

# LOOKING TO 2005 AND BEYOND

## 2004 ANNUAL REPORT



## 2010 INITIATIVE

In support of our State's 2010 Initiative Goal 4 to "Brand and Develop South Dakota's Quality of Life as the Best in America by 2010," SDHDA is committed to "stimulate affordable homeownership, rental housing, and day care facilities in South Dakota communities which evidence a need," by pursuing the following:

- Collaborate with our partners to secure and invest \$2 billion in private and public capital to provide for affordable owner occupied housing, rental housing, and daycare facilities.
- Expand existing partnerships, programs, and services to provide homeownership and rental development opportunities and federal subsidies to the state's very low to moderate income individuals and families, including working residents, the elderly, and persons with disabilities.
- Create service-enriched housing opportunities for the at-risk and homeless populations and support the Housing for the Homeless Consortium in its efforts to develop a seamless continuum of care system to address the needs of the homeless and at-risk populations, and continue efforts to end chronic homelessness in ten years .
- Improve upon the coordination, promotion, and marketing of SDHDA programs, and capabilities to better serve our partners, individuals, and families in South Dakota.
- Support investment of private capital to provide leverage for tribal initiatives which increase homeownership on the reservations.
- Uphold the 2010 Initiative and SDHDA's Goals and Work Plan as a work in progress.

For additional information and a complete breakdown of our tactics, action steps, and accomplishments of the 2010 Initiative, visit SDHDA's website at [www.sdhda.org](http://www.sdhda.org).

The 2010 Initiative continues to be a work in progress and cannot be accomplished without your participation. Your comments and suggestions are always welcome.





## To the Governor and Members of the Legislature:

On behalf of the Board of Commissioners and as we continue “Building a Better Quality of Life” in South Dakota, we are pleased to present the Authority’s Fiscal Year 2004 Highlights.

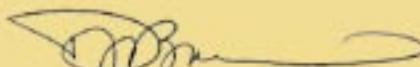
The State’s 2010 Initiative has become the major focus of our business plan and our tasks as we work to finance, build, and preserve affordable housing to support areas of economic development and respond to the needs of communities throughout the State.

In working toward those goals, the Authority helped finance more than \$290 million in affordable homeownership and rental opportunities this past fiscal year. We have expanded our communication efforts to ensure that community leaders and eligible individuals and families are aware of the programs we offer. We remain focused on affordable homeownership, preservation of affordable rental housing, and ending homelessness in South Dakota.

As a self-supporting entity, which is allocated no State tax dollars, the Authority continues to maintain a strong financial position to ensure both the most favorable financing rates and the ongoing availability of affordable housing finance programs for the future.

We look forward to continuing to work with you, along with our many other partners, to support the visions for a strong South Dakota and to provide affordable housing opportunities for the residents of our State.

  
Bob Sutton  
Chairman of the Board

  
Darlys J. Baum  
Executive Director



## HOMEOWNERSHIP

SDHDA is dedicated to affordable homeownership by offering low and moderate income families below market mortgage interest rates and a variety of downpayment assistance programs.

The FIRST-TIME HOMEBUYER PROGRAM, SDHDA's primary homeownership program, offers a mortgage interest rate well below the market rate. The program may be used in conjunction with FHA/VA or Rural Development programs.

The MORTGAGE ASSISTANCE PROGRAM (MAP) offers First-time Homebuyers a loan to cover down payment and closing costs. The program offers two rates, depending on income. Borrowers can utilize up to \$6,000 depending on qualifications.

The EMPLOYER MORTGAGE ASSISTANCE PROGRAM (EMAP) offers downpayment loans to employees of participating companies. Income guidelines apply. The program offers a blended interest rate from 3.5% to 5%.

The LOAN ASSISTANCE PROGRAM (LAP) provides downpayment, closing cost, and gap financing for First-time Homebuyers. Loans range from 5 to 10 years in amounts from \$2,000 to \$10,000.

The GOVERNOR'S HOUSE program provides energy efficient homes for sale to income-qualified South Dakota families and individuals. The homes, built with inmate labor, provide modest, affordable housing stock while training prison inmates valuable skills, giving them better opportunities upon release.

The COMMUNITY HOME IMPROVEMENT PROGRAM (CHIP) offers low interest loans for the improvement, repair, or addition to the eligible borrowers' present single family homes. Income guidelines vary by county, and interest rates vary by income.

## FISCAL YEAR ACHIEVEMENTS

- 2,457 First-time Homebuyer loans were purchased, totaling more than \$221.5 million.
- 735 of those received downpayment assistance totaling over \$1.2 million, including 43 Employer Mortgage Assistance Program loans totaling \$127,950 and 27 Loan Assistance Program loans totaling \$87,500 in 2004.
- 205 homeowners received \$1.8 million in home improvement assistance through funds leveraged with private lenders to help rehabilitate their existing housing.
- 118 income-qualified families and individuals purchased Governor's Houses.



## DEVELOPMENT AND PRESERVATION

A primary goal of SDHDA is to ensure an adequate supply of decent, safe, and affordable rental housing for those who need it. SDHDA's efforts include the production of new units and the preservation of existing stock.

### DEVELOPMENT

The HOUSING TAX CREDIT program and the HOME program provide financing options which make it feasible for developers to construct or rehabilitate affordable single or multifamily housing for low and moderate income families and individuals.

MULTIFAMILY BOND FINANCING provides construction and permanent financing through the sale of tax-exempt or taxable revenue bonds.

### PRESERVATION

SDHDA continues to prioritize preservation by participating in HUD's Mark-to-Market program to keep Section 8 properties in the affordable housing market.

As administrator of HUD's project-based Section 8 Housing Assistance Program (HAP) contracts, SDHDA is responsible for reviewing the condition of rental properties, conducting annual reviews of management and occupancy, and paying monthly rental assistance on behalf of very-low income renters.

## FISCAL YEAR ACHIEVEMENTS

More than **\$1.8 million** in Housing Tax Credits were awarded to construct or rehabilitate **10** affordable housing developments with a total of **261** units including **88** units located on Indian Reservations.

More than **\$5 million** in HOME Investment Partnership Program Funds were committed for **169** affordable housing units, including **16** targeted to persons with disabilities, **20** newly constructed family homes, **9** Governor's Houses, and **17** homes rehabilitated for the elderly.

**\$21 million** in rental assistance was paid on behalf of **5,847** very-low income families and individuals living in **71** communities throughout South Dakota.



## SPECIAL NEEDS

SDHDA works with communities and organizations to identify and address special housing issues. Through programs that fund homelessness to those helping consumers be mortgage ready, SDHDA supports a broad array of services to help South Dakotans.

### HOMEOWNERSHIP EDUCATION

The HOMEOWNERSHIP EDUCATION RESOURCE ORGANIZATION (H.E.R.O.) is a cooperative effort between SDHDA and service agencies across South Dakota to implement and provide high quality homebuyer education programs.

### HOMELESS ISSUES

SDHDA administers the EMERGENCY SHELTER GRANT (ESG) Program, designed to improve the quality of existing emergency shelters, help meet the costs of shelter operation, and provide essential services to homeless individuals.

As a facilitator for the HOUSING FOR THE HOMELESS CONSORTIUM, SDHDA was instrumental in obtaining the Governor’s Executive Order to establish the State Interagency Council on Homelessness, which will help define homeless issues and develop strategies to prevent homelessness.

### ELDERLY SERVICES

The SERVICES TO AGING RESIDENTS (STAR) Program provides coordination of supportive services to elderly residents of SDHDA-financed housing developments. Services include housekeeping, transportation, meals, service coordination and more.

### PAINT—SOUTH DAKOTA

Originally created to celebrate SDHDA’s 25th Anniversary, PAINT-SOUTH DAKOTA helps individuals and families who would not otherwise be able, or could not afford to, paint their homes. After seven years, more than 3,000 volunteers have painted over 300 homes with 5,000 gallons of paint purchased through the program.

## FISCAL YEAR ACHIEVEMENTS

H.E.R.O. provided more than **\$180,000** in funding and support to **six** Partners throughout the State.

**22** Shelters serving **18** communities were funded with a total of **\$321,685** through the Emergency Shelter Grant Program.

The Services to Aging Residents Program provided services to enable senior residents in **32** SDHDA financed developments to continue living independently.

Paint—South Dakota provided paint for the homes of **43** individuals or families in **41** communities across South Dakota.

Over **600** Volunteers helped paint and scrape. **700** gallons of paint and primer were used.



## finance and communication

### FINANCE

The Authority's General Obligation Bond rating of "Aa3" is awarded by Moody's Investor's Service. The outlook remains stable.

Standard and Poor's confirmed the "AAA" rating for the Homeownership Mortgage Bonds. South Dakota's stable economy was cited for the strength of the program, along with high borrower equity and strong oversight by the Housing Authority.

— Standard & Poor's Public Finance New Issue Review, June 11, 2004

Moody's confirmed the Authority's "Aa1" Homeownership Mortgage Bond rating while stating, "We believe that SDHDA's staff adds an additional degree of credit security to bondholders by ensuring continuing financial and loan portfolio maintenance...The outlook for the program is stable due to the Authority's strong financial position and projected growth."

— Moody's Investor Service, June 2004

The Authority's Multiple Purpose Bonds are rated "Aaa" by Moody's Investor Service.

### COMMUNICATION

A redesigned website improved accessibility for users, who are now able to access information more quickly, making doing business with SDHDA easier.

SDHDA's quarterly newsletter, the SOUTH DAKOTA HOUSING UPDATE, reaches subscribers by e-mail to provide news and information about SDHDA programs.

The HOUSING RESOURCE GUIDE is packed full of information on housing partners and includes a full listing of affordable rental housing units.

The ANNUAL HOUSING CONFERENCE was held in Pierre with almost 300 people attending to discuss homeownership, development, compliance, fair housing, partnerships and more.

### FISCAL YEAR ACHIEVEMENTS

**\$254 million** in long term bonds and **\$223 million** in short term bonds were issued.

SDHDA's First-time Homebuyer mortgage interest rates remained at historic lows for **11** out of **12** months during the fiscal year. The 30-year Fixed Mortgage Loan Rate was at **4.75%**, and the starting Step Rate was at **3.75%**.

After listening to public comment during the initial 2010 Initiative meetings, SDHDA increased its presence in the media by producing and airing a series of television and radio advertisements.

**3,100** unique hits to SDHDA's website on average per month, **102** visitors on average a day. There are nearly **200** forms, manuals and applications available for download.

## SDHDA Board of Commissioners

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Cindy Mydland, Vice Chair  
Karl Adam, Treasurer  
Darlys J. Baum, Secretary and Executive Director

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Curt Jones, Commissioner  
Jim Roby, Commissioner  
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Leo Pedersen  
Jared Schelske  
Clinton Sieben  
Teresa Sterrett  
Doug Stemper  
Matt Trenhaile  
Larry VanderPoel

### MISSION STATEMENT:

"The South Dakota Housing Development Authority is committed to leading the affordable housing industry... [and] dedicated to the preservation, rehabilitation, purchase, and development of affordable single and multifamily housing and daycare facilities. We are committed to the long-term affordability and feasibility of every project we undertake."



221 S. Central Avenue • PO Box 1237  
Pierre, SD 57501-1237  
(605) 773-3181 • Fax (605) 773-5154  
TTY (605) 773-6107 • [www.sdhda.org](http://www.sdhda.org)



SDHDA's financial information and independent auditor's report are available at [www.sdhda.org](http://www.sdhda.org). Hard copies are available upon request.

A total of 2500 copies of the 2004 Annual Report were printed at a cost of \$1,425.88 or 57 cents per report. No state tax dollars were used. Alternative formats of this report are available upon request.