

South Dakota Housing Development Authority

A f f o r d a b l e H o u s i n g I n t h e H e a d l i n e s

2005 Annual Report

The South Dakota Housing Development Authority is proud to present their 2005 Annual Report giving a snapshot of the accomplishments or "headlines" during the fiscal year.

SDHDA had another highly productive year, helping to pour millions of dollars into affordable housing.

SDHDA supported the development and rehabilitation of more than 1,200 housing units and single-family home lots. That equated to more than \$61 million in total development costs helping to add jobs to the State's labor market

"We are very proud of the fact that we have such great partnerships with our Lenders, helping us to year after year, fulfill our resident's dream of owning their own home," commented Dar Baum, SDHDA Executive Director.

SDHDA also assisted homebuyers with affordable downpayment loans, home improvement loans and homebuyer education opportunities. The Governor's House had another strong year of sale providing an affordable option of homeownership to 180 South Dakota families. Since the Programs start in 1996, more than

allowed SDHDA to retain their low First-time Home buyer mortgage interest rates. They remained at 4.95% for the 30-year Fixed and 3.95% for the Starting Step interest rate for 11 of the 12 months of the fiscal year.

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Our Challenge

Brand and Develop South Dakota's Quality of Life as the Best in America



Our Commitment

Stimulate affordable homeownership, rental housing and day care facilities in South Dakota communities which evidence a need



To the Governor and Members of the Legislature:

On behalf of the Board of Commissioners, we are pleased to present the South Dakota Housing Development Authority's Fiscal Year 2005 Annual Report.

At the 2010 Initiative meetings held in the fall of 2003, we received comments that young people were not able to raise down payments to purchase homes and that communities needed land development loans. Although we had programs to address these needs, clearly, but certainly not intentionally, SDHDA's cadre of programs was a well-kept secret in South Dakota. In response, we adopted a new marketing strategy including both print and broadcast media, and we believe that SDHDA and affordable housing are indeed "In the Headlines" now.

Given that the Authority contributed more than \$318 million for affordable housing development, rehabilitation, and finance in fiscal year 2005, we believe that the added exposure accompanied by a little ingenuity have paid off for South Dakota's First-time Homebuyers, communities on and off the State's Indian Reservations, and our citizens who need affordable rental housing opportunities.

This Report reflects the scope of our accomplishments:

- 2nd in the nation in per capita First-time Homebuyer Loan Production;
- Rebirth of the Rural Site Development Program as a major tool to assist rural communities in achieving residential land development;
- \$64 million in rehabilitation and development of 949 affordable housing units;
- \$17.3 million in construction, development and homebuyer financing on the State's Indian Reservations; and
- \$2.3 million to domestic shelters and transitional and permanent housing sponsors to support the federal initiative to help end homelessness.

In addition, unlike recent years, we awarded the State's entire annual Housing Tax Credit allocation in 2005.

The Authority, which is self-supporting and is allocated no tax dollars, continues to maintain a strong financial position to sustain favorable financing rates and the continued availability of affordable housing financing programs and services.

The Board and staff greatly appreciate the support shown the Authority by the Governor and the Legislature. As has been the case for the past thirty-two years, the Authority's accomplishments start with recognition of the needs of our citizens and culminate with our partnership with the State and the affordable housing and service providers working together in "building a better quality of life" for our residents.



Bob Sutton
Chairman of the Board



Darlys J. Baum
Executive Director

"Homeownership provides the foundation upon which vital communities, stable neighborhoods,
secure family bases, healthy childhoods, and personal dreams are built."

Governor Mike Rounds, while proclaiming June as Homeownership Month in South Dakota



Homeownership

First-time Homebuyer Program; Mortgage Assistance Program (MAP);
Employer Mortgage Assistance Program (EMAP); Loan Assistance Program (LAP);
The Governor's House; Community Home Improvement Program (CHIP); Rural Site Development

ttton Test For Ho

Dakota Housing Authority is trying some-
 on with the hope
 ect may expand
 munities around

ago SDHA
 would be financ-
 es to be con-
 housing devel-
 and southwest
 Construction is
 underway as soon
 approved by the
 and contrac-

Dar Baum said
 that her agen-
 the general con-
 project.

this program
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Baum. "We
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 sub-contractors
 I perform their
 es."

omes will all
 Josh Kraft of
 iving as pro-
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 ns or inquiries
 a homeowner
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 onstructed.

is join three
 ouses being



SDHA Housing Designs

These are the designs of the three homes that will be financed by the South Dakota Housing Authority and be part of the new housing development project on the southwest side of Britton. The homes, along with three Governor's Houses will be the first to be built in the project and will be for sale in the fall.

placed in the housing develop-
 ment that will be available for sale
 by the Britton Economic
 Development Corporation. Those
 homes are built by prisoners at the
 state facility in Springfield and
 placed on foundations. The
 Development Corporation is also
 adding full basements, a garage,
 and a breezeway addition to the
 units.

"When we met with the
 Dakota Housing Authority
 this year there were plenty
 loans available to do site de-
 velopment and things like that,
 but they told them a loan wasn't what
 we needed," said Develop-
 ment Corporation President Tom
 Iversen. "We needed some houses,
 and in order to build the houses we
 needed some people willing to sit

local real estate market - with a
 Sioux Falls market - with a
 median price of \$135,785 -
 is an affordable place to buy
 a home.

just came back from the East
 and it's great to be back
 here the prices are more realis-
 tic," said Marlene Billars of Cold-
 well Banker Select in Sioux Falls.
 "Out there, you can't buy a
 house for less than \$400,000
 unless it's a tear-down. It makes
 you appreciate the market here."

The median price of a home sold
 in the United States was \$206,000
 in April, up 6.7 percent from the
 month before and 15.1 percent
 from April 2004, the National Asso-
 ciation of Realtors said. It was the
 highest price was

Year	Homes sold	on market
2002	163	54
2003	155	57
2004	193	60
2005	190	60

SOURCE: REALTOR ASSOCIATION OF THE SIOUX EMPIRE

12.3 percent from last April's
 \$120,900, according to the Realtor
 Association of the Sioux Empire.
 Despite the jump, continued
 low mortgage rates are keeping
 the housing market hot. Nation-
 al Association of previously own-

2005 Headlines

(Statewide) - 2,407 First-time Homebuyer
 Loans - \$232.1 million.

(Statewide) - Rural Site Development
 - 205 Single Family Lots - \$2.4 million.

(Statewide) - SDHDA, Participating Lenders,
 and Fannie Mae partner to combat predatory
 lending - 7 Mortgage-backed Securities total
 nearly \$869,000.

(Statewide) - 735 households receive \$4 million
 in downpayment assistance, including 44
 Employer Mortgage Assistance Program loans
 and 34 Loan Assistance Program loans.

(Statewide) - 74 home improvement loans
 - \$650,000 million.

(Statewide) - 180 Governor's Houses sold.

"There is nothing more important than providing affordable housing options for our teachers, police officers, firefighters and other essential public servants within the communities where they work."

Jerry Howard, Executive Vice President, National Association of Homebuilders



Development

Housing Tax Credits; HOME Investment Partnership Program;
Multifamily Bonds; Emergency Shelter Grant Program

2005 Headlines

(Statewide) – Housing Tax Credits - \$4 million - 15 affordable developments - 80 units

(Statewide) – HOME Investment Partnership Program - \$9.6 million - 222 units

(Sioux Falls, SD) – \$3.3 million - 26 units of student housing at Southeast Technical Institute.

(Chamberlain, SD) – 36 units preserved using HUD Mark-to-Market and HOME funding.

(Statewide) – 23 shelters receive more than \$324,000 in Emergency Shelter Grant Program funding.

DAKOTA PORK: Deal likely to close by late A

The recently held comparison had exclusive sales of more than \$15 million last year. Bryan Havel, Chamber of Commerce director, said he was daydreaming. However, he said he thought the merger could help American Foods (a large meat producer) to provide diversity in its products.

"One of their reasons to do this is a complete meat source to the market," he said.

Havel also said Dakota Pork will be based in Abbeville, S.C. Kautz, executive director of the South Dakota Department of Agriculture, said the deal will serve as a model for other meat processing plants in the state.

The new company will be owned by American Foods Group and the South Dakota Department of Agriculture. The deal will be based in Abbeville, S.C. Kautz, executive director of the South Dakota Department of Agriculture, said the deal will serve as a model for other meat processing plants in the state.



received and... report two... \$200,000... in 1997... \$100,000... in 1997... "I don't think Dakota Park... received enough... contributions to the... "They helped create... money that has helped the town."

Paint South Dakota Home Ownership M



Photo by Chris McKim

Monica Swan and her two sons, Daine and Derik Long, and Leona Chubbs. Swan's family will move into a house in August, which she applied for through the Teton Coalition before she began working for them as a housing counselor.

In the last seven years of the Paint South Dakota campaign, 200 homes across South Dakota have been painted by more than 2,500 volunteers; SDHDA has painted more than 3,800 gallons of paint. The program has helped 22 communities that are participating in the program. The communities are: Rapid City, Pierre, Mobridge,...

"Home is a name, a word, it is a strong one; stronger than magician
ever spoke, or spirit ever answered to, in the strongest conjuration."

~Charles Dickens



Asset Management and Compliance

Performance Based Contract Administration; Section 8 Housing Assistance
Payments; Compliance Monitoring for HOME, Housing Tax Credits, Risk Share,
and Bond Programs; Services to Aging Residents Program (STAR)

houses will sit from Greg and Sixth Street on er of the com-

the homes has to Ihnen Con- network for the abcontracted to

feature three one full bath in bath in the attached double r conditioning. ll for prices that compared to the es built entirely

r's Houses are homes around. ualifies should the opportunity d Jack Soulek, of the Board of rieland Housing

trying to do is ial home buyers us look at the ities as a viable e in congested, id Mr. Soulek.



An L-ranch home such as this is available at Emery

"By doing this, we are bringing families to town, increasing enrollment at the school, and expanding the town's tax base." Developing the houses will not place a burden on the community because they will be placed on property that is already served by city infrastructure, Soulek said.

Eric Ambrosion, a staff person for Prairieland Housing Development said that people may work in Mitchell, but smaller communities such as Alexandria and Emery can serve as their home. "In our mobile society, there is no reason why someone couldn't live ten, twenty, or even thirty miles from work. In fact, commute times are probably less in the rural areas compared to the

same distance in lar- politan areas," Ambro

The project shou- pleted by August. "H- can have families n- homes before sch- Ambrosion said. The- of financing options- each home. The bu- for South Dakota H- Time Homebuyer E- ventional loans, and- ing. Ambrosion ad- is a federal progr- low income buye- ral Development- Loan program wh- buyers whose inc- are certain level- program offers- low as one perce-

2005 Headlines

(Statewide) – SDHDA provides rental assistance to 5,566 units totalling nearly \$22 million in 196 developments in 67 communities.

(Statewide) – \$1.8 million in capital improvements made for 64 SDHDA-financed properties.

(Statewide) – SDHDA monitors 6,259 units in 223 multifamily affordable housing properties.

(Denver, CO) – HUD Awards an "Outstanding" rating to SDHDA on its administration of the Section 8 Rental Assistance Program.

(Statewide) – Services to Aging Residents Program (STAR) provides services to senior residents in 32 elderly developments.

ber of days

	Homes sold	Days on market
2002	163	54
2003	155	57
2004	193	60
2005	198	60

SOURCE: REALTOR ASSOCIATION OF THE SIOUX EMPIRE

12.3 percent from last April's \$120,000, according to the Realtor Association of the Sioux Empire.

Despite the jump, continued low mortgage rates are keeping the market hot. Nation-

in some pa- which could suddenly w-

"This discussion of a bubb- really doesn't seem to be influen- ing decisions," Englund said.

The Sioux Falls housing mar- will remain strong as long as in- est rates stay low, said real e-

agent Jim Zweep. "As long as interest rate-

stable, I don't see the b- bursting here," said Zw-

Hegg Realtors. "That is, of- as long as unemployment-

low. If something happ- local job market, all bet-

The South Dakota- Development Authori-

"Life's most urgent question is: What are you doing for others?"

~Martin Luther King, Jr.



Special Programs

Housing for the Homeless Consortium;

Homeownership Education Resource Organization (H.E.R.O.); Paint-South Dakota Campaign

Program guides workers to a place of their choice

interest
ns cover
me costs

BY MARY STEGMEIER
For the Argus Leader
When Don Krell says
he is 15, a proud smile
spreads across his face.
That's the day the First
Premier Bank employee
and his girlfriend will com-
plete the largest purchase
of their lives - a three-bed-

room ranch-style house in
Baltic.

The excited couple
agreed that navigating the
home-buying process was
made easier with the help
of Krell's employer.

First Premier Bank is
one of several Sioux Falls
companies that offers its
workers home-buyer coun-
seling and a low-cost way
to finance some initial
costs of buying a home
through the Employer
Mortgage Assistance Pro-
gram. EMAP, launched in

1999, offers buyers low
interest loans that cover
down payments and clos-
ing costs.

Twenty companies in
South Dakota, including
from the Sioux Falls area,
take part in the program,
which is coordinated by
the South Dakota Housing
Development Authority.

The program allows
employer to vouch for
their workers, making it
possible for the employer
to secure a loan with a
2 percent interest rate.



located in the center
of town.

According to co-directors
Margo Dempsey and
Pam Beck, the
shelter's board
had been dis-

cussing
move, both to
provide

the parsonage for
closed Prairie Cross-
ing available.

First National
Development
to main-

the other full-time employees
launched in their new lives.

Niki Amundson. There
two work-study
board volun-

two work-study
board volun-

Brookings Domestic Abuse Shelter. Niki Amundson
Margo Dempsey (left) and Pam Beck (center) are
students to help
Beck said.
example, Sanderson
collaborate with
the shelter's only other full-time employee.

2005 Headlines

(Statewide) - Housing for the Homeless Consortium releases new website and develops statewide HMIS system.

(Pierre, SD) - HUD Continuum of Care grant provides \$2 million in essential housing and services to members of the Housing for the Homeless Consortium.

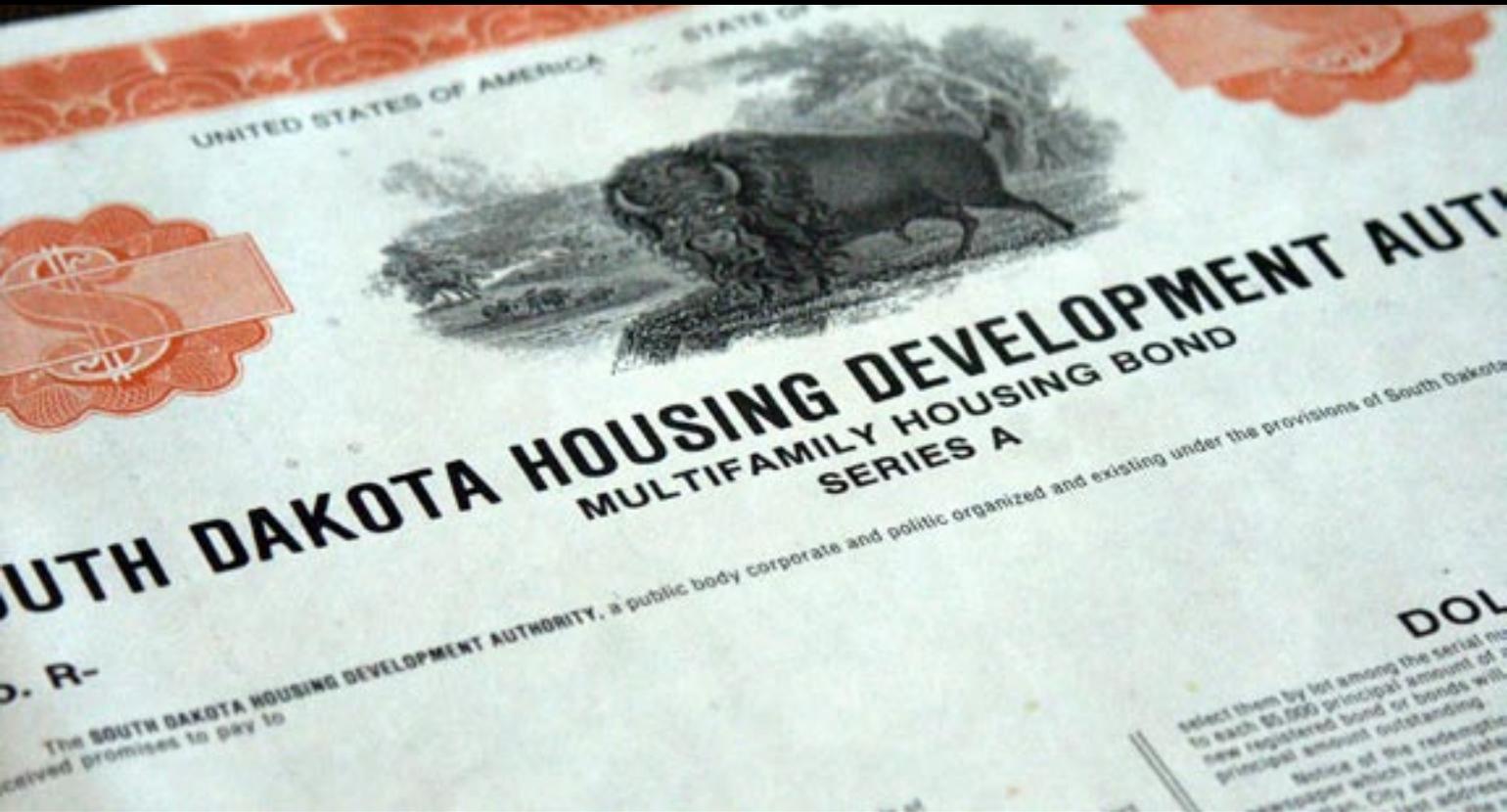
(Statewide) - Homeless count is conducted in conjunction with the national count.

(Statewide) - 32 Communities Participate in the Paint-South Dakota program - more than \$12,000 in paint & primer provided.

(Statewide) - 5,200 South Dakota individuals receive housing counseling and education services through the Homebuyer Education Resource Organization's (H.E.R.O.) partnering service providers.

"Let me tell you the secret that has led me to my goal:
my strength lies solely in my tenacity."

~Louis Pasteur



Finance

Bond Investments; Mortgage Interest Rates

...many homes soon. In an effort to attract new families to the communities, Prairieland Housing Development, a non-profit organization, is developing two affordable single family housing units in each town. The homes will utilize the Governor's Homes in a unique way to make them stand out from other similar houses. Alexandria and Emery were chosen as sites for affordable housing development because of their local amenities such as Main Streets, parks, and schools.

In Emery, the houses will sit on lots purchased from Greg and Angel Kotas along Sixth Street on the northeast corner of the community.

Completion of the homes has been contracted to Ihnen Construction. The dirtwork for the project has been subcontracted to Clinton Degen.

The homes will feature three finished bedrooms, one full bath plus a roughed in bath in the lower level, an attached double car garage, and air conditioning.



The split-foyer home which is being constructed



An L-ranch home such as this is available at Emery

"By doing this, we are bringing some distant families to town, increasing enrollment in the metropolitan area."

Governor Rounds Proclaims April Fair Housing Month in South Dakota (Pierre) - In celebration of the 37th anniversary of the passage of the federal Fair Housing Law, Governor Michael Rounds has officially proclaimed April as Fair Housing Month in South Dakota.

The Fair Housing Act adopted by Congress and signed into law on April 4, 1968 prohibits discrimination in the sale, rental, and financing of dwellings, and in other housing related transactions, based on race, color, sex, religion, national origin, religion, sex, familial status (including children under the age of 18 living with parents or legal custodians, pregnant women, and people securing custody of children under the age of 18), and handicap.

of the opportunities they present to the home rental, sales, and lending communities.

In recognition of Fair Housing Month in South Dakota, a series of workshops on the fundamentals of Fair Housing are being held around the state. The North Dakota Fair Housing Council (NDFHC) will be sponsoring its "Fundamentals of Fair Housing" workshops in a number of communities in South Dakota. Workshops have been scheduled for the following dates: April 6 in Rapid City; April 7 in Pierre; May 10 in Aberdeen; and May 11 in Sioux Falls. Those interested in attending are asked to call 1-888-265-0907 for more information. The North Dakota Fair Housing Council is a non-profit organization which was

2005 Headlines

(New York, NY)—SDHDA issues \$208 million in long term bonds and \$133 million in short term bonds.

(Pierre, SD)—SDHDA's First-time Homebuyer mortgage interest rates remain low.

— 30-year Fixed Mortgage Loan Rate fell to 4.95%

— Starting Step Rate was at 3.95%.

(Dallas, TX)—Standard & Poor's Investor Service continues to rate SDHDA as "AAA," their highest rating.

(New York, NY)—Moody's Investors Service establishes the Authority's General Obligation Bond rating at Aa3 with a stable outlook.



Our Work Plan

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 population 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 Goals as a work in progress.



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Cindy Mydland, Vice Chair

Karl Adam, Treasurer

Darlys J. Baum, Secretary and Executive Director

Linda Barker, Commissioner

Curt Jones, Commissioner

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SDHDA's financial information and independent auditor's report are available at www.sdhda.org. Hard copies are available upon request.

A total of 2000 copies of the 2005 Annual Report were printed at a cost of \$1.92 per copy. No state tax dollars were used. Alternative formats of this report are available upon request.

