

Executive Summary

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

1. Introduction

The 2021 Annual Action Plan, hereafter referred to as "the Plan", is the housing and community development planning document for the State of South Dakota. The Community Development Block Grant (CDBG), Emergency Solutions Grants Program (ESG), HOME Investment Partnerships Program (HOME) and the Housing Trust Fund (HTF) are U.S. Department of Housing and Urban Development's Community Planning and Development programs covered under the Plan. The overall goals of community planning and development programs 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. For the State of South Dakota, South Dakota Housing Development Authority (SDHDA) administers the HOME, HTF and ESG programs and the Governor's Office of Economic Development (GOED) administers the CDBG Program.

In addition to the programs listed above, other finance programs that are administered by SDHDA and are vital to the availability of affordable housing will also be addressed in this Plan. These programs are the Housing Tax Credit (HTC), Housing Opportunity Fund (HOF), Community Housing Development Program (CHDP) and the Continuum of Care (CoC).

SDHDA is the lead agency for the South Dakota Housing for the Homeless Consortium (SDHHC) which is the statewide Continuum of Care (CoC). SDHDA is the collaborative applicant for the CoC, the administering agency for the Homeless Management Information System (HMIS), and lead agency for Coordinated Entry System.

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.

Housing demand remains strong. An awareness of housing needs and its interplay with economic development has communities incorporating housing code enforcement and looking for tools for rehabilitation of existing homes and new construction. This continued interest in housing has exposed gaps such as appraisal issues, lack of construction financing for single family homes, lack of development capacity, and lack of construction employees and development partners. In some communities a stigma exists with the term

of "affordable housing" which must be addressed by defining affordable housing, who it serves, and the benefit it brings to a community such as available workforce housing.

South Dakota emphasizes housing opportunities geographically across the State for rental and homeownership; for the homeless to the homebuyer. The HOME Program is available for acquisition and/or rehab, new construction for rental and homeownership, homebuyer assistance, homeowner rehab and security deposit assistance. Housing Trust Fund will only be utilized for rental housing.

SDHDA will continue to provide housing opportunities for homeless, special needs populations, as well as mixed income and workforce housing. SDHDA encourages changes to the ESG and Continuum of Care (CoC) programs to enhance and expand rapid re-housing and homelessness prevention services. Accessing affordable, permanent housing for homeless individuals, youth, those fleeing domestic violence or human trafficking and individuals and families who are considered hard to house due to poor credit history, rental history, and criminal backgrounds is difficult. SDHDA will continue to evaluate opportunities to provide flexibility in serving these households.

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

SDHDA continues to partner with the Native American Homeownership Coalition to address barriers and build capacity and partnerships to increase homeownership opportunities for Native Americans both on and off Indian Reservations.

The Housing Needs Study Program which began in 2012, has assisted over 60 rural communities and four Indian Reservations in evaluating their housing need. Barriers that seem most prevalent for housing development in rural communities is the lack of development expertise and willingness to take on the risk of ownership and/or development. The high cost of housing development and lower rental rates makes the developments financially difficult.

3. Evaluation of past performance

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

For program year 2020, SDHDA anticipated new construction of 150 rental units, acq./rehabilitation of 50 rental units, development of 20 service enriched housing units, assisting 150 households with homeowner rehab, 315 families with security deposit, 30 homebuyers with homebuyer assistance and funding 22 agencies with ESG funding.

2020 outcomes for the HOME Program are based on projects reported as completed in IDIS during 2020, which can be skewed due to timing. Per the IDIS report HUD PR 23, 51 rental units were constructed, 292 households assisted with security deposit, 6 homebuyer assistance and 50 homes rehabbed for a total of 399 housing units. The total of 399 does not include additional rental units constructed or renovated with the Housing Tax Credit, Housing Trust Fund (17 units) or Housing Opportunity Fund.

The 51 HOME designated rental units are reflective of five housing developments completed in 2020. The total affordable housing units within the five developments is 214 housing units (all new construction), all units were financed with HOME, Housing Tax Credits, and/or Housing Trust Funds. The developments received initial funding in 2017. Project completions resulted in meeting 143% of the new construction goal and the rehabilitation goal was met.

PR 23 reports 292 households were assisted with TBRA (Security Deposit), meeting 93% of the 315 goal. However, the Con Plan Goals and Accomplishments report shows 664 households assisted with TBRA (security deposit). While 664 may seem high, we had several agencies request extensions into 2020 for their security deposit assistance funds, and we agree with the 664 figure. The goal of providing 20 units for special needs/service enriched housing was not met - 0 units were completed. The goal of assisting 15 homebuyers was short by only assisting 6 homebuyers.

For CDBG, the State continues to meet the objectives of promoting rational land use, providing increased economic opportunities, correcting deficiencies in public facilities and increasing efficiencies in public facilities that affect the public health, safety or welfare, especially of low- and moderate-income persons, by providing \$2,215,000 in CDBG grant obligations in 2020 to three communities.

Due to delayed receipt of funding, GOED is halfway through the distribution and have awarded 3 projects: City of Blunt (\$675,000), City of Vermillion(\$770,000) and City of Waubay (\$770,000) for a total of \$2,215,000 for water and sanitary sewer improvements. We are on track to obligate the remaining funds by the end of the 12 month method of distribution period.

4. Summary of Citizen Participation Process and consultation process

Summary from citizen participation section of plan.

A public meeting was held remotely on February 12th via web platform and conference call. The meetings were open to the public and were advertised via paid ad in daily newspapers, press release, notice on SDHDA website and email notice to interested parties. The public meeting was held to all the public to provide comments on the administration of the HOME, ESG, HTF and CDBG programs. The meeting was held prior to drafting of the 2021 Annual Action Plan. The public meeting held via web platform and conference call due to the Covid 19 pandemic. There were a total of 4 attendees aside from SDHDA and GOED staff.

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

Public comments were due by 5:00 PM Central Time, February 26th. No comments were received. The lack of comments likely resulted from lack of attendance due to not holding public meetings in different communities. Due to the Covid 19 pandemic, we only held one virtual meeting and attendance was poor, with only four people attending from three different agencies.

The Draft 2021 Annual Action Plan will be available for a 30 day comment period from March 10 through April 12, 2021. Notice of the availability of the plan, the 30 day comment period, and the scheduled public meeting will be made available to the public per the Citizen Participation Plan. A paid public notice will be provided to the daily papers, an email will be sent to interested parties and notice to be posted on SDHDA's website. A second public meeting will held on March 23, 2021, and the public will be able to attend via on-line Skype meeting or via conference call.

The second public meeting held on March 23, 2021 had 23 attendees aside from SDHDA and GOED staff. No comments were received by the April 12 deadline.

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.

No comments were received during or after the public meetings held on February 12 and March 23. The lack of comments was likely due to the fact we didn't make changes to any of the

allocation plans and attendance was low due to Covid and having to hold the meeting virtually, rather than holding meetings in different physical locations like other years.

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

Not applicable.

7. Summary

The Governor's Office of Economic Development and South Dakota Housing Development Authority appreciate the comments and questions received during the drafting of the 2021 Annual Action Plan. The public comment process provides an opportunity for GOED and SDHDA to hear concerns and recommendations for improving the programs. The comments are taken into consideration and evaluated based on how the program changes would impact program requirements, administration and performance as well as its impact on goals and objectives for the State.

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 |
| | 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 and the Annual Action Plans. SDHDA administers the HOME, Emergency Solutions Grants, and Housing Trust Fund Programs within 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 - <https://siouxfallshousing.org/tri-state-help.html>.

Consolidated Plan Public Contact Information

South Dakota Housing Development Authority, PO Box 1237, Pierre, SD 57501 - Chas Olson, Chas@sdhda.org; 605-773-4132; website - www.sdhda.org

AP-10 Consultation - 91.110, 91.300(b); 91.315(I)

1. Introduction

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

SDHDA and GOED staff participate in meetings with regional planning districts, local economic development offices, SD Department of Human Services and Social Services, city officials, public housing authorities, multi-family housing associations, homebuilder organizations, service agencies and nonprofit and for profit developers. The information sharing from these meetings provides suggestions, concerns, and recommendations regarding the housing and community development programs and how they are or are not effective in serving the state. In addition, knowledge gained by SDHDA and GOED 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 annual action plan or the housing allocation plans are drafted.

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 and GOED are members 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 and GOED's Commissioner attend the Governor's cabinet meetings. At the state level, SDHDA is a member of the South Dakota (SD) NAHRO, SD Homebuilders Association, SD Native American Homeownership Coalition, multi-family housing association, SD Building Officials, Central Board of Realtors, SD Coalition of Citizens with Disabilities, SD Banker's Association, and the SD American Institute of Architects. At the national level, SDHDA is a member organization of National Association of Housing and Redevelopment Organizations (NAHRO) and National Council of State Housing Agencies (NCSHA). SDHDA and GOED are members of the Council of State Community Development Agencies providing information from the national perspective. Involvement with the different organizations provides SDHDA and GOED opportunities to interact and enhance coordination among public and assisted housing

providers, private and government, health, mental health and service agencies and many other organizations throughout the year, as well as learn of successful programs in other states.

To assist in coordination of efforts, information regarding public meetings and training opportunities offered by partner agencies such as the Mental Health First Aid Training, are shared with 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 (SDHHC). 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, SD Department of Social Services, Domestic Violence providers and service agencies are all active members of the CoC providing direct contact to information and resources.

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

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

Additional preference is given to address youth and veterans homelessness. The SDHHC previously utilized technical assistance for the Vets@Home project and is currently maintaining an active master list of homeless veterans, as well as utilizing coordinated assessments and addressing gaps in services. Historically SDHHC also partnered with several agencies for the submission of an application for HUD's Youth Homelessness Demonstration Program, has participated in Corporation for Supportive Housing and Collaborative Solutions Inc.'s Rural Youth Peer Network and is currently in process of organizing a Youth Advisory Board.

The Policy Advisory Council (PAC) for the SDHHC has several key members who include a formerly homeless individual, the Rapid City School District Homeless Liaison, a service coordinator for Veteran's Administration, a nonprofit agency providing youth services and a director from domestic violence shelter located on an Indian Reservation. Their presence on the PAC is very important since the PAC provides the direction for SDHHC and the PAC members provide valuable insight and knowledge specific to the identified populations and geographic areas.

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 and Collaborative Applicant for the CoC, also administers the ESG Program and is the administrator of the HMIS system and the lead for the statewide Coordinated Entry System. As the one agency, SDHDA is aware of priority and processes with the different programs and works to ensure alignment. This provides a concerted effort and efficiencies in allocating funds to reach consistent performance measurements and achieve desired goals. The CoC has a HMIS committee that helps oversee the utilization of the software, encourage participation and formulate performance measurements and evaluation for ESG and CoC funded agencies.

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

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

Table 2 – Agencies, groups, organizations who participated

| | | |
|---|--|---|
| 1 | Agency/Group/Organization | Northeast Council of Governments |
| | Agency/Group/Organization Type | Planning organization |
| | What section of the Plan was addressed by Consultation? | Housing Need Assessment Market Analysis Economic Development |
| | Briefly describe how the Agency/Group/Organization was consulted. What are the anticipated outcomes of the consultation or areas for improved coordination? | The planning districts participated in the public meetings. As regional planning organizations, they work with numerous communities to address their community development and housing issues. Participation of a planning district provides geographic representation and perspective of many rural communities. |
| 2 | Agency/Group/Organization | Costello Companies |
| | Agency/Group/Organization Type | Housing |
| | What section of the Plan was addressed by Consultation? | Housing Need Assessment Non-Homeless Special Needs |
| | Briefly describe how the Agency/Group/Organization was consulted. What are the anticipated outcomes of the consultation or areas for improved coordination? | Staff from for profit development companies attended the public meeting. As housing developers, they provide a different perspective on the administration of the housing finance programs and the effectiveness of developing affordable housing. These companies often partner with nonprofit service providers to develop housing for special needs. Staff from other housing development companies were also present during the public meeting. |
| 3 | Agency/Group/Organization | Midwest Housing Equity Group |
| | Agency/Group/Organization Type | Housing |
| | What section of the Plan was addressed by Consultation? | Housing Need Assessment Non-Homeless Special Needs |

| | | |
|---|--|---|
| | Briefly describe how the Agency/Group/Organization was consulted. What are the anticipated outcomes of the consultation or areas for improved coordination? | Staff from for profit development companies attended the public meeting. As housing developers, they provide a different perspective on the administration of the housing finance programs and the effectiveness of developing affordable housing. These companies often partner with nonprofit service providers to develop housing for special needs. Staff from other housing development companies were also present during the public meeting. |
| 4 | Agency/Group/Organization | Habitat for Humanity of Greater Sioux Falls |
| | Agency/Group/Organization Type | Housing Services - Housing |
| | What section of the Plan was addressed by Consultation? | Housing Need Assessment Public Housing Needs |
| | Briefly describe how the Agency/Group/Organization was consulted. What are the anticipated outcomes of the consultation or areas for improved coordination? | Habitat for Humanity utilize two funding sources offered by SDHDA for development of single-family homes for homeownership. Their focus is on how the programs work for homeownership opportunities. |
| 5 | Agency/Group/Organization | NeighborWorks Dakota Home Resources |
| | Agency/Group/Organization Type | Housing Services - Housing |
| | What section of the Plan was addressed by Consultation? | Housing Need Assessment Public Housing Needs |
| | Briefly describe how the Agency/Group/Organization was consulted. What are the anticipated outcomes of the consultation or areas for improved coordination? | The nonprofit agencies are recipients of SDHDA funding, developers of affordable housing, and provide homebuyer education. |

| | | |
|---|--|---|
| 6 | Agency/Group/Organization | Huron Housing Partnership |
| | Agency/Group/Organization Type | Housing Services - Housing Services-Education |
| | What section of the Plan was addressed by Consultation? | Housing Need Assessment Public Housing Needs Homeless Needs - Chronically homeless Homeless Needs - Families with children Homelessness Needs - Veterans Homelessness Needs - Unaccompanied youth Homelessness Strategy Non-Homeless Special Needs Market Analysis Anti-poverty Strategy |
| | Briefly describe how the Agency/Group/Organization was consulted. What are the anticipated outcomes of the consultation or areas for improved coordination? | Staff from the Huron Housing Authority attended the public meeting. The housing authorities partner with SDHDA to address housing concerns in various communities. |

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

All agencies are welcome to participate in the public comment process. The agencies listed above were not specifically solicited to participate but instead represent the various partners who were a part of the public comment process. SDHDA did not specifically consult with any agency relating to the development of this annual action plan.

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 | Developing permanent housing opportunities for the homeless is a goal that requires coordination of efforts. In 2018, the CoC implemented the statewide coordinated entry system (CES). With annual homeless counts, HMIS program reports and CES, there will be valuable information to help align housing and services for the homeless population with the goal of addressing the specific housing needs which may entail location, service area and target AMI levels. |

Table 3 - Other local / regional / federal planning efforts

AP-12 Participation - 91.115, 91.300(c)

1. Summary of citizen participation process/Efforts made to broaden citizen participation Summarize citizen participation process and how it impacted goal-setting

A public meetings was held on February 12th via web platform and conference call due to the Covid 19 pandemic. The meetings were held to take public comments on the administration of the HOME, ESG, HTF and CDBG programs. The meeting was held prior to drafting of the 2021 Annual Action Plan. There were a total of 89 attendees.

A second public meeting will be held at 2:00 Central Time, on March 23rd which will be during the 30 day comment period. The public will be able to participate via on-line Skype meeting or via conference call. We are not hosting any in person meetings due to the Covid 19 pandemic.

Notice of the meetings and the available comment periods, are provided through public notices (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. Notices of the meetings were also provided through a press release, posting on SDHDA's website and emails sent to interested parties consisting of developers, lenders, city, state and federal officials, nonprofit organizations, advocacy groups, service providers, homebuilders, real estate brokers/agents, community leaders, contractors, local and tribal housing authorities, local Rural Development officials, and individuals.

Public comments were due by 5:00 PM Central Time, February 26th. No written comments were received. I believe the lack of comments was due to not making any changes in the allocation plans this year.

SDHDA and GOED have active partners who provide continual feedback on administration of the programs, what is working, and what they would like to see change. Many times, this conversation results in SDHDA and GOED making appropriate changes to the programs prior to the public comment process, reducing some of the participation process. SDHDA and GOED review all comments received and evaluate the financial and administrative impact that may result from such change, prior to accepting or rejecting the comment.

Citizen Participation Outreach

| Sort Order | Mode of Outreach | Target of Outreach | Summary of response/attendance | Summary of comments received | Summary of comments not accepted and reasons | URL (If applicable) |
|------------|------------------|------------------------------|---|---|--|---------------------|
| 1 | Public Meeting | Non-targeted/broad community | <p>There were 10 people in attendance at the public meetings held in February. The meeting was held via web-based platform and conference call due to the Covid 19 pandemic. A copy of the presentation was available on SDHDA's website prior to the meetings.</p> | <p>During the public meeting, there were no questions or comments regarding the programs.</p> | | |

| Sort Order | Mode of Outreach | Target of Outreach | Summary of response/attendance | Summary of comments received | Summary of comments not accepted and reasons | URL (if applicable) |
|------------|------------------|------------------------------|--|------------------------------|--|---------------------|
| 2 | Newspaper Ad | Non-targeted/broad community | Newspaper ads were provided to advertise the public meetings and the public comment period. The ads ran in the daily newspapers and indicated that written comments were being requested, deadline for when comments were due, and the date and time of the public meetings. | | | |

Table 4 – Citizen Participation Outreach

Expected Resources

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

Introduction

The HOME, Housing Trust Fund (HTF), Emergency Solutions Grants Program (ESG) and Community Development Block Grant (CDBG) funding sources are only partial funding for the many different activities and services provided. As federal funds continue to diminish, developers, communities and service providers must be creative and have partnerships and other resources to successfully complete the proposed projects. Other financing and services are being provided by local, state, and federal programs, private individuals, foundations, and commercial lenders. The State of South Dakota has provided financing for the Housing Opportunity Fund (HOF) which provides an additional resource for both housing programs and development of housing units. HOF has flexibility to target up to 115 percent area median income and can be utilized as match funding.

South Dakota Housing Development Authority (SDHDA) also administers the IRS program - Housing Tax Credits and can issue tax exempt bond financing. Majority of the HTC developments also utilize HOME funds for gap financing. SDHDA is the Collaborative Applicant and lead agency for South Dakota Balance of State Continuum of Care. As the Collaborative Applicant, SDHDA can offer assistance and potential funding for CoC recipients. CoC funding is not included as a source of funds below due to the inability of estimating expected funding.

SDHDA also funds and administers the Community Housing Development Program (CHDP) which is utilized for development of workforce housing serving up to 120 percent AMI. With this program, SDHDA has financing resources that can be of assistance for variety of income levels.

At the time of drafting the 2021 Annual Action Plan, the Governor's Office of Economic Development is proposing to utilize a portion of their REDI (Revolving Economic Development and Initiative) Fund for development of workforce housing. If REDI funds do become available for development of workforce housing, this additional funding will benefit housing opportunities and workforce

recruitment and retention in many South Dakota communities.

Anticipated Resources

| Program | Source of Funds | Uses of Funds | Expected Amount Available Year 1 | | | | Expected Amount Available Remainder of ConPlan \$ | Narrative Description |
|---------|------------------|--|----------------------------------|--------------------|--------------------------|-----------|---|--|
| | | | Annual Allocation: \$ | Program Income: \$ | Prior Year Resources: \$ | Total: \$ | | |
| CDBG | public - federal | Acquisition Admin and Planning Economic Development Housing Public Improvements Public Services | 5,946,912 | 0 | 0 | 5,946,912 | 11,893,824 | CDBG funds are primarily used to fund community projects. Eligible activities are detailed later in this plan. |

| Program | Source of Funds | Uses of Funds | Expected Amount Available Year 1 | | | | Expected Amount Available Remainder of ConPlan \$ | Narrative Description |
|---------|------------------|---|----------------------------------|--------------------|--------------------------|-----------|---|--|
| | | | Annual Allocation: \$ | Program Income: \$ | Prior Year Resources: \$ | Total: \$ | | |
| HOME | public - federal | Acquisition Homebuyer assistance Homeowner rehab Multifamily rental new construction Multifamily rental rehab New construction for ownership TBRA | 3,000,000 | 2,713,299 | 1,200,000 | 6,913,299 | 6,000,000 | Majority of the HOME funds will be used for multifamily rental developments serving households at 30%, 40%, 50% and 60% AMI. A smaller portion of funds will be used for activities such as homeownership, security deposit assistance and homeowner rehabilitation. |

| Program | Source of Funds | Uses of Funds | Expected Amount Available Year 1 | | | | Expected Amount Available Remainder of ConPlan \$ | Narrative Description |
|---------|------------------|---|----------------------------------|--------------------|--------------------------|-----------|---|--|
| | | | Annual Allocation: \$ | Program Income: \$ | Prior Year Resources: \$ | Total: \$ | | |
| ESG | public - federal | Conversion and rehab for transitional housing Financial Assistance Overnight shelter Rapid re-housing (rental assistance) Rental Assistance Services Transitional housing | 638,752 | 0 | 0 | 638,752 | 1,680,000 | ESG funds typically assist 22 shelters across the state to provide services for homeless or those at risk of becoming homeless. Portion of ESG funds will be utilized for the Homeless Management Information System (HMIS). |

| Program | Source of Funds | Uses of Funds | Expected Amount Available Year 1 | | | | Expected Amount Available Remainder of ConPlan \$ | Narrative Description |
|---------|------------------|--|----------------------------------|--------------------|--------------------------|-----------|---|---|
| | | | Annual Allocation: \$ | Program Income: \$ | Prior Year Resources: \$ | Total: \$ | | |
| HTF | public - federal | Acquisition Admin and Planning Homebuyer assistance Multifamily rental new construction Multifamily rental rehab New construction for ownership | 3,000,000 | 2,001 | 2,775,952 | 5,777,953 | 0 | The Housing Trust Fund will be utilized for rental housing targeted for households at or below 30% AMI. |
| Other | public - federal | Acquisition Housing Multifamily rental new construction Multifamily rental rehab | 3,100,000 | 0 | 0 | 3,100,000 | 6,200,000 | Housing Tax Credits will be used for multi-family rental housing development serving households at 60% AMI or less. SDHDA has adopted the income averaging option which allows household incomes to be up to 80% AMI maintaining an average of 60%. |

| | | | | | | | | |
|-------|----------------|---|-----------|---|---|-----------|-----------|--|
| Other | public - state | Acquisition Admin and Planning Conversion and rehab for transitional housing Homebuyer assistance Homeowner rehab Housing Multifamily rental new construction Multifamily rental rehab New construction for ownership Overnight shelter Rapid re-housing (rental assistance) Transitional housing | 2,000,000 | 0 | 0 | 2,000,000 | 4,000,000 | The Housing Opportunity Fund is state funded and created through Building South Dakota. Annual funding amount is subject to legislative action. The program is utilized for development of housing and services for households up to 115% AMI. |
|-------|----------------|---|-----------|---|---|-----------|-----------|--|

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, abatement of blighted structures, 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.

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

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

There is no match requirement with the Housing Trust Fund, however, competitive points are available for applications that demonstrate the ability to leverage financial resources.

The Housing Opportunity Fund (HOF) provides up to 50 percent financing and requires 50 percent match which can come from a variety of sources. HOF is often times used a match for ESG and HOME funding.

Typically multifamily housing rental developments utilize HOME and Housing Tax Credits. Additionally, developers are utilizing the Housing Trust Fund to further target lower income households.

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

At this time, we are unaware of any publically owned land or property that may be used to address the identified needs.

Discussion

SDHDA utilizes a two year allocation plan for the HOME, ESG and HTF programs which will be for years 2020-2021.

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 | 2018 | 2022 | Affordable Housing | | | HOME: \$2,000,000 HTF: \$2,000,000 Housing Opportunity Fund: \$700,000 Housing Tax Credits: \$2,000,000 | Rental units constructed: 70 Household Housing Unit |
| 2 | Acquisition and Rehabilitation of rental units | 2018 | 2022 | Affordable Housing | | | HOME: \$1,000,000 HTF: \$1,000,000 Housing Opportunity Fund: \$250,000 Housing Tax Credits: \$1,000,000 | Rental units rehabilitated: 20 Household Housing Unit |

| Sort Order | Goal Name | Start Year | End Year | Category | Geographic Area | Needs Addressed | Funding | Goal Outcome Indicator |
|------------|---|------------|----------|--|-----------------|--------------------|--|--|
| 3 | Development of special needs housing | 2018 | 2022 | Affordable Housing Homeless Non-Homeless Special Needs | | Affordable Housing | HOME: \$500,000 HTF: \$600,000 Housing Opportunity Fund: \$500,000 Housing Tax Credits: \$250,000 | Rental units constructed: 10 Household Housing Unit |
| 4 | Utilize Emergency Solution Grants Program | 2018 | 2022 | Homeless | | Homelessness | ESG: \$630,000 | Tenant-based rental assistance / Rapid Rehousing: 100 Households Assisted Homeless Person Overnight Shelter: 3500 Persons Assisted Homelessness Prevention: 100 Persons Assisted Other: 25 Other |
| 5 | Provide homeownership opportunities | 2018 | 2022 | Affordable Housing | | | HOME: \$500,000 Housing Opportunity Fund: \$50,000 | Homeowner Housing Added: 15 Household Housing Unit |

| Sort Order | Goal Name | Start Year | End Year | Category | Geographic Area | Needs Addressed | Funding | Goal Outcome Indicator |
|------------|-----------------------------|------------|----------|---|-----------------|-----------------|---|---|
| 6 | Homeowner Rehabilitation | 2018 | 2022 | Affordable Housing | | | HOME: \$1,000,000 Housing Opportunity Fund: \$50,000 | Homeowner Housing Rehabilitated: 50 Household Housing Unit |
| 7 | Workforce Training | 2018 | 2022 | Non-Housing Community Development Economic Development/Workforce Training | | | CDBG: \$400,000 | Other: 0 Other |
| 8 | Security Deposit Assistance | 2018 | 2022 | Affordable Housing | | | HOME: \$200,000 ESG: \$25,000 Housing Opportunity Fund: \$15,000 | Homelessness Prevention: 315 Persons Assisted |
| 9 | Homebuyer Assistance | 2018 | 2022 | Affordable Housing | | | HOME: \$200,000 | Direct Financial Assistance to Homebuyers: 15 Households Assisted |

| Sort Order | Goal Name | Start Year | End Year | Category | Geographic Area | Needs Addressed | Funding | Goal Outcome Indicator |
|------------|-----------------------|------------|----------|-----------------------------------|-----------------|-----------------|----------------------|---|
| 10 | Community Development | 2018 | 2022 | Non-Housing Community Development | | | CDBG: \$4,268,505 | Public Facility or Infrastructure Activities other than Low/Moderate Income Housing Benefit: 5572 Persons Assisted Public Facility or Infrastructure Activities for Low/Moderate Income Housing Benefit: 4377 Households Assisted |
| 11 | Economic Development | 2018 | 2022 | Non-Housing Community Development | | | CDBG: \$500,000 | Jobs created/retained: 0 Jobs Businesses assisted: 0 Businesses Assisted |

Table 6 – Goals Summary

Goal Descriptions

| | | |
|---|-------------------------|---|
| 1 | Goal Name | Develop new rental housing units |
| | Goal Description | Development of new rental housing units - utilize approximately \$2 million of HOME funds, \$2 million of Housing Trust Fund annually to create 70 new rental housing units. Over a five year period this would provide a total of 350 new rental housing units. The combination of HOME funds and Housing Tax Credits is vital for meeting this goal. The additional funding provided through the Housing Trust Fund will provide an opportunity to develop additional housing units designated for 30% AMI. Our goal for new construction of rental units was decreased this year since we were instructed to remove LIHTC and Housing Opportunity Fund units from our goals. |
| 2 | Goal Name | Acquisition and Rehabilitation of rental units |
| | Goal Description | Utilize HOME funds in combination with Housing Tax Credits, Housing Trust Fund, and Housing Opportunity Fund for the acquisition and rehabilitation or just the rehabilitation of rental housing units. Approximately \$1 million of HOME and \$1 million of HTF is anticipated to be utilized annually to rehabilitate 20 rental units - equating to 100 units over a 5 year period. Again, the goal was decreased in 2021 due to removing LIHTC and SD HOF units from the goal. |
| 3 | Goal Name | Development of special needs housing |
| | Goal Description | The goal is to utilize approximately \$500,000 in HOME funds and \$600,000 of Housing Trust Funds to annually development of 10 rental units for special needs annually. This goal was decreased in 2021 due to being instructed to remove LIHTC and HOF from our unit goals. |
| 4 | Goal Name | Utilize Emergency Solution Grants Program |
| | Goal Description | Provide ESG funds to emergency and domestic violence shelters across the state. Unit of measurement is to assist 22 shelters annually. Given the fact that majority of the shelters funded with ESG funds are domestic violence shelters, it is difficult to ensure clients served are not counted more than once since identifying information cannot be shared among agencies. It can be estimated that annually 3,000 people will be served by the shelters and 200 households will receive homelessness prevention/rapid rehousing assistance. The ESG funds will be provided to pay for operating expenses of the shelter, provide homelessness prevention and rapid rehousing services for clients and admin for HMIS and administrative expenses. Agencies can apply for up to \$80,000. |

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| 5 | Goal Name | Provide homeownership opportunities |
| | Goal Description | The goal is to provide homeownership opportunities by utilizing the HOME program. SDHDA also provides financial assistance through the First-Time Homebuyer Program and the Governor's House Program. HOME funds will be utilized to develop single family homes. While the Housing Trust Fund has homeownership as an eligible activity, South Dakota will not be utilizing this funding source for this activity, at this time. This goal was decreased slightly due to removing HOF units from the goals. |
| 6 | Goal Name | Homeowner Rehabilitation |
| | Goal Description | Provide funding opportunities to assist 50 homeowners annually with rehabilitation activities. Program utilized would be the HOME program. Recently SDHDA has increased the dollar amount that can be utilized per home to address homeowner rehabilitation needs so the goal has been reduced from 75 to 50 households. Subrecipients have the ability to provide up to \$15,000 in assistance and up to \$25,000 with SDHDA approval. |
| 7 | Goal Name | Workforce Training |
| | Goal Description | The CDBG Program could allow up to a maximum of 15% of yearly allocation to be utilized to train low-to-moderate individuals annually. Demand for this activity has decreased with other programs offering workforce training in SD. We are setting aside \$400,000 to train up to 200 individuals each year. |
| 8 | Goal Name | Security Deposit Assistance |
| | Goal Description | To provide security deposit assistance to low income families at risk of becoming homeless. \$200,000 of HOME funds are set aside to assist approximately 315 households on an annual basis. Housing Opportunity Fund and ESG funds may also assist with security deposit assistance. SDHDA provides additional HOME funding for both rental assistance and security deposit assistance for HOME eligible households who have been impacted by natural disasters during the 2021 calendar year. |

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| 9 | Goal Name | Homebuyer Assistance |
| | Goal Description | Annually \$200,000 of HOME funds are set-aside to assist homebuyers with the purchase of a single-family home through a gap financing assistance program. It is anticipated that approximately 15 households will be assisted annually. The Housing Trust Fund program will not be utilized to assist with homeownership activities. |
| 10 | Goal Name | Community Development |
| | Goal Description | GOED will award grants to eligible activities that will improve community development and enhance the lives of those residents living there. Community development improvements will primarily be awarded for infrastructure such as water, wastewater, and storm sewer systems. Included with these types of project would be restoration of streets, sidewalks, and gutters that would have been removed or damaged during replacement of any below grade infrastructure. Other community development activities will consist of neighborhood facilities, youth centers, senior centers, broadband expansion, places that provide community safety measures such as fire halls and abuse shelters. Any eligible activity meeting community development needs will be considered. Determining goals for community development projects is difficult not knowing when a community will decide to upgrade old existing infrastructure or needing to upgrade or construct new community facilities. The State of South Dakota anticipates 8-12 applicants being awarded funding each year for community development projects. Number of persons to benefit will depend greatly on the size of the communities applying. |
| 11 | Goal Name | Economic Development |
| | Goal Description | GOED will fund a special project account with \$500,000 from the annual HUD allocation each year. The goal will be job creation when granting funds from this account. The number of jobs created will determine the amount of the award. For every \$25,000 of grant funding, 1 permanent job must be created. |

AP-25 Allocation Priorities – 91.320(d)

Introduction:

The chart below reflects percentages of funding that are likely to occur based on the different eligible activities and goals. It is important to remember that not all of the priorities actually have the funds set-aside for this activity. While it is listed as a priority there may not necessarily be funds or sufficient competitive points to ensure this percentages will be met. Additional text for test.

Funding Allocation Priorities

| | Develop new rental housing units (%) | Acquisition and Rehabilitation of rental units (%) | Development of special needs housing (%) | Utilize Emergency Solution Grants Program (%) | Provide homeownership opportunities (%) | Homeowner Rehabilitation (%) | Workforce Training (%) | Security Deposit Assistance (%) | Homebuyer Assistance (%) | Community Development (%) | Economic Development (%) | Total (%) |
|-----------|--------------------------------------|--|--|---|---|------------------------------|------------------------|---------------------------------|--------------------------|---------------------------|--------------------------|-----------|
| CDBG | 0 | 0 | 0 | 0 | 0 | 0 | 8 | 0 | 0 | 82 | 10 | 100 |
| HOME | 50 | 12 | 10 | 0 | 10 | 12 | 0 | 4 | 2 | 0 | 0 | 100 |
| ESG | 0 | 0 | 0 | 100 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 100 |
| HTF | 60 | 20 | 20 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 100 |
| Other HOF | 45 | 15 | 10 | 0 | 10 | 10 | 0 | 0 | 10 | 0 | 0 | 100 |
| Other HTC | 70 | 15 | 15 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 100 |

Table 7 – Funding Allocation Priorities

Reason for Allocation Priorities

The allocation priorities are a combination of past experience and goals to be accomplished. The housing needs in South Dakota vary by community and SDHDA's resources are utilized in a variety of ways thus the reason for having multiple allocation priorities. There is a need for additional rental units, homeownership activities, homeowner rehabilitation and security deposit assistance. A few activities have funds set-aside to assist in the administration of the program.

Beginning in 2018, \$1 million of HOME funds was set-aside for housing developments in rural communities. Since these developments are smaller in size and often are developed by community agencies or nonprofit agencies, the applicants sometimes lack the experience necessary to compete in the annual application cycle. The set-aside will allow SDHDA staff to work with the

applicant to ensure the project is viable, feasible and the applicant is prepared to carry the project through completion and then the many years of program compliance. To date, only one applicant has applied under this set-aside.

In 2018, a set-aside of the Housing Trust Fund program was created for special needs housing. Since the HTF program requires designation of housing units for extremely low-income households, this correlates well with individuals living on fixed incomes such as disability. This funding source will assist in development of housing units for special needs and homeless populations. Providing housing opportunities for extremely low-income households is a high priority due to the long Section 8 voucher waiting lists and the number of families experiencing homelessness and over-crowded housing conditions. since its creation, there have been five applications requesting funds from this set-aside.

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

Funds are necessary to achieve any priority or goal, however, the developers and applicants are the ones submitting the applications for funding and dictating which projects they would like to do and where they are located. Based on past experience of competition for funding, feasibility of projects, geographic locations, etc. SDHDA anticipates the funding is appropriate to achieve the goals established. Application scoring criteria as well as set-aside of funds are utilized to entice developers to assist in meeting priority needs and specific objectives.

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

Introduction:

HOME, Housing Trust Fund, ESG and CDBG funding is open to all eligible applicants through application processes. The HOME Program Allocation Plan, the Housing Trust Fund Allocation Plan, the ESG Plan and the Consolidated Plan outline the application process, timeline and competitive scoring for the respective programs. For ease of applicants, SDHDA has a combined application form and application cycle has been created for utilization of HOME, HTF, HOF and HTC. HOME set-asides and HOF funds can be applied for from December 1st - May 31st. Any remaining funds from these programs are then applied for in the July application cycle with the HTC and HTF programs. Applicants may submit applications via on-line or in paper form.

Applicants apply directly to SDHDA for the housing programs. Applicants apply through their local planning district for CDBG funds with applications due in April and October of each year.

Distribution Methods

Table 8 - Distribution Methods by State Program

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| 1 | State Program Name: | South Dakota - CDBG |
| | Funding Sources: | CDBG |

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| <p>Describe the state program addressed by the Method of Distribution.</p> | <p>The State of South Dakota received \$5,946,912 in CDBG funding in 2020. A minimum of 70 percent of the State's allocation will be used to fund projects that primarily benefit low and moderate-income persons. The CDBG program will provide grants to units of general local governments in non-entitlement areas with applicants being selected for funding based on the greatest need and most adequately addressing 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, affecting public health, safety, or welfare. <p>CDBG funds will be distributed from three separate programs. Of the \$5,946,912 of CDBG funds to be received by the State, five hundred thousand dollars (\$500,000) for the Special Projects Account, five hundred thousand dollars (\$500,000) for the Imminent Threat Account, and the remainder of the annual allocation available for distribution through the Community Projects Account. A maximum of 15% of our annual allocation can be utilized for eligible Job Training or other program activities classified as Public Services. The State will withhold one hundred thousand dollars (\$100,000) plus 3 percent (3%) for program administration by the State and technical assistance provided to local governments through the State's six Planning Districts. CDBG program funds must be obligated to projects within 15 months of the State receiving the funds from HUD. It is our intention to stimulate applicants through a series of funding cycle deadlines which will be April 1, and October 1. Grant Amendments requesting additional funding will be considered at any time. Decisions will be based upon the information provided by the grantee justifying the need and impact of the additional funding. Additional requests for funding will need Governor</p> |
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| | approval with a new grant agreement being signed to supersede the original grant award. |
| Describe all of the criteria that will be used to select applications and the relative importance of these criteria. | <p>Eligible applicants are counties and incorporated municipalities, excluding Sioux Falls, Rapid City and Tribal Governments.</p> <p>Projects must meet one of three national objectives and be an eligible activity as described in section 105(a) of the Act. National objectives are to eliminate slums and blight, benefit people of predominately low and moderate income, or an urgent need or an imminent threat to public health or safety.</p> <p>In addition, the following criteria must be met:</p> <ol style="list-style-type: none"> 1. Planning Districts must prepare the application and administer the grant through close out. 2. There is no limit to the number of 2020 grants eligible applicants may receive for themselves or on behalf of an ineligible applicant i.e. development corporation, rural water system, sanitary district, etc. 3. CDBG grants awarded prior to Year 2013 must be closed out before submitting a new application. A grantee that has an open grant awarded prior to 2013 and is open because of circumstances beyond their control may request a waiver submitted to GOED with the 2020 application. 4. A public hearing must have been conducted before an application may be submitted. 5. Application shall include data on the racial, ethnic, and gender characteristics of project beneficiaries. <p>Eligible projects and activities are defined in Section 105(a) of the Act. Questions should be addressed to CDBG staff within the Governor's Office of Economic Development or by contacting their Planning District Office.</p> |

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| <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>Potential applicants can gather additional information by contacting the Governor's Office of Economic Development via phone - 605-773-4633 or contacting their Planning District Office.</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>Not applicable</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> | |

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| <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 \$5,946,912 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 can be utilized for eligible Job Training or other program activities classified as Public Services. The State will withhold one hundred thousand dollars (\$100,000) plus 3 percent (3%) for program administration by the State and technical assistance provided to local governments through the State's six Planning Districts. At the discretion of the Commissioner of GOED, funds can be moved around within each program account. During the final grant cycle of each year, all accounts can be moved to Community Projects Account if the Commissioner so chooses and awarded at that time. Any amounts remaining in program accounts will be rolled forward into the next year and added to the community project account and obligated in the first round of funding in order to maintain timely distribution.</p> |
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| | <p>Describe threshold factors and grant size limits.</p> | <p>Size of Grants.</p> <p>1. Ceilings. There is a maximum of \$750,000 per grant application for project costs plus an additional \$20,000 of funding for project administration for a total maximum ceiling of \$770,000.</p> <p>2. Individual grant amounts. Individual grants will be awarded only in amounts commensurate with the requirements of the proposed project.</p> <p>3. 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 on any given funding cycle.</p> <p>There is no limit to the number of grants from the 2020 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>Previous CDBG Program grants awarded prior to Year 2013 must be closed out.</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</p> | <p>State Program Name:</p> | <p>South Dakota - ESG Program</p> |
| | <p>Funding Sources:</p> | <p>ESG</p> |

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| <p>Describe the state program addressed by the Method of Distribution.</p> | <p>The Emergency Solutions Grants Program (ESG), formerly known as the Emergency Shelter Grants Program is a federal block grant authorized by subtitle B of the McKinney Vento Homeless Assistance Act and administered by the U.S. Department of Housing and Urban Development (HUD). The Homeless Emergency Assistance and Rapid Transition to Housing Act of 2009 (HEARTH) revised the Emergency Shelter Grants Program and renamed it the Emergency Solutions Grants Program. South Dakota will receive \$638,752 in ESG funding for program year 2021.</p> <p>As a result of the HEARTH Act, the new ESG expands the eligible activities for emergency shelter and homelessness prevention activities to include short- and medium-term rental assistance and services to stabilize and rapidly re-house individuals and households who are homeless or at risk of becoming homeless. One of the main changes to the ESG program is an increased focus on homelessness prevention services and rapid re-housing activities as evidenced with the emphasis on homelessness prevention and the addition of a new rapid re-housing activity.</p> <p>Emergency Solutions Grants will be utilized to provide services to homeless and those at risk of becoming homeless in the following eligible activities. It is important for applicants to remember that ESG funds are to be used for direct assistance, only when there is no other assistance available for the individual or household. Applicants should refer to 24 CFR Part 576.100 – 576.109 for further clarification on the following eligible activities:</p> <ol style="list-style-type: none"> 1) Street Outreach; 2) Emergency Shelter; 3) Homelessness Prevention; 4) Rapid Re-housing Assistance; 5) Homeless Management Information System; and 6) Administrative. |
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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>Applicants must be non-profits or units of local government. Governmental organizations such as public housing agencies and local housing finance agencies are not eligible applicants under the ESG Program. Applicants must be in compliance with ESG guidelines 24 CFR Part 576 and applicable state and federal policies and procedures, including compliance with federal and state non-discrimination laws.</p> <p>Applicants must have written standards for providing ESG assistance that will be consistently applied throughout the program; must have established standard accounting practices including internal controls and fiscal accounting procedures which may include cost allocation plans; and be able to track agency and program budgets by revenue sources and expenses; must have available cash flow to effectively operate their programs since ESG funding is a reimbursement program. Applicants with outstanding monitoring or audit findings issued by the Internal Revenue Service, HUD, or SDHDA are not eligible ESG applicants and will not be eligible to receive an allocation of ESG funding. Applicants are encouraged to contact SDHDA to ensure no unresolved monitoring findings exist or to work to resolve any outstanding items.</p> <p>Eligible applicants must be able to demonstrate prior experience serving individuals and households at-risk of or experiencing homelessness; must have staff with demonstrated expertise in case management skills; will be required to utilize the Homeless Management Information System (HMIS); must be members of the South Dakota Housing for the Homeless Consortium and participate in the statewide Coordinated Entry System. Applications which show a concerted effort to coordinate services with other agencies and other funding sources to best serve the individuals and households.</p> <p>Due to the demand for the funds, ESG grants will be awarded based upon the following:</p> |
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| | <ol style="list-style-type: none"> 1. Need for the funding to provide the corresponding services and assistance; 2. Plan for distribution of the funds in an effective and efficient manner; 3. Collaboration efforts with other agencies, and 4. Applicant's performance measurements resulting from the new ESG funding. |
| <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>Not applicable.</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>Applicants must be non-profits or units of local government. Governmental organizations such as public housing agencies and local housing finance agencies are not eligible applicants under the ESG Program. Applicants must be in compliance with ESG guidelines 24 CFR Part 576 and applicable state and federal policies and procedures, including compliance with federal and state non-discrimination laws. The availability of ESG Funds is presented to the general public through a press release, notice on SDHDA's website and email to all interested parties. SDHDA directly administers the ESG funds with sub-recipients directly providing the services. The ESG application form can be found on SDHDA's website - www.sdhda.org. Applications are due the last working day of May.</p> <p>Applications will be reviewed for completeness and will be scored and ranked based on the selection criteria outlined in the ESG allocation plan. A selection committee consisting of state employees from the Department of Labor, Education, and Public Safety, along with members from the Policy and Advisory Committee for the SD Housing for the Homeless Consortium (CoC) as well as SDHDA staff review the applications for final recommendation of awards.</p> |

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| <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 Interim ESG Rule shifts the focus from emergency shelter to assisting people to quickly regain stability in permanent housing along with increasing communities' capacity to engage in strategic planning and program oversight. Increase in planning and oversight can be accomplished by additional funding allowed for administrative activities.</p> <p>Administrative Activities – The Interim Rule increases the expenditure limit for administrative activities from 5 percent to 7.5 percent. SDHDA will make available to sub-recipients up to 2 percent of the ESG funds utilized for homelessness prevention, rapid re-housing and HMIS activities.</p> <p>Street Outreach and Emergency Shelter Activities - The total amount of ESG funds that may be used for street outreach and emergency shelter activities (also referred to as homeless assistance) cannot exceed 60% of the ESG allocation. Maximum amount of ESG grant funds eligible per agency is \$80,000.</p> |
| <p>Describe threshold factors and grant size limits.</p> | <p>Applicants are not limited (minimum or maximum) in the dollar amount of ESG funds that may be requested per the ESG application, however, the maximum grant amount is \$80,000. Applicants may receive less ESG funds than requested based on the Selection Criteria outlined in the ESG Plan. In addition, SDHDA must ensure federal program requirements are being met.</p> |

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| | <p>What are the outcome measures expected as a result of the method of distribution?</p> | <p>Outcome measurements will consist of the number of shelters receiving assistance, geographic distribution of services, the number of individuals being served, how quickly individuals are being permanently housed and any recurrences of homelessness. All ESG recipients report in HMIS and must participate in the statewide CoC and the coordinated entry system.</p> |
| 3 | <p>State Program Name:</p> | <p>South Dakota - HOME Program</p> |
| | <p>Funding Sources:</p> | <p>HOME</p> |

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| <p>Describe the state program addressed by the Method of Distribution.</p> | <p>SDHDA is the agency responsible for the administration of the HOME funds throughout the State of South Dakota, with the exception of Sioux Falls, which receives its own allocation of HOME funds, and the Indian reservations, which receive funds under the Native American Housing Assistance and Self-Determination Act of 1996 (NAHASDA). Even though Sioux Falls receives their own allocation of HOME funds and Indian reservations receive NAHASDA funds, these areas are eligible to receive HOME funds from SDHDA. Funding limitations may be imposed in these areas if available HOME funds warrant such a change. SDHDA will receive \$3,000,000 in HOME Funds for 2021, in addition there is \$2,610,399 of accumulated program income and \$102,900 of recaptured funds from 2020 and \$500,000 of remaining funds. During 2020, a total of \$2,610,399 of program income was received and \$26,105 has been allocated for administration with the remaining available for distribution for HOME eligible activities. HOME Funds and HOME program income will be utilized for the following activities:</p> <ol style="list-style-type: none"> 1. To further the single family affordable housing goal, funds will be used for new construction, rehabilitation, and site development of owner occupied properties and lease/purchase properties. HOME funds will also be available for homebuyer assistance and development subsidy. HOME funds are also set aside for particular homebuyer activities. 2. To further the goal of preservation of affordable rental housing, funds will be used for rehabilitation, conversion and acquisition with rehabilitation of rental properties. Funds will be also used for new construction of rental housing where there is an identified need. 3. HOME funds will also continue to be provided as financial resource to provide security deposit assistance for qualified households. 4. Up to \$500,000 of the 2020 HOME program income will be utilized to assist HOME eligible households with homeowner rehabilitation and tenant based rental assistance. The target households will be eligible households impacted from natural disasters |
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| | | occurring during the 2020 calendar year. SDHDA may administer this funding or may contract with subrecipients to carry out the activities. |
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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>Funds will be awarded annually (applications due last working day of July, awards within 75 days) to eligible applicants who rank the highest on the selection criteria set out within the HOME Program Allocation Plan. If funds remain upon completion of the application cycle, SDHDA may hold another application cycle. Applications requesting HOME funds from the established set asides may apply for funding anytime during the year, with the exception of the Difficult to Develop set aside and CHDO funds. Selection Criteria consists of the following -</p> <ul style="list-style-type: none"> • Local Housing Need • Deep Income Targeting - serving lower income households • Extended Use Commitment - serving longer than standard affordability period • Construction Type - rehabilitation vs. new construction • Housing developed as part of a Concerted Community Revitalization Plan • Mixed Income use developments • Evidence of Financial support • Applicant Characteristics • Home Ownership • Service Enriched Housing • Efficient Use of SDHDA funding • Percentage of Soft Costs Used for Project Costs • Project Location • Developments serving individuals with children • Public Housing Notification of available units • Completeness of Plans and Specifications • Evidence of site control Evidence of financing commitments (construction and permanent) • Evidence of equity commitment for HTC developments Availability of utilities • Proper Zoning • Platted properties • Project Characteristics Additional information regarding these point categories and other selection criteria can be found in the HOME Program Allocation Plan. |
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| <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>Not applicable.</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>Not applicable.</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> | |

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| <p>Describe how resources will be allocated among funding categories.</p> | <p>HOME funds will be distributed geographically throughout South Dakota taking into consideration the priorities outlined in the Consolidated Plan and the following percentage set asides: Community Housing Development Organization (CHDO) - 15% of annual allocation (\$450,000) per federal requirement. Once the set-aside has been committed, CHDO applications will be referred to the General Pool for potential funding.</p> <p>Homeowner Rehab - \$1,000,000 is set aside for Community Action Program (CAP) agencies and nonprofit agencies for rehabilitation of single family owner occupied properties. The agencies are eligible for an administrative fee (up to 7%) based on program expenses. Maximum grant amount of \$200,000 per sub recipient per year.</p> <p>Homebuyer Assistance - \$200,000 is set aside for financing to qualified households who are unable to obtain the total financing necessary for purchase of a single family home. The maximum gap loan is \$25,000 or 30 percent of the total acquisition costs less all granted and donated items, whichever is less.</p> <p>Security Deposit Assistance - \$200,000 is set aside for qualified Public Housing Authorities (PHAs) and nonprofit entities to provide security deposits to qualified households. Administrating agencies are eligible to receive up to 10% administrative fee for incurred expenses.</p> <p>Difficult to Develop - \$500,000 is set aside as grant financing for developments which are financially difficult to develop and cash flow due to characteristics such as serving special needs population, providing services, location or number of housing units.</p> <p>Homeownership Development - \$500,000 is set aside for interim construction financing of single family homes. Up to \$20,000 may be used as development subsidy per home when costs exceed appraised value. Homeowner and permanent financing must be identified at time of application.</p> <p>Rural Housing Development - \$1,000,000 is set aside for development of housing in rural communities (population of 5,000 or less) allowing applicants to apply anytime from January 1st through June 30th.</p> |
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| <p>Describe threshold factors and grant size limits.</p> | <p>No more than 20 percent of the General Pool will be allocated to any one project; no more than a cumulative of 25 percent to any one developer/sponsor/owner and no more than 50 percent of the available General Pool will be allocated to any one community. If, after the initial application cycle, funds remain in the General Pool, an application from a developer/sponsor/owner or for any community which was awarded maximum funds under the initial application cycle may be eligible for additional HOME funds.</p> <p>The minimum amount of HOME funds invested in a project involving rental housing or homeownership is \$1,000 per each HOME assisted unit in the project.</p> <p>SDHDA will not process any application that SDHDA determines is not:</p> <ol style="list-style-type: none"> 1. Consistent with the purposes and goals of the HOME Allocation Plan; 2. Proposing an eligible activity; or 3. Financially feasible. <p>The amount of HOME funds that may be invested in an affordable housing project are regulated under 24 CFR Part 92.250. HOME funds may not exceed the per unit dollar limits established by HUD under the 234 Subsidy Limits, in addition, SDHDA has established total project cost limits that developers must adhere to. This information can be found in the 2018-2019 HOME Program Allocation Plan found on SDHDA's website - www.sdhda.org.</p> <p>For those projects which combine HOME and other governmental subsidies, SDHDA will perform a subsidy layering review in accordance with SDHDA HOME Subsidy Layering Policy, which incorporates the cost allocation requirements stated in HUD CPD Notice 915-11, dated December 22, 2015. A copy of this policy and notice is available from SDHDA upon request.</p> |
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| | What are the outcome measures expected as a result of the method of distribution? | Outcome measures are the number of additional housing units geographically distributed for different income levels, types of housing units, and special needs housing. |
| 4 | State Program Name: | South Dakota - Housing Trust Fund |
| | Funding Sources: | HTF |
| | Describe the state program addressed by the Method of Distribution. | The Housing Trust Fund was enacted per the Housing and Economic Recovery Act of 2008. South Dakota Housing Development Authority administers the HTF program and in 2021 \$3 million will be available for allocation. Up to 10% of the funds will be retained by SDHDA for payment of program administration. The remaining 90% or \$2.7 million will be designated for permanent housing serving households at or below 30% AMI. The HTF program does have two set asides established for particular distribution. \$600,000 is set aside for developments located on Indian Reservations and \$600,000 is set aside for development of special needs housing. |

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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 Housing Trust Fund Allocation Plan outlines the priorities and competitive scoring that will be utilized to select HTF applicants for funding. Point categories include the following: demonstration of housing need, extending the affordability period beyond 30 years, the type of construction project proposed, projects that contribute to a concerted community revitalization plan, projects that incorporate mixed income use, projects that demonstrate leveraging of funds, demonstration of applicant/owner's capacity for development, ownership and management of the housing units, projects providing services for the tenants, applicants leveraging SDHDA funds with other funding sources, projects using less financing for soft costs, projects located near services, projects that serve households with children, notification to public housing authority of housing availability of housing units, location of projects in Promise Zone designations and projects that demonstrate their readiness to proceed with the proposed development. The point categories are closely aligned with the HOME and Housing Tax Credit programs. More clarification of these items can be found in the HTF allocation plan which can be found on SDHDA's website - www.sdhda.org.</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>Not applicable.</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>Not applicable.</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 Housing Trust Fund program has two set asides. \$600,000 is set aside for applicants developing housing on Indian Reservations and \$600,000 is set aside for applicants developing housing for special needs populations and providing on-site services. All applicants will apply for HTF funding during the July application cycle. If no applications are received for the set asides during the application round, the HTF will be allocated to applications received under the general funding. Housing Trust Funds will only be utilized for development of rental housing.</p> |

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|---|--|
| <p>Describe threshold factors and grant size limits.</p> | <p>Threshold requirements are outlined within the HTF allocation plan. During the August application cycle, no more than 25 percent may be awarded 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 August application cycle, funds exceeding the foregoing limitations may be allocated to any project (i) that was allocated funds in the August application cycle and (ii) whose allocation was limited due to the foregoing limitations.</p> <p>All applications must be complete, meet eligibility requirements and score a minimum of 400 points to be considered for funding. In addition the amount of HTF funding per unit is outlined per Exhibit 6 - HTF Subsidy Limits. The limits were created based on varying construction costs per county across the state and classified in three zones. Annually the zones and subsidy amounts are reviewed and modified as necessary.</p> |
| <p>What are the outcome measures expected as a result of the method of distribution?</p> | <p>Outcome measurements will be recorded based on the number of housing units designated to extremely low-income households, the differential of unit size, geographic distribution, and the number of units designated as special needs or serving targeted populations.</p> |

Discussion:

GOED and SDHDA provide allocation plans and applications for applicants to utilize when applying for CDBG, HOME, HTF and ESG funding. The allocation plans outline the threshold factors, funding size limits, time frames, application processes, etc. The funding is competitive and not all applications will be awarded funding. In addition, past experience and success with these programs will be used to help evaluate future applications for funding. All program information can be found on SDHDA's website - www.sdhda.org and GOED's website www.sdgoed.com.

AP-35 Projects – (Optional)

Introduction:

Due to delayed receipt of funding, GOED is halfway through the distribution and have awarded 3 projects: City of Blunt (\$675,000), City of Vermillion(\$770,000) and City of Waubay (\$770,000) for a total of \$2,215,000 for water and sanitary sewer improvements. We are on track to obligate the remaining funds by the end of the 12 month method of distribution period.

Due to SDHDA's method of distribution for the HOME and Housing Trust Fund Programs, exact information on funding amounts for the variety of eligible activities isn't currently available. Projects listed in the AP-35 are generalized project categories for which funds will likely be reserved based on prior years. Several of the activities listed under the HOME Program are annual set-asides which are awarded on a first-come, first-served basis to eligible applicants.

| # | Project Name |
|----|--|
| 1 | 2021 Multifamily New Construction |
| 2 | 2021 Security Deposit Assistance Program |
| 3 | 2021 Homeowner Rehabilitation |
| 4 | 2021 Homebuyer Assistance |
| 5 | 2021 Special Needs New Construction |
| 6 | 2021 Tribal New Construction |
| 7 | 2021 Rental Rehabilitation |
| 8 | ESG 2021 South Dakota |
| 9 | 2021 Rural Housing Development |
| 10 | 2021 Homeownership Development |

Table 9 – Project Information

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

The HOME program is a versatile program that is used to address many housing priorities across the state. Each community has varying housing needs so SDHDA tries to retain

flexibility in the HOME program so it is able to address the corresponding needs. Currently the HOME program allocation plan has set-asides or priority points for the following types of housing development: development of housing in rural areas of the state, development of special needs/service enriched housing, homeowner rehabilitation, single family homeownership development and homebuyer assistance as well as security deposit assistance.

The Housing Trust Fund currently has two set-asides to address housing development on Indian Reservations and development of special needs/service enriched housing.

The HOME and HTF programs are competitive funding programs and typically developments serving vulnerable populations or located in rural communities of the state do not seem to compete as well. By creating set-aside of funding, these types of developments can receive more technical assistance and be less competitive, allowing SDHDA staff to work with the applicants in creating successful developments. In addition to the additional technical assistance applicants may receive from SDHDA staff, SDHDA looks for opportunities to help organizations build capacity. Annually SDHDA tries to host developer workshops that highlight the different aspects of developing affordable housing. The workshops are sometimes provided by SDHDA staff and other times are conducted by third party agencies. Currently SDHDA staff is working with national technical assistance providers - Collaborative Solutions and TDA Consulting to address the development of permanent supportive housing in rural communities. SDHDA has reached out to potential organizations to generate interest. Currently there are five organizations that have expressed an interest in pursuing this technical assistance.

AP-38 Project Summary
Project Summary Information

| | | |
|---------------------------|--|--|
| 1 | Project Name | 2021 Multifamily New Construction |
| | Target Area | |
| | Goals Supported | Develop new rental housing units |
| | Needs Addressed | Affordable Housing |
| | Funding | HOME: \$3,000,000 HTF: \$2,000,000 |
| | Description | SDHDA will generally reserves \$3,000,000 in HOME funds and \$2,000,000 in HTF funds for multifamily new construction rental projects. |
| | Target Date | 12/31/2023 |
| | Estimate the number and type of families that will benefit from the proposed activities | SDHDA's goal is to develop 70 new HOME and HTF rental units for families and individuals. |
| | Location Description | SDHDA's new construction projects are awarded through a competitive application cycle. It's SDHDA's goal to have geographic distribution throughout the state with it's projects, however the distribution throughout the state is limited to the amount and locations of the applications received. |
| Planned Activities | No activities have been awarded at this time. When the competitive application cycle is complete SDHDA will have specific activities to allocate to. | |
| 2 | Project Name | 2021 Security Deposit Assistance Program |
| | Target Area | |

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| | Goals Supported | Security Deposit Assistance |
| | Needs Addressed | |
| | Funding | HOME: \$200,000 |
| | Description | SDHDA sets aside \$200,000 in HOME funds for TBRA in the form of security deposit assistance. Nonprofit entities and community action partnerships are eligible to apply for up to \$25,000 for security deposit assistance. |
| | Target Date | 12/31/2022 |
| | Estimate the number and type of families that will benefit from the proposed activities | SDHDA's goal for households assisted with security deposit assistance is 315 households. |
| | Location Description | SDHDA's goal is to provide as much coverage as possible with the various agencies who administer security deposit assistance programs (SDAP. In 2020 ten different agencies received SDAP awards providing coverage over a large portion of the state. |
| | Planned Activities | SDAP funds are awarded on a first-come, first-served basis to eligible applicants. Applicants are notified of the availability of funds when SDHDA receives its HOME grant from HUD. |
| 3 | Project Name | 2021 Homeowner Rehabilitation |
| | Target Area | |
| | Goals Supported | Homeowner Rehabilitation |
| | Needs Addressed | |
| | Funding | HOME: \$1,000,000 |
| | Description | Annually SDHDA sets aside \$1,000,000 in HOME funds for nonprofits and CAP Agencies who administer owner-occupied home repair programs. Applicants are limited to \$200,000 annually and households are limited to \$25,000 in HOME funds per project. |
| | Target Date | 12/31/2022 |

| | | |
|---|--|---|
| | Estimate the number and type of families that will benefit from the proposed activities | SDHDA's goal for homeowner housing units rehabbed is 50 units per year. |
| | Location Description | SDHDA strives to provide as much statewide coverage as possible with all of its programs. Ultimately it depends on who applies for funding and has the capacity to run a program. In 2020 five different agencies received funding for HOME homeowner rehab. |
| | Planned Activities | Applications will not be accepted until SDHDA received its 2021 HOME grant from HUD. Applications are accepted on a first-come, first-served basis. |
| 4 | Project Name | 2021 Homebuyer Assistance |
| | Target Area | |
| | Goals Supported | Homebuyer Assistance |
| | Needs Addressed | |
| | Funding | HOME: \$200,000 |
| | Description | Annually SDHDA sets aside \$200,000 of HOME funds for homebuyer assistance in the form of gap financing. The maximum loan available for gap financing is limited to 30 percent of the total acquisition costs minus all grants and donated items, or \$25,000, whichever is less, taking into consideration the maximum first mortgage for which the borrower is qualified. |
| | Target Date | 12/31/2021 |
| | Estimate the number and type of families that will benefit from the proposed activities | SDHDA's annual goal for HOME homebuyer assistance is 15 families/individuals assisted. |
| | Location Description | SDHDA's Homebuyer Assistance set-aside is available statewide and awarded on a first-come, first-served basis to qualified applicants. |

| | | |
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| | Planned Activities | The Homebuyer Assistance set-aside is available on a first-come, first-served basis to qualified applicants. |
| 5 | Project Name | 2021 Special Needs New Construction |
| | Target Area | |
| | Goals Supported | Development of special needs housing |
| | Needs Addressed | |
| | Funding | HTF: \$600,000 |
| | Description | Annually SDHDA sets aside \$600,000 in HTF funds for applicants developing projects for special needs populations which provide Service Enriched Housing. |
| | Target Date | 12/31/2023 |
| | Estimate the number and type of families that will benefit from the proposed activities | SDHDA's goal is 10 special needs units per year. |
| | Location Description | The Special Needs set-aside is available statewide. Specific project locations are not determined until the competitive application cycle is completed and awards are reserved. |
| | Planned Activities | Applications for special needs housing are accepted during the competitive application cycle with applications due the last working day of July. Planned activities will be limited to the special needs applications SDHDA receives. |
| 6 | Project Name | 2021 Tribal New Construction |
| | Target Area | |
| | Goals Supported | Develop new rental housing units |
| | Needs Addressed | |
| | Funding | HTF: \$600,000 |

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|----------|--|--|
| | Description | SDHDA will annually set-aside \$600,000 of the Housing Trust Fund allocation for applicants developing housing on Indian Reservations. |
| | Target Date | 12/31/2023 |
| | Estimate the number and type of families that will benefit from the proposed activities | SDHDA would hope to develop at least 6 HTF units on indian reservations from the \$600,000 set-aside. |
| | Location Description | Applicants for this set-aside must apply for development of housing on one of South Dakota's Indian Reservations. |
| | Planned Activities | Applications for the Tribal set-aside are accepted during the competitive application cycle with applications due the last working day of July. |
| 7 | Project Name | 2021 Rental Rehabilitation |
| | Target Area | |
| | Goals Supported | Acquisition and Rehabilitation of rental units |
| | Needs Addressed | |
| | Funding | HOME: \$1,000,000 HTF: \$1,000,000 |
| | Description | SDHDA expects around \$1,000,000 in HOME funds and \$1,000,000 in HTF funds to be awarded to projects for the rehabilitation of rental properties. |
| | Target Date | 12/31/2023 |
| | Estimate the number and type of families that will benefit from the proposed activities | SDHDA's annual goal is 20 rental units rehabilitated. |

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| | Location Description | Specific project locations aren't available until SDHDA has its competitive application cycle. Ultimately the locations are determined by the location and competitiveness of applications received. |
| | Planned Activities | No specific activities are planned at this time. If applications for rental rehabilitation receive funds during the competitive application cycle and receive funding, the specific activities will be available at that time. |
| 8 | Project Name | ESG 2021 South Dakota |
| | Target Area | |
| | Goals Supported | Utilize Emergency Solution Grants Program |
| | Needs Addressed | |
| | Funding | ESG: \$638,752 |
| | Description | Funding to serve homeless or those at risk of becoming homeless. Eligible activities include 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, and other housing related expenses. |
| | Target Date | 12/31/2021 |
| | Estimate the number and type of families that will benefit from the proposed activities | SDHDA's goal for individuals and households served annually is approximately 3700 families/individuals. |
| | Location Description | ESG funds are available for all geographic areas of the state. It is anticipated majority of the funding will be utilized in Sioux Falls and Rapid City. While Tribes and Tribal Government Entities are not eligible to apply for ESG funding, nonprofit agencies providing services on Tribal lands are eligible to apply for funding. |

| | | |
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| | Planned Activities | SDHDA provided public notice of the availability of funds via press release, posting on SDHDA's website and email notification to interested parties. Applications are due the last working day of May. |
| 9 | Project Name | 2021 Rural Housing Development |
| | Target Area | |
| | Goals Supported | Develop new rental housing units Provide homeownership opportunities |
| | Needs Addressed | |
| | Funding | HOME: \$1,000,000 |
| | Description | Annually SDHDA sets aside \$1,000,000 for development of housing in communities with a population of 5,000 or less. |
| | Target Date | |
| | Estimate the number and type of families that will benefit from the proposed activities | The Rural Housing Development set aside was new in 2018 and no applications have been received to date. It's hard to estimate the impact based on its history but marketing and outreach for the program is being ramped up in an effort to utilize the funds. |
| | Location Description | Applications for this funding are limited to housing development in communities with populations of 5,000 or less. The funding is available statewide as long as the population requirement is met. |
| | Planned Activities | Applications are accepted on a first-come, first-served basis in an open application cycle ending each year on May 31. |
| 10 | Project Name | 2021 Homeownership Development |
| | Target Area | |
| | Goals Supported | Provide homeownership opportunities |
| | Needs Addressed | |

| | |
|--|--|
| Funding | HOME: \$500,000 |
| Description | Funds for Homeownership Development set-aside can be utilized to assist in development of single family homeownership opportunities. The HOME funds can be utilized as construction financing and development subsidy. |
| Target Date | 12/31/2021 |
| Estimate the number and type of families that will benefit from the proposed activities | SDHDA expects to assist up to 5 homebuyers during the year from the Homeownership Development set-aside. |
| Location Description | Funding for the Homeownership Development set-aside is available statewide. |
| Planned Activities | Applications are accepted on a first-come, first-served basis. The homeowner, location, and home design must be identified at the time of application. |

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

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

No

Available Grant Amounts

Not applicable.

Acceptance process of applications

Not applicable.

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

Not applicable.

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 Trust Fund, Housing Tax Credit and ESG programs statewide. The CDBG program is administered in the CDBG service area. There are no Geographic Priorities being established at this time, except for funding set-asides for Indian Reservations under HTF and for rural communities (under 5,000 in population) under the HOME program. 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, financial feasibility of the development and geographic distribution. Scoring criteria dictates 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 10 - Geographic Distribution

Rationale for the priorities for allocating investments geographically

There is currently a set-aside of HTF funding for Indian Reservations; which could be viewed as a geographic priority. The HTF program is targeted to households at or below 30% AMI. With high poverty rates on Indian Reservations, developing housing with HTF allows housing units to be more affordable to existing tenant population.

There is currently a set-aside of HOME funds for development of housing in rural communities (5,000 or less in population). Establishment of the set-aside allows SDHDA to accept applications throughout the year as well as provide opportunity for additional technical assistance and allows applicants to be reactive to situations as they arise in their community.

All other areas of the state are allowed to submit HOME applications during the application cycle with applications due the last working day of July.

Discussion

South Dakota administers the HOME, Housing Trust 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, except for the establishments of funding set asides for Indian Reservations and rural communities (5,000 or less in population). 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, financial feasibility of the development and ensuring geographic distribution of the housing units. 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 | 3,500 |
| Non-Homeless | 425 |
| Special-Needs | 10 |
| Total | 3,935 |

Table 11 - One Year Goals for Affordable Housing by Support Requirement

| One Year Goals for the Number of Households Supported Through | |
|--|-----|
| Rental Assistance | 315 |
| The Production of New Units | 70 |
| Rehab of Existing Units | 70 |
| Acquisition of Existing Units | 20 |
| Total | 475 |

Table 12 - One Year Goals for Affordable Housing by Support Type

Discussion:

Number of households supported and production and financing of the housing units listed above will be provided by ESG, HOME, and Housing Trust Fund.

The one year goals listed above have been reduced based on recent program activity and increased cost of housing and services. The ESG program provided assistance for 3,400 households in 2018, the goal for 2021 is 3,500 which consists of providing overnight shelter, homelessness prevention or rapid rehousing activities. The non-homeless of 600 indicates the households served through rental assistance (security deposit), production of new units, rehabilitation of rental and homeowner occupied units in addition to assisting homeowners acquire housing units and production of 10 units of permanent housing for the homeless/special needs. The 425 units are then further defined in the second chart. The total of 70 units to be rehabbed consists of 20 multifamily units and 50 homeowner units. The number of homeowner units was reduced due to recent program change that allows subrecipients to approve and finance additional rehabilitation costs, ensuring the amount of rehab is adequate but unfortunately also reduces the number of households being assisted.

Reaching the goals for permanent housing for the homeless/special needs is typically the

hardest goal to achieve. HTF designation to serve households at or below 30% AMI and setting aside funds for special needs housing is an attempt to make this goal a reality. SDHDA will continue to work with advocacy groups and service providers to make this a positive program for the targeted populations.

SDHDA also administers HUD 811 funding incentivizing the targeting of housing units for special needs.

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

Introduction:

This is a statewide annual action plan and the local housing authorities are not specifically addressed in this plan. SDHDA does have a good working relationship with public housing and redevelopment commissions and is available to assist as needed. The housing authorities have partnered with SDHDA for development of new rental units as well as renovation activities for housing developments in their portfolio.

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

Public housing authorities are encouraged and eligible to apply for funding to assist with their public housing needs and several public housing authorities have actively utilized SDHDA programs, including HOME funds and Housing Tax Credits. There has been no specific request for assistance from the public housing authorities so no actions are outlined in this Plan to address the needs of public housing.

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

This action will be left up to the local public housing authorities.

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

Based on available information, SDHDA is not aware of any PHA in South Dakota that is designated as troubled.

Discussion:

SDHDA continues to work with the local public housing authorities in addressing housing concerns in their communities. Unfortunately, many housing authorities have limited staff and budgets preventing them from being actively involved in developing new housing opportunities for their community.

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

Introduction

Coordinated effort with the SD Housing for the Homeless Consortium (SDHHC) will continue to provide opportunities to develop additional housing for homeless or those at risk of becoming homeless. Funding of the Housing Trust Fund provides another opportunity to specifically target extremely low-income and homeless populations. The \$3 million in HTF funding is estimated to develop 30 units designated for this income level. HTF funding will be provided upfront at time of development to lower costs thus reducing debt service and allowing the development to collect less rent but still be financially feasible. SDHDA has also set-aside \$600,000 of HTF specifically for the development of special needs/service enriched housing. The HOME and Housing Tax Credit programs continue to have point categories for development of housing for target populations.

Coordinated Entry System has been operational in South Dakota since August 2018. The CES system still encounters challenges and changes but has provided additional awareness in the state regarding housing needs in various communities. Initially families on the CES waitlist had a short waiting period but as rapid re-housing units have become filled, the number of people on the waiting list and time has been increasing. The main reality identified by CES is that there are limited housing opportunities for individuals and unfortunately, they remain on the CES waitlist for a longer time period.

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

South Dakota Housing for the Homeless Consortium (SDHHC) has several avenues to help determine individual needs of those who are homeless. With the Emergency Solutions Grants program, applicants can 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.

August 2018, SDHHC launched the statewide Coordinated Entry System (CES) which incorporates physical access points and a 1-800 call in number. As CES continues to expand, the individual assessments will provide additional information on characteristics and barriers identified by those entering CES as well as service gaps that exist. SDHHC has begun the process of evaluating CES results and characteristics to help determine goals and next steps.

A close relationship has been formed with the Homeless Liaisons in the school districts to help families that need not only educational services for their children but to get families on needed

assistance. A Rapid City School District Homeless Liaison is a member of the CoC Governing Board. A new MOU was created in 2020 with the South Dakota Head Start Association. In addition, the Veteran's Administration has been very proactive with outreach efforts and including focus on Indian Reservations. This process has identified and provided resources to individuals and families who may not otherwise be identified and receiving assistance.

SDHHC has established and supported the Youth Advisory Board (YAB). The goal of the YAB is for the youth to share their experiences and help inform decisions to provide better service. The YAB has been meeting bi-weekly and established protocols including recording minutes and establishing goals. The YAB secured funding in 2020 for one year of monetary stipends for meeting attendance, approved activities, and other associated costs. The YAB has presented at quarterly meetings of the South Dakota Housing for the Homeless Consortium and YAB members have attended and participated in formal committees of the consortium. One YAB goal is to support efforts for the consortiums application for the Youth Homelessness Demonstration Program (YHDP) in 2021. Another YAB goal is for the YAB to provide insight, leadership, and experience for SDHHC by active attendance and participation in SDHHC quarterly meetings.

SDHHC manages the statewide "master" list of individuals (homeless veterans) and completes monthly meetings of the statewide veterans committee to create strategy and promote best practices to address veteran homelessness. SDHHC via the HMIS NOFA was part of a successful HUD and VA pilot project that involved the creation of a platform and system for the integration of VA HOMES data into the SDHHC Homeless Management information System (HMIS). Chronic Homelessness among Veterans in South Dakota is no longer evident, except in brief instances that have been resolved quickly in 2020.

The Policy and Advisory Council (PAC) is the governing board for SD Housing for the Homeless Consortium. Currently the PAC has two members who have previous experiences with homelessness. Their perspective is very valuable to ensure discussion on programs, changes and goals stay relevant for those who we are trying to serve.

For 2021 SDHHC will work with agencies to help identify and provide services to all homeless with special consideration for those who are unsheltered.

Addressing the emergency shelter and transitional housing needs of homeless persons

The majority of South Dakota's emergency shelters are domestic violence shelters. Emergency Shelters for homeless populations, not DV, are located in Sioux Falls, Rapid City, Aberdeen, Eagle Butte, Sisseton, Rosebud, Mission, and Yankton. The South Dakota Housing for the Homeless Consortium (SDHHC) is making it a goal to provide more housing options, whether it is emergency shelter, transitional housing or permanent housing with services. With a Housing First approach, there is a need for more intensive case management for those coming from

emergency shelters or the streets directly into permanent housing.

Pennington County Housing, Lutheran Social Services, SD Department of Social Services and SDHDA continued to work together in partnership to provide housing vouchers to high risk youth exiting foster care. The Foster Youth to Independence (FYI) Program was instrumental in providing youth with much needed housing and services. This partnership also worked in efforts to recruit other Public Housing Authorities in the state for application for this important opportunity. The goal is to expand the FYI to additional communities with identified populations of high risk youth exiting foster care including the communities of Aberdeen and Sioux Falls.

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

The SDHHC works with the Veteran's Administration and the Department of Military and Veteran's affairs to help reduce the number of homeless veterans in South Dakota. HUD-VASH is administered in Sioux Falls and Rapid City. Also, Volunteers of America in Sioux Falls received funding through the VA for the Healthcare for Homeless Veterans grant (HCHV) as well as the Grants and Per Diem program. Cornerstone Rescue Mission in Rapid City administers the Supportive Services for Veterans Families (SSVF) Program provide services statewide.

SDHHC works closely with Volunteers of America, Dakotas and Lutheran Social Services who provide many services, including specialized services for homeless youth in South Dakota. Both organizations are active SDHHC members. . VOA coordinates the SD Runaway Network (SDRN), implements National Safe Place activities, has a 24/7 Crisis line and operates an Independent Living Preparation Program for young adults 6-21, allowing the youth the opportunity to transition out of unsafe environments into independent living on a long-term basis. VOA also administers the VA Grants Per Diem Program partnering with the Sioux Falls VA office.

The Emergency Solutions Grants program is used to provide housing relocation and stabilization services and short- and/or medium term rental assistance as necessary to help homeless individuals or families move as quickly as possible into permanent housing. More domestic violence shelters are making the transition to serve any homeless in their community which is providing more opportunity to quickly house the homeless. In addition, more nonprofit agencies such as community action programs are administering ESG funds, allowing for a broader geographic outreach in many satellite offices in rural communities across South Dakota.

Late 2017, SDHDA funded a program established to assist those considered "difficult to house"

obtain suitable permanent housing. During 2018, SDHDA awarded funds to a nonprofit agency in Sioux Falls to administer the program. As part of this program, the clients must receive rental housing education, case management, obtain employment and apply for mainstream resources as applicable. Additional interest in this program has occurred with communities of Yankton and Rapid City also applying for and receiving funding.

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

The Foster Youth to Independence MOU by SD Department of Social Services, Lutheran Social Services, Pennington County Housing and SDHDA is providing an additional opportunity to provide services for youth transitioning out of foster care. The additional resources in combination with Division of Child Protection Service's defined procedures for the discharge of children from custody/placement will hopefully make the transition easier and more successful. 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 from the program and are provided financial resources and on-going case management to help ensure success upon discharge.

Through Coordinated Entry System (CES), appropriate service providers are involved in the local conversations to assist specific homeless populations. Youth who may not have been involved in foster care are being identified by CES and being referred to agencies who may not have otherwise been identified or previously associated with.

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 5 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).

Emergency Solutions Grants program requires coordination with other targeted homeless services to create a “buffet” of service 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.

Discussion

During 2020 new MOU's were created with the South Dakota Head Start Association and the South Department of Labor with SDHHC. These new formal partnership examples assist the positive momentum and collaboration occurring to address homelessness.

During 2021 SDHHC will further examine results of CES for purposes of better serving the homeless population, apply for HUD's Homeless Youth Demonstration Program and continue to strengthen the relationships across the state. SDHHC will continue to actively support the efforts of the YAB and the development of the leadership potential of youth and of persons with a lived homelessness experience.

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

Introduction:

As barriers to affordable housing arise, SDHDA will review them and determine which course of action is best suited. Being an agency at the state level, many times SDHDA is not aware of obstacles encountered locally. During public meetings the question is asked, what barriers exist, but many times no barriers are presented with the exception of affordability. The common barriers such as high infrastructure costs, high housing cost versus low income and habitability standards can be met through program requirements, additional funding and advocacy.

Tax Increment Financing and the addition of SDHDA's DakotaPlex are two resources available to help address affordability. Additional information regarding the DakotaPlex is discussed in section AP 85 of this 2021 Annual Action Plan and is available on SDHDA's website - www.sdhda.org.

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

The barriers outlined in the 2017 Analysis of Impediments are not focused on public policies. The analysis is a statewide review with a broad focus. Below are action steps SDHDA continues to work on:

Impediment: Discrimination in the housing market -

Action Step:

1. SDHDA review new multifamily construction and rehabilitation projects to ensure compliance with design and construction standards and highlight common concerns identified and provide follow-up information and/or training to the architects and contractors. This is continually completed through SDHDA's architectural review process. Recently SDHDA required a developer to provide additional square footage in the bedroom of a handicap accessible unit to ensure reasonable accommodation. While not mandated by program regulations this change provides better living environment for future tenants.
2. Evaluate whether a training on reasonable accommodation is necessary. As SDHDA Construction Management Officer reviews architectural plans and construction sites, concerns are noted and follow up information and resources are provided as necessary.

Impediment: Difficulties in home purchase market

Action Step:

1. Provide fair housing training at banker's training/meeting. In 2021 SDHDA will once again provide several opportunities in various communities for the general public and partner agencies to attend free fair housing training. SDHDA continues to also provide a toll-free number that anyone can call for Fair Housing questions and guidance.
2. Expand homebuyer education among Native CDFIs (Community Development Financial Institution). SDHDA now partners with 14 different agencies providing homebuyer education. In addition, rental education was also incorporated in several of the organizations.

Impediment: Lack of available housing units

Action Step:

1. Document the need for continued support of federal financing programs. In addition,

documentation of need is utilized for support of state funding as well.

2. Create and document success stories for program support and "best practices" for fellow developers.
3. Evaluate current SDHDA financing programs for effectiveness for both rental and homeownership and make changes in allocation plans as necessary.
4. Create opportunity for additional development of housing in rural areas and for special needs/service enriched housing.

Impediment: Lack of education

Action Step:

1. Provide more training opportunities and/or resources for developer capacity building, understanding financing resources, habitability standards and code enforcement, renter's education, fair housing, and understanding of benefits of affordable housing in communities.

Impediment: Tenant selection criteria

Action Step:

1. Work with landlords and management companies to expand housing opportunities for those deemed as "hard to house".
2. Create and implement a landlord risk mitigation program.
3. Create policy and procedures regarding limited English proficiency

Discussion:

SDHDA will continue to work with developers, service agencies, communities, contractors, and other partners to address barriers as they arise taking into consideration that the additional action steps should not themselves become barriers.

AP-85 Other Actions – 91.320(j)

Introduction:

Housing and community development is a broad spectrum when addressing the need of housing units to expanding economic opportunities for low-income households and addressing homelessness. SDHDA will continue to address identified needs and partner with agencies to

make progress towards adequate housing and economic sufficiency.

Actions planned to address obstacles to meeting underserved needs

To address obstacles of those underserved, a coordinated effort must take place at the state and local level among many agencies such as housing, labor, education, human services, social services, economic development and tribal relations. SDHDA's involvement with statewide councils and coalitions provides us the opportunity to learn of and understand obstacles that arise. Many times action steps planned can only be to involve other parties who may be more relevant to address the issue at hand. Utilizing competitive scoring and providing additional funding opportunities such as the Housing Trust Fund are actions steps that can help address needs.

SDHDA has introduced the DakotaPlex which is a spin off from the Governor's House Program. The housing units are constructed in Springfield at the Mike Durfee State Prison allowing for lower selling price based on lower construction costs. The DakotaPlex can be utilized in rural communities of population of 5,000 or less. The housing units can be configured as a duplex, triplex or quadplex consisting of one, two or three bedroom units. By utilizing the DakotaPlex for multifamily rental, there are no income restrictions for the tenants, however, there is a limitation on the rent that can be charged which correlates to 70% of the South Dakota Median Income. DakotaPlex housing can be purchased and developed by for-profit developers, non-profit developers or community development groups.

Currently the delivered price of the housing units is \$56,700 for one bedroom, \$61,700 for two bedroom and \$68,700 for three-bedroom units. The purpose of the DakotaPlex is to provide multifamily housing options in communities that often are unable to attract a housing developer. The development cost is feasible for the available market rents in the rural communities. The housing units are delivered to site and include flooring, cabinets, and appliances reducing the cost, time and effort, that normally exist with housing development. To date, five DakotaPlexes have been developed and another sixteen are on order.

Actions planned to foster and maintain affordable housing

HOME, Housing Trust Fund, Housing Tax Credits, bond financing and other funding sources such as Housing Opportunity Funds and Community Housing Development Program will continue to be utilized to foster and maintain affordable housing by offering opportunities to finance new construction, acquisition and rehabilitation, and sometimes the refinancing. SDHDA continues to fund the Housing Needs Study Program which financing assists communities under population of 10,000 to pay for a housing needs study. This program has provided much greater awareness of what is affordable housing and its importance in economic sustainability of communities. This awareness has also brought additional needs to be addressed such as appraisal issues in rural communities, financing the feasibility of new construction with service industry wages, increasing or updating local infrastructure, among other needs. The public participation process provides great insight into the local and current

needs and helps address the focus of the housing programs.

Ability to provide rental housing development workshops, host sessions at SDHDA's annual conference and provide technical assistance by SDHDA staff provide opportunities to foster and maintain relationships, capacity and renewed interest in meeting the affordable housing demands of the local communities.

Actions planned to reduce lead-based paint hazards

All properties financed with HOME, Housing Trust Fund and ESG funds must meet the lead-based paint standards. 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 that awards using HOME funds are in compliance. To encourage compliance with this requirement, up to \$2,000 per unit of HOME funds awarded toward the encapsulation, abatement, or stabilization of Lead Based Paint and the corresponding inspection costs will be considered as grant funds and will not be required to be repaid. These costs must be pre-approved by SDHDA.

Actions planned to reduce the number of poverty-level families

Use of CDBG funds for workforce training will provide additional opportunities for families to enhance their financial situation. SDHHC will continue to work with Department of Labor to ensure service providers are aware of employment programs and opportunities to assist the homeless and those at risk of homelessness in accessing education and resources to help them obtain self-sufficiency.

Actions planned to develop institutional structure

As communities become aware of housing needs there is a desire for them to learn how to address their need. SDHDA has provided trainings to assist nonprofit organizations, communities, and individuals in different aspects of developing housing such as site selection, marketing, construction and operating budgets. More specific trainings and meetings will continue to address this need as well as providing opportunities during the annual housing conference. We will also offer additional resources and training during the SDHDA annual housing conference in October.

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

Enhancing partnerships through meetings, workshops, etc. will enhance coordination between these agencies. The benefits of a small rural state is that agencies are many time aware of and work in conjunction with other agencies. There is little or no hesitation to meet with others to address and hopefully resolve issues. SDHDA has many roles that allows involvement with

other organizations and the ability to coordinate.

SDHDA is a member of several trade organizations and committees that increase the opportunity to coordinate efforts. At the state government level, SDHDA's Director of Rental Housing Development participates on the SD Behavioral Health Advisory Council. SDHDA's Director of Rental Housing Management participates on the State Independent Living Council 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), National Council of State Housing Agencies (NCSHA), and Council of State Community Development Agencies (COSCEDA) 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.

SDHDA has also executed a Memorandum of Understanding with the SD Department of Human Services and the Department of Social Services to consult regarding acceptable and accessible housing options. SDHDA has good working relationships with many public housing and redevelopment commissions across the state and work continues to enhance that relationship with every housing authority.

Besides sharing of information, currently there are no specific action plans for 2021.

Program Specific Requirements

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

Introduction:

The housing programs of HOME, HTF, ESG, HTC, HOF and CHDP have their own respective allocation or administrative plan that thoroughly details the program requirements, application process, scoring criteria and other pertinent information. Individuals and agencies interested in applying for funding should review the allocation or administrative plan for more program details.

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 2021, SDHDA will receive \$3,000,000 in HOME funds to be used with an estimated \$2,713,299 of program income, and \$1,500,000 of remaining HOME funds for new construction, rehabilitation, and site development of owner occupied properties and lease/purchase properties and homebuyer assistance and 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 percentage set asides:

CHDOs - 15%

Homeowner Rehab - \$1,000,000

Homebuyer Assistance Program - \$200,000

Security Deposit Assistance Program - \$200,000

Difficult to Develop - \$500,000

Rural Housing Development - \$1,000,000

Homeownership Development - \$500,000

Homeowner Rehabilitation funds have been set aside for the rehabilitation of single family owner occupied properties, with a maximum grant amount of \$200,000 per sub recipient per year. The Homebuyer Assistance Program offers gap financing, up to \$25,000 as a deferred loan, to qualified households who are unable to obtain 100% financing for single family home purchase. Security Deposit Assistance Program funds are set aside for the purpose of providing security deposits to qualified families and individuals. Difficult to Develop is grant financing for housing developments that by their nature due to size of project, location, or target population need grant financing to be feasible. Rural housing development set-aside allows housing developments in communities of 5,000 or less in population to apply for HOME set-aside throughout the year, allowing less competition and more technical assistance from SDHDA staff. Homeownership development set-aside can be utilized by non-profit organizations assisting individual in financing the construction of a single family residence. HOME funds will be used as construction financing to be repaid once the home is occupied and permanent financing is provided.

HOME funds will be leveraged with other funding sources such as housing tax credit equity, 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. For projects combining 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 the cost allocation requirements outlined in HUD CPD Notice15-11, dated December 22, 2015. SDHDA certifies that it will not invest any more HOME funds in combination with other governmental assistance than is necessary to provide affordable housing.

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:

Homebuyers assisted under SDHDA Programs will be required to adhere to the following recapture or resale guidelines.

- i. Recapture: For HOME projects that utilize funds as homebuyer assistance, the following recapture requirements apply. If the house is sold (voluntary or involuntary), or is no longer used as a principal residence, prior to the end of the affordability period, SDHDA will recapture the entire amount of the funds provided to the homebuyer, or at minimum, net sale proceeds. Net sale proceeds is the sales price minus the first mortgage repayment and closing costs.

- ii. Resale: For HOME projects that utilize HOME funds as a development subsidy, the following resale requirements apply:

- a. The housing must remain affordable to low-income homebuyers for the period of affordability per Section III.C. of the HOME Program Allocation Plan starting at the date of initial purchase. The purchaser's household income must be at or below 80 percent (80%) of AMI as defined by the IRS Form 1040 Adjusted Gross Income definition for annual (gross) income and the purchaser must occupy the property as the purchaser's principal residence.

- b. The initial or subsequent buyer agrees to notify SDHDA in writing of any sale, transfer, or exchanged of the entire property, or any portion thereof.

- c. The percentage of the purchaser's household 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 PITI must be 31 percent or less of the purchaser's household income.

- d. If the property is sold during the HOME program affordability period, the initial and subsequent owner of the property is entitled to receive a fair return on investment. Fair return on investment shall be defined as a sale price no greater than the increase or decrease in the value of the property based the Federal Housing Finance Agency's House Price Index (HPI). Any increase or decrease in the HPI during the time the owner owns the home shall be added or subtracted from the original sales price at the time of the initial or subsequent sale. SDHDA will use the calculator at <https://www.fhfa.gov/DataTools/Tools/Pages/HPI-Calculator.aspx> to determine the maximum allowable sale price for a subsequent purchase.

- e. Capital improvements made to the home by the owner will also be factored in when determining the base price to apply the HPI index to. Major renovations or remodels can add 60% of the cost of renovations to the base price. Any additions adding to the square footage of the home or additional accessory structures such as a detached garage, storage shed,

fence, etc. can add 100% of the cost to the base price. The owner will be responsible for providing documentation of the costs incurred if they wish to include the capital improvement in their base price. The increase or decrease in the HPI should then be added to the base price to determine the maximum sales price allowable for a subsequent purchase.

f. If a subsequent low-income buyer is unable to afford the established resale price, SDHDA may provide additional assistance to that buyer. If this takes place, the maximum allowable sale price may not be adjusted accordingly. SDHDA reserves the right to deny purchase to a subsequent buyer if it deems the additional assistance excessive. Excessive assistance shall be defined as in excess of \$25,000 needed to make the purchase affordable. If additional HOME assistance is required, the affordability period will be adjusted accordingly based on the affordability table found in the HOME Allocation Plan at <https://www.sdhda.org/images/docu/housing-development/2020-21-HOME-Allocation-Plan-Final.pdf>.

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:

Homebuyers assisted under SDHDA Programs will be required to adhere to the following recapture or resale guidelines.

- i. Recapture: For HOME projects that utilize funds as homebuyer assistance, the following recapture requirements apply. If the house is sold (voluntary or involuntary), or is no longer used as a principal residence, prior to the end of the affordability period, SDHDA will recapture the entire amount of the funds provided to the homebuyer, or at minimum, net sale proceeds. Net sale proceeds is the sales price minus the first mortgage repayment and closing costs.

- ii. Resale: For HOME projects that utilize HOME funds as a development subsidy, the following resale requirements apply:

- a. The housing must remain affordable to low-income homebuyers for the period of affordability per Section III.C. of the HOME Program Allocation Plan starting at the date of initial purchase. The purchaser's household income must be at or below 80 percent (80%) of AMI as defined by the IRS Form 1040 Adjusted Gross Income definition for annual (gross) income and the purchaser must occupy the property as the purchaser's principal residence.

- b. The initial or subsequent buyer agrees to notify SDHDA in writing of any sale, transfer, or exchanged of the entire property, or any portion thereof.

- c. The percentage of the purchaser's household 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 PITI must be 31 percent or less of the purchaser's household income.

d. If the property is sold during the HOME program affordability period, the initial and subsequent owner of the property is entitled to receive a fair return on investment. Fair return on investment shall be defined as a sale price no greater than the increase or decrease in the value of the property based the Federal Housing Finance Agency's House Price Index (HPI). Any increase or decrease in the HPI during the time the owner owns the home shall be added or subtracted from the original sales price at the time of the initial or subsequent sale. SDHDA will use the calculator at

<https://www.fhfa.gov/DataTools/Tools/Pages/HPI-Calculator.aspx> to determine the maximum allowable sale price for a subsequent purchase.

e. Capital improvements made to the home by the owner will also be factored in when determining the base price to apply the HPI index to. Major renovations or remodels can add 60% of the cost of renovations to the base price. Any additions adding to the square footage of the home or additional accessory structures such as a detached garage, storage shed, fence, etc. can add 100% of the cost to the base price. The owner will be responsible for providing documentation of the costs incurred if they wish to include the capital improvement in their base price. The increase or decrease in the HPI should then be added to the base price to determine the maximum sales price allowable for a subsequent purchase.

f. If a subsequent low-income buyer is unable to afford the established resale price, SDHDA may provide additional assistance to that buyer. If this takes place, the maximum allowable sale price may not be adjusted accordingly. SDHDA reserves the right to deny purchase to a subsequent buyer if it deems the additional assistance excessive. Excessive assistance shall be defined as in excess of \$25,000 needed to make the purchase affordable. If additional HOME assistance is required, the affordability period will be adjusted accordingly based on the affordability table found in the HOME Allocation Plan at <https://www.sdhda.org/images/docu/housing-development/2020-21-HOME-Allocation-Plan-Final.pdf>.

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:

Acquisition and Refinancing of Rental Properties. 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:

1. 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.

2. 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.

3. 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.

4. 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.

5. 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.

6. The term of the HOME loan will not exceed the expected remaining useful life of the property.

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

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

For 2021, 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.

Each recipient will be required to match its ESG award with an equal amount of funds received from sources other than this program. SDHDA can 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 need, the State recipient's demonstrated ability to comply with Federal requirements, the completeness of the application and the amount of funds available for distribution. A committee of State employees will review the applications and make awards based on the expansion of homeless assistance provided, whether it is the number of additional homeless persons served or the amount of additional services provided. Consideration will also be given to the applicant's efforts at helping the homeless make the transition to permanent accommodations. 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 CES system continues to serve households experiencing homelessness with state wide

access through a toll free call in number operated by the Helpline Center and a physical access point in all four regions of the state. The CES system collaboration includes collaboration with 39 provider agencies statewide including CoC and non CoC membership, local government, faith and non profit entities.

All individuals accessing CES are assessed utilizing the VISPDAT and all information is gathered in HMIS. Housing options are then identified for the different homeless subpopulations. Households that are identified as being eligible for veteran's services or are victims of domestic violence are typically diverted out of CES and receive direct services and assistance from the appropriate agencies.

793 households from 25 South Dakota counties accessed the CES system between January 1, 2020 and December 31, 2020.

41 households (5%) accessed the system more than once during the year. 416 (52%) were households with children, 112 (12%) were chronically homeless households and 461 (58%) identified a disabling condition as a barrier.

The average length of enrollment was 52 days with 345 households (53%) exiting to permanent housing solutions. 454 households (57%) had heads of household that identified as Native American, Black or multiracial.

As of December 31, 2020 there were 118 active enrollments in Coordinated Entry.

More information on CES including the policy and procedure manual can be found on www.housingforthehomeless.org website.

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).

There are Key Applicant Eligibility factors in which to be eligible to apply for ESG funds:

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; and
6. Must be a member of the Housing for the Homeless Consortium.

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, grants will be awarded based upon the need for the

funding; plan for distribution of the funds in an effective and efficient manner; and collaboration efforts with other agencies

A committee of state employees, who work with or have some knowledge of homeless programs, will review the applications along with SDHDA staff and SDHHC PAC members. 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, SDHDA and 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.

All agencies applying for ESG funds must respond to this question as part of the application form. Several agencies currently have formerly homeless individuals as members of their governing boards. Other agencies indicate their willingness to consult with homeless or formerly homeless individuals.

South Dakota Housing for the Homeless Consortium (SDHHC) currently has a governing board member who is formerly homeless. Discussions with the SDHHC governing board are to increase the number of homeless or formerly homeless individuals in addition to the creation of a youth action team consisting of homeless or formerly homeless youth. The SDHHC governing board assists in selection of ESG recipients.

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.

**Housing Trust Fund (HTF)
Reference 24 CFR 91.320(k)(5)**

1. How will the grantee distribute its HTF funds? Select all that apply:

Applications submitted by eligible recipients

2. If distributing HTF funds through grants to subgrantees, describe the method for distributing HTF funds through grants to subgrantees and how those funds will be made available to state agencies and/or units of general local government. If not distributing funds through grants to subgrantees, enter "N/A".

Not applicable.

3. If distributing HTF funds by selecting applications submitted by eligible recipients,

a. Describe the eligibility requirements for recipients of HTF funds (as defined in 24 CFR § 93.2). If not distributing funds by selecting applications submitted by eligible recipients, enter "N/A".

Eligible applicants must meet the requirements of 24 CFR 93.2 under the definition of Recipient. Recipient means an organization, agency, or other entity (including a public housing agency, a for-profit entity, or a non-profit entity). A recipient must meet the following qualifications:

a. Make acceptable assurances to SDHDA that it will comply with the requirements of the HTF Program during the entire period that begins upon selection of the recipient to receive HTF funds, and ending upon the conclusion of all HTF-funded activities;

b. Demonstrate the ability and financial capacity to undertake, comply, and manage the eligible activity;

c. Demonstrate its familiarity with the requirements of other Federal, State, or local housing programs that may be used in conjunction with HTF funds to ensure compliance with all applicable requirements and regulations of such programs; and

d. Have demonstrated experience and capacity to conduct an eligible HTF activity as evidenced by its ability to own, construct, or rehabilitate, and manage and operate an affordable housing development.

At this time, SDHDA will administer the HTF program and will not utilize subgrantees (unit of local government or state agency).

Application Eligibility

SDHDA will only process applications that it determines are:

Consistent with the purposes and goals of this Plan;

1. Proposing an eligible activity;
1. Financially feasible.

Applications must contain a description of the eligible activities to be assisted with the HTF funds (as provided in 24 CFR 93.200) and a certification by the applicant indicating that each housing unit assisted with the HTF will comply with HTF requirements and be occupied by eligible households.

SDHDA may reject applications that are incomplete or that contain incomplete or inaccurate information. This determination may be made at initial review or at any time during processing of the application.

All applicants agree to abide by HTF program requirements.

b. Describe the grantee's application requirements for eligible recipients to apply for HTF funds. If not distributing funds by selecting applications submitted by eligible recipients, enter "N/A".

Applications must be submitted on the SDHDA HOME/Housing Tax Credit/HTF Application Form, signed by at least one general partner and include the following.

Local housing needs assessment completed within six (6) months of submission; Project narrative; Copy of letter sent to the chief executive officer of the local governing body; Utility allowance calculation and supporting documentation; Pro Forma evidencing 1.15 debt coverage ratio for the affordability period and term of HTF loan; Three years of annual financial statements from the owner, developer, and general partner; Calculation and documentation of annual operating expenses.; Attorney's opinion stating the applicant and development team members are in good standing; Evidence of site control; Proposed project site plan and typical floor plan; Documentation project site is properly zoned and current project's plat; Letters of notification to local housing authority outlining the type and number of units and the exact location of the proposed project; If the applicant is a nonprofit, a description of the

organization and its activities; To obtain available points, applicants must submit local area map indicating other assisted housing, proximity to services; a completed Exhibit 4 signed by the Applicant and Architect; documentation of financial support; documentation of applicant characteristics; a letter of intent from the service provider detailing services being provided; and letter indicating housing is serving households with children; Letter of intent for construction, interim, and permanent financing; Acq./rehab projects built before 1978, signed Lead-Based Paint Disclosure of Information; Acq./rehab project must submit a relocation plan and budget; three years historical financials; a detailed description of the rehabilitation for exterior and by apartment unit; If applicable, copy of the Concerted Community Revitalization Plan and evidence the housing is or will be located within the associated qualified census tract; Documentation of utility availability and capacity at site (i.e. water, sewer, electric, natural gas); Copy of Consultant Agreement if applicable.

c. Describe the selection criteria that the grantee will use to select applications submitted by eligible recipients. If not distributing funds by selecting applications submitted by eligible recipients, enter "N/A".

Local Housing Needs up to 150 points

Extended Affordability Period - 30 points

Construction Type up to 70 points - size, characteristics, type of project

Concerted Community Revitalization up to 20 points for projects in QCT and part of CCR plan

Mixed Income up to 30 points for incorporating market rate housing units

Financial support up to 20 points

Applicant Characteristics up to 40 points

Service Enriched Housing up to 40 points

Leveraging of Funds up to 30 points

Percentage of soft costs up to 30 points.

Project location near services and areas of opportunity up to 40 points.

Serving households with children - 10 points.

Public Housing Notification - 10 points.

Promise Zone Designation - 20 points.

Readiness to Proceed up to 150 points.

Development Characteristics up to 200 points.

d. Describe the grantee's required priority for funding based on geographic diversity (as defined by the grantee in the consolidated plan). If not distributing funds by selecting applications submitted by eligible recipients, enter "N/A".

There is a set-aside of \$600,000 for projects located on Indian Reservations and 20 points awarded to Promise Zone Designations. Besides these two items there are no geographical preference or priority.

As stated in the HTF Allocation Plan, SDHDA will focus on specific purposes and goals, one of which is the following: Assist in the construction or preservation of decent, safe, sanitary, and affordable housing in the areas of greatest demonstrated need in the community and in the

State, ensuring distribution, both urban and rural, where and when possible, taking into consideration the historical significance of the property and area, the current housing market, and the prospects for future demand.

Competitive points are also provided for demonstrated housing need. Communities that have one or more housing developments under construction or in lease-up phase may receive zero points for housing need. In addition, the allocation plan states geographic distribution is a goal within the housing trust fund program. These items help to ensure geographic distribution of funds.

e. Describe the grantee's required priority for funding based on the applicant's ability to obligate HTF funds and undertake eligible activities in a timely manner. If not distributing funds by selecting applications submitted by eligible recipients, enter "N/A".

Within the point categories there are several items that are focused on the applicant's ability to obligate HTF funds and undertake eligible activities in a timely manner. Under Applicant Characteristics, the applicant can receive points by documenting prior housing development experience. Under Readiness to Proceed, SDHDA will award up to 150 points for projects that are able to demonstrate readiness to proceed. The items included within readiness to proceed are: architectural plan and specs more than 50 percent complete, having site control, commitment of construction financing, availability of utilities to the site, and the property is properly zoned and platted.

In addition, the following disclaimers are outlined in the HTF allocation plan -

SDHDA reserves the right to reserve and allocate HTF funds to any project. Further SDHDA reserves the right to deny HTF funds for any project, regardless of ranking under the project selection criteria, if it determines, in its sole discretion, the project is unacceptable based on, but not limited to, the following:

- a. comments from officials of local governmental jurisdictions,
- b. information indicating that a particular market is saturated with affordable housing projects,
- c. likelihood that the project may not comply with HTF program requirements in a timely manner,
- d. applicant's (including any related party's) lack of prior experience or unacceptable performance related to project reservations, construction, and compliance with housing assistance or other government-sponsored programs, regardless of type and location,

or

e. desirability of site based on SDHDA inspection.

f. Describe the grantee's required priority for funding based on the extent to which the rental project has Federal, State, or local project-based rental assistance so that rents are affordable to extremely low-income families. If not distributing funds by selecting applications submitted by eligible recipients, enter "N/A".

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

g. Describe the grantee's required priority for funding based on the financial feasibility of the project beyond the required 30-year period. If not distributing funds by selecting applications submitted by eligible recipients, enter "N/A".

Per the HTF allocation plan, the applicant must submit a pro forma as described below.

Pro Forma / Debt Service Coverage Ratio: Pro formas submitted must reflect a debt service coverage ratio of not less than 1.15 for the entire affordability period. Compensating factors such as developer's experience, types of financing utilized and financial strength of the applicant/owner may vary this requirement. The debt coverage ratio is the net operating income to the total annual debt service. Furthermore, the application must reflect that rental income, any subsidies and reserve funds are sufficient to cover the property's debt and operating expenses over the period of affordability. Annually, income will be trended at two percent, expenses and replacement reserves will be trended at three percent, and vacancy will be projected at seven percent. A higher vacancy rate may be used for an acquisition/rehabilitation project if the project is currently sustaining higher vacancies and it is not reasonable to expect the project to achieve a seven percent vacancy rate within the first year. Balloon loan repayments will not be allowed.

SDHDA will not process any application that is not financially feasible.

h. Describe the grantee's required priority for funding based on the merits of the application in meeting the priority housing needs of the grantee (such as housing that is accessible to transit or employment centers, housing that includes green building and sustainable development

features, or housing that serves special needs populations). If not distributing funds by selecting applications submitted by eligible recipients, enter "N/A".

Local Housing Needs up to 150 points

Extended Affordability Period - 30 points

Construction Type up to 70 points - size, characteristics, type of project

Concerted Community Revitalization up to 20 points for projects in QCT and part of CCR plan

Mixed Income up to 30 points for incorporating market rate housing units

Financial support up to 20 points

Leveraging of funds up to 30 points

Percentage of soft costs up to 30 points.

Project location near services and areas of opportunity up to 40 points.

Serving households with children - 10 points.

Public Housing Notification - 10 points.

Promise Zone Designation - 20 points.

Readiness to Proceed up to 150 points.

Applicant Characteristics up to 40 points for demonstrated housing experience, woman or minority-owned business, and/or equity contribution in excess of 10 percent.

Service Enriched Housing up to 40 points for on-site services to tenants.

Development Characteristics up to 200 points.

i. Describe the grantee's required priority for funding based on the extent to which the application makes use of non-federal funding sources. If not distributing funds by selecting applications submitted by eligible recipients, enter "N/A".

Per the selection criteria, applicants are awarded points for utilizing other financial resources

and for leverage of federal funds. The excerpts are below.

Financial Support (Maximum 20 points) - Proposals containing financial support in cash or in-kind services that assist with greater affordability are eligible to receive up to 20 points.

Leveraging (Maximum 30 points)

The owner will be required to provide a minimum of 10 percent of the total project cost as equity in the project. SDHDA will award up to 50 points if HTF funds are leveraged against other financial resources used to cover costs allocated to the HTF assisted units as follows (note that points will not be awarded for funds utilized to finance market rate units):

| <u>Points</u> | <u>HTF Funds per HTF assisted unit</u> |
|---------------|--|
| 30 | \$0 to \$39,999 |
| 20 | \$40,000 to \$49,999 |
| 10 | \$50,000 to \$59,999 |

4. Does the grantee's application require the applicant to include a description of the eligible activities to be conducted with HTF funds? If not distributing funds by selecting applications submitted by eligible recipients, select "N/A".

Yes

5. Does the grantee's application require that each eligible recipient certify that housing units assisted with HTF funds will comply with HTF requirements? If not distributing funds by selecting applications submitted by eligible recipients, select "N/A".

Yes

6. Performance Goals and Benchmarks. The grantee has met the requirement to provide for performance goals and benchmarks against which the grantee will measure its progress, consistent with the grantee's goals established under 24 CFR 91.315(b)(2), by including HTF in its housing goals in the housing table on the SP-45 Goals and AP-20 Annual Goals and Objectives screens.

Yes

7. Maximum Per-unit Development Subsidy Amount for Housing Assisted with HTF Funds. Enter or attach the grantee's maximum per-unit development subsidy limits for housing assisted with HTF funds.

The limits must be adjusted for the number of bedrooms and the geographic location of the project. The limits must also be reasonable and based on actual costs of developing non-luxury housing in the area.

If the grantee will use existing limits developed for other federal programs such as the Low Income Housing Tax Credit (LIHTC) per unit cost limits, HOME's maximum per-unit subsidy amounts, and/or Public Housing Development Cost Limits (TDCs), it must include a description of how the HTF maximum per-unit development subsidy limits were established or a description of how existing limits developed for another program and being adopted for HTF meet the HTF requirements specified above.

2020-2021 subsidy amounts are outlined in Exhibit 6 of the HTC Allocation plan. Exhibit 6 is attached.

8. Rehabilitation Standards. The grantee must establish rehabilitation standards for all HTF-assisted housing rehabilitation activities that set forth the requirements that the housing must meet upon project completion. The grantee's description of its standards must be in sufficient detail to determine the required rehabilitation work including methods and materials. The standards may refer to applicable codes or they may establish requirements that exceed the minimum requirements of the codes. The grantee must attach its rehabilitation standards below.

In addition, the rehabilitation standards must address each of the following: health and safety; major systems; lead-based paint; accessibility; disaster mitigation (where relevant); state and local codes, ordinances, and zoning requirements; Uniform Physical Condition Standards; and Capital Needs Assessments (if applicable).

SDHDA has separate rehabilitation standards that are attached to this document.

9. Resale or Recapture Guidelines. Below, the grantee must enter (or attach) a description of the guidelines that will be used for resale or recapture of HTF funds when used to assist first-time homebuyers. If the grantee will not use HTF funds to assist first-time homebuyers, enter "N/A".

Not applicable.

10. HTF Affordable Homeownership Limits. If the grantee intends to use HTF funds for homebuyer assistance and does not use the HTF affordable homeownership limits for the area provided by HUD, it must determine 95 percent of the median area purchase price and set forth the information in accordance with §93.305. If the grantee will not use HTF funds to assist first-time homebuyers, enter "N/A".

Any limitation or preference must not violate nondiscrimination requirements in § 93.350, and the grantee must not limit or give preferences to students. The grantee may permit rental

housing owners to limit tenants or give a preference in accordance with § 93.303(d)(3) only if such limitation or preference is described in the action plan.

Annually, SDHDA sets aside \$600,000 in HTF funds for housing development on Indian Reservations and \$600,000 for housing for special needs populations. No preferences or limitations will be implemented in addition to the set-asides.

12. Refinancing of Existing Debt. Enter or attach the grantee's refinancing guidelines below. The guidelines describe the conditions under which the grantee will refinance existing debt. The grantee's refinancing guidelines must, at minimum, demonstrate that rehabilitation is the primary eligible activity and ensure that this requirement is met by establishing a minimum level of rehabilitation per unit or a required ratio between rehabilitation and refinancing. If the grantee will not refinance existing debt, enter "N/A."

Per the HTF allocation plan - for refinancing with rehabilitation projects, under no circumstances can HTF funds be used to refinance multifamily loans made or insured by any federal program, including Community Development Block Grant (CDBG) and HOME. Refinancing is only allowed if necessary to reduce the overall housing costs and to make the housing more affordable and proportional to the number of HTF-assisted units in the rental project. Refinance of existing debt must comply with requirements of 24 CFR 91.320 (k)(5)(viii) and 93.201(b). The proportional rehabilitation cost must be greater than the proportional amount of debt that is refinanced. Additionally, the affordability must be expanded by adding to the affordability period and/or adding additional affordable units.