves outside of the geographical area; (2) the consumer demonstrates ability to function in all major life areas; or (3) the consumer refuses to participate in the CARE program services. The Community Mental Health Centers then need to submit the following documentation to the Division for approval: (1) reason for discharge; (2) consumer status and condition at time of discharge; (3) written evaluation summary of progress made towards case service plan goals; (4) a plan for care and follow-up developed in conjunction with the consumer; and (5) signature of clinical supervisor, qualified mental health professional, or CARE team member.

The Department of Corrections has established procedures in place governing release planning for adults and juvenile offenders. Each adult offender within five years of possible release must develop a release plan with the assistance of Corrections 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). The State of South Dakota was a recipient of the Second Chance Act Prisoner Re-Entry Initiative grant. The program provided an opportunity for DOC to learn of and implement programs and strategies to reduce recidivism.

Recently the Departments 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% reduction in recidivism and 28% increase in post release employment. A task force will be created in the spring 2016 to further explore options and implement changes within DOC to assist with post release employment. As this task force gathers information, implements change and creates best practices, many of the same ideas and processes can be incorporated into other population sectors such as the homeless population.

The new Emergency Solutions Grant requires coordination with other targeted homeless services to create a “buffet” of services for those who are homeless or at-risk of homelessness. Coordinating ESG funded activities with other programs targeted to homeless people in the area will help to provide a strategic, community-wide system to prevent and end homelessness. Incorporation of a coordinated assessment will also be beneficial in creating the networks of services and providers.

During the drafting of 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. Future meetings dates have tentatively been planned for these agencies to attend a SDHHC meeting to discuss their programs, discharge policies and coordination of efforts.

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.

One year goals for the number of households to be provided housing through the use of HOPWA for:
Short-term rent, mortgage, and utility assistance to prevent homelessness of the individual or family
Tenant-based rental assistance
Units provided in housing facilities (transitional or permanent) that are being developed, leased, or operated
Units provided in transitional short-term housing facilities developed, leased, or operated with HOPWA funds
Total

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 homes sales to be utilized for the appraisals process. Public perception and lack of awareness is often another barrier to providing affordable housing.

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.

As the push continues to develop green and energy efficient housing and building codes are updated for efficiency, more issues may arise as it relates to project feasibility. SDHDA will work with the developer/contractor and the community/organizations to understand the regulations and determine if any possible solutions exist. SDHDA held a training in 2015, to assist builders, contractors and inspectors to become a Certified Home Energy Rater. By providing training in the state 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 is proposing to 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.

Many smaller communities encounter barriers to affordable housing due to lack of knowledge, lack of building code enforcement, lack of financial resources, and other reasons. Dakota Resources in collaboration with SDHDA and other nonprofit organizations is working with these communities to try to identify and address the barriers. The program also helps to build capacity in the communities for the future.

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 state-wide 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 and as of January 1, 2016, 317 citizens have been assisted. 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 2015, as it relates to furthering fair housing are as follows:

- Executed contract for fair housing services;
- Coordinated with our local HUD office to provide fair housing training in several different communities in South Dakota during the month of April;
- Rolled out of a revised SDHDA website page (<http://www.sdhda.org/property-management/fair-housing-and-your-rights.html>) focused on fair housing, providing information on who to contact, written resources and additional links to address fair housing, tenant/landlord, fair lending and other issues that are pertinent to both renters and potential home buyers;
- Introduction of a 1-800 number that the citizens of South Dakota can call, regardless of where they live to ask questions or express their concern of potential violation of fair housing;
- Coordination and communication with SD Department of Labor Division of Human Rights and the SD Attorney General Consumer Protection to ensure SD citizens are knowledgeable and resources available to them to address any fair housing or tenant/landlord issues that arise;

For 2016, 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 2017; and
- Meet with the cities of Sioux Falls and Rapid City to discuss potential coordination of efforts regarding the Affirmatively Furthering Fair Housing plan.

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 is planning for the implementation of the Housing Trust Fund. The funding is targeted to 30% 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 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% of the CDBG funds are being provided for a job training program, 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
Total Program Income:	0

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%

**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 2016, SDHDA will receive \$3,023,348 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 - \$500,000

The Governor's House Homebuyer Program - \$150,000

Security Deposit Assistance Program - \$150,000

Difficult to Develop - \$500,000

Multifamily Passive Building - \$300,000

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 98-01, dated January

22, 1998. 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:

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.

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 no more than their initial investment and up to 5 percent appreciation for each year they owned the home.
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% 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 no more than their initial investment and up to 5 percent appreciation for each year they owned the home.
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 24 CFR 91.320(k)(3)**

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

For 2016, 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 \$574,427 in ESG funding for 2016.

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:

- a. Utilization of ESG Funds;
- b. Participation in the CoC;
- c. Proposed Application Requests;
- d. Participating in ESG Trainings;
- e. HMIS/Comparable Database Quality and Submissions;
- f. 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

Discussion