

# Agenda

Welcome/Overview –

Mark Lauseng, Executive Director

South Dakota Housing Development Authority (SDHDA)

Consolidated Plan – Lorraine Polak, SDHDA

Community Development Block Grant – Paul Mehlhaff

Governor's Office of Economic Development (GOED)

HOME, Emergency Solutions Grants, Housing Trust Fund, Housing Opportunity Fund, Housing Tax Credit, and Citizen Participation Plan



# Locations

## **Public meetings via DDN**

December 8, 2016 – 2:00 CT Various locations

January 18, 2017 – 2:00 CT Various locations

# Consolidated Plan

## What is the Consolidated Plan?

- Planning document for the State of South Dakota for Housing and Community Development
- Five year plan (2013-2017) – strategy to follow
- Created with public input
- Report to US Department of Housing and Urban Development for the following programs
  - Community Development Block Grant (CDBG)
  - HOME
  - Emergency Solutions Grants Program (ESG)
  - Housing Trust Fund (HTF)

# Purpose

## Community Planning and Development Programs

To develop viable communities by providing decent housing, a suitable living environment, and expanding economic opportunities for low and moderate-income persons.

### Decent housing

- 1) Assisting homeless and those at risk of becoming homeless
- 2) Retention of housing stock
- 3) Increasing availability of affordable permanent housing

# Purpose

## **Suitable Living Environments**

- 1) Improving safety and livability of neighborhoods
- 2) Increasing access to quality public and private facilities and services
- 3) Reducing isolation of income groups by de-concentration

## **Expand Economic Opportunities**

- 1) Job creation and retention through stabilization and expansion of small businesses and public services
- 2) Availability of mortgage financing for low-income persons
- 3) Access to capital and credit for development activities

Provide grant funding to units of general local government in non-entitlement areas, demonstrating greatest need and addressing local need of low and moderate-income persons.

## **National Program Objectives**

Must meet one of three national objectives in addition to being eligible activity:

- Benefit to low and moderate income persons
- Eliminate slums and blight
- Urgent Need or Imminent threat to public health or safety

## State Program Objectives

- Promote rational land use
- Provide increased economic opportunities for low and moderate-income persons
- Correct deficiencies in public facilities, affecting public health, safety, or welfare
- Increase efficiencies in public facilities, affecting public health, safety, or welfare

## Application/Funding

- Incorporated Municipalities and Counties (except Sioux Falls, Rapid City, Tribes)
- 2016 Allocation was \$5,190,066
- Two Funding Rounds – April 1 & October 1
- Three separate accounts\*
  - Community Projects Account - \$3.9 million\*
    - Max. 15% - Public Service / Job Training activities
  - Special Projects Account - \$500,000
  - Urgent Need Account - \$500,000

## Proposed change for 2017

### Add a new account: Blighted Housing Abatement Program

- GOED is considering a specific set aside from our yearly state HUD allocation to address blighted housing in rural SD Communities
- GOED would use this set aside to operate a program, with support of the State's 6 planning districts, to provide grants to communities for the following:
  - Certain legal and administrative costs related to acquiring title to abandoned, derelict, or otherwise blighted properties:

- Demolition and disposal of such properties;
  - Site work to restore affected lots to ready condition for new workforce housing (i.e., infill lots)
- 
- Eligibility for funding will be limited to communities meeting a threshold of a rural community. This threshold remains to be determined;
  - Communities will be required to demonstrate a plan to replace the demolished housing with new housing that 1) increases the availability of workforce housing in the community; and 2) supports local business expansion/retention efforts;
  - Communities will be required to provide a local match to the project. Eligible match categories remain to be determined.

## Contact Information:

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# HOME Program

Primary emphasis is Housing Development

- Preservation of existing affordable housing
- New Construction where there is identified need
- Special Needs Housing
- Homeownership Opportunities

# HOME Program

- Applicants - nonprofit or for-profit developer
- New construction, Acquisition/Rehabilitation or Rehabilitation
- Multifamily or single family housing units
- Homeownership or rental housing
- Zero percent (0%) interest rate, variable terms
- Subordinated mortgage position
- Income and rent restrictions – at or below 80% AMI
- Match requirement of 12.5% of HOME amount
- Annual Application Cycle

# HOME Program

## Funding Amount

Estimated \$3.0 million entitlement and \$2.0 million program income

## Set-asides

- CHDO (Community Housing Development Organizations) – 15% of entitlement (est. \$450,000)
- Homeowner Rehabilitation - \$500,000
- Governor's House Homebuyer Program - \$150,000
- Security Deposit Assistance Program - \$150,000
- Difficult to Develop - \$500,000

# HOME Program

## Funding Amount

All other eligible activities can be applied for under the general pool of funding

## Application Cycle

Competitive application cycle with applications due last working day of August

## Allocation Plan

Currently operating under 2016-2017 Allocation Plan – no proposed changes

# Emergency Solutions Grants Program

Funding to serve homeless or those at risk of becoming homeless –

- Renovation or rehabilitation of a building used for emergency shelter
- Operating expenses of the emergency shelter
- Essential services and street outreach
- Rapid re-housing and homelessness prevention
  - Rental and security deposits
  - Rental and utility arrears
  - Rental assistance – up to 24 months
  - Other housing related expenses

# Emergency Solutions Grants Program

- Applicants can be unit of local government or nonprofit organization (domestic violence, community action agencies, homelessness shelters)
- 18 month grant agreement
- No minimum or maximum grant amounts (currently)
- Annually fund 20-25 organizations
- Each applicant must provide 1 for 1 match
- Annual application cycle with applications due end of May
- Currently operating under 2016-2017 Allocation Plan – no proposed changes

# Housing Trust Fund

- New affordable permanent housing production program
- Created under the Housing and Economic Recovery Act of 2008
- Funded from Fannie Mae and Freddie Mac
- Interim rule published Jan. 2015 - <https://www.gpo.gov/fdsys/pkg/FR-2015-01-30/pdf/2015-01642.pdf>
- Housing for extremely low-income (30% AMI)
- May serve very low-income (50% AMI) if program funding exceeds \$1 billion

# National Housing Trust Fund

- Formula grant program administered by States
- Received \$3.0 million minimum funding in 2016
- South Dakota utilizes funding for rental housing
- Up to 10% of funding for administration
- Rental housing minimum 30 year affordability period

# National Housing Trust Fund

- Eligible activities
  - Land acquisition, site improvements, development hard costs, related soft costs, demolition, financing costs, relocation assistance, operating cost assistance for rental housing and reasonable administration and planning costs
- Very similar to HOME Program
- HOME and HTF income and rent limits published separately from Section 8
- Project failure requires State to repay HUD; cannot reinvest funds

# Questions or Comments?

# Housing Opportunity Funds

- Created via 2013 legislative session within SB235 “Building South Dakota”
- Promote economic development by expanding housing supply
- Annual funding amount varies
- 30% for Sioux Falls and Rapid City  
70% for other areas of the state
- 50% for rental  
25% for homeownership  
25% for programs

# Housing Opportunity Funds

- New construction, acquisition/rehabilitation and rehabilitation
- Programs can assist with building, purchasing and/or rehabilitating housing units, homelessness prevention activities, and community land trusts
- Income and rent restrictions – at or below 115% AMI

# Housing Opportunity Funds

## Proposed Changes to the HOF Program

- Incorporate ability to hold additional application cycles
- Ability to designate funding preference when less than \$1 million is available in funding
- Modifications would be made to the 2016-2017 Allocation Plan

# Housing Tax Credits

- Created by Tax Reform Act of 1986; administered by Internal Revenue Service
- 2016 allocation \$2,690,000; Non-profit set-aside 10%
- New Construction, Acquisition/Rehabilitation and Rehabilitation of rental housing
- Multifamily or single family developments
- Equity financing, deed restrictions but no mortgage
- Income and rent restrictions – at or below 60% AMI
- SDHDA forward allocates tax credits
- Annual applications, August 31
- No proposed changes to 2016-2017 Allocation Plan

# Citizen's Participation Plan

- Provide citizens, especially low and moderate-income citizens, an opportunity to participate in advisory roles in planning, implementation, and assessment of programs and projects
- Outline process to gather public input and provide notice to the public
- Procedure for accepting and objecting comments
- Effort to inform the public
- No changes proposed at this time

# Timeline

- December 8, 2016, written comments due to SDHDA and GOED
- December 22, 2016, SDHDA Board of Commissioners meeting to approve draft plans
- January 2, 2017, 30 day public comment begins, draft plans available to the public
- January 18, 2017, public meeting via DDN at various locations, 2:00 CT
- February 1, 2017, 30 day comment period ends
- Mid to late February, SDHDA Board of Commissioners meeting to approve final plans
- March 1, 2017, submittal of Annual Action Plan to HUD
- March 31, 2017, final Annual Action Plan and HOF plans available
- May 31, 2017, Emergency Solutions Grants Applications due
- August 31, 2017, HOME, Housing Tax Credit, Housing Opportunity Fund and National Housing Trust Fund applications due

# Comments

Comments are due by 5:00 PM (CT)  
December 8, 2016

SDHDA

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# Additional Information

Additional funding round – applications due Feb. 28, 2017

\$4,600,000 – HOME Funds

\$1,800,000 – Housing Trust Fund

\$ 300,000 – Housing Opportunity Fund

SDHDA website [www.sdhda.org](http://www.sdhda.org) for copies of the plans or additional information regarding SDHDA.

GOED website [www.sdreadytowork.com](http://www.sdreadytowork.com) for additional information regarding CDBG.

# Wrap Up

Questions?

Thank you for attending