



SOUTH DAKOTA
Housing 
DEVELOPMENT AUTHORITY

transitions

2011 annual report





SDHDA fiscal year 2011 summary

To the Governor and members of the Legislature:

As we look back and review fiscal year 2011, we are pleased to share with you our accomplishments throughout the great state of South Dakota. On behalf of the Board of Commissioners, we present South Dakota Housing Development Authority's Fiscal Year 2011 Annual Report. Our report highlights personal stories illustrating differences we have made in our local communities. Through SDHDA programs more than \$209 million has been invested this fiscal year in our state as highlighted in this report.

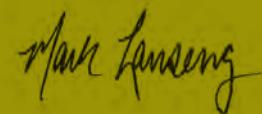
FISCAL YEAR 2011 ACCOMPLISHMENTS:

- Despite the national economic downturn and its effect on tax exempt bonds, we were able to lower interest rates for the First-time Homebuyer Program. We provided 1,517 loans to first-time homebuyers in South Dakota, resulting in \$163 million in loans. First-time buyers such as Laura Graybill of Rapid City were able to put down roots in South Dakota.
- Our Governor's House program helped lower-income families make the dream of home ownership a reality. We redesigned the Governor's House this year, including a more contemporary, open layout and updated energy efficiencies. Eighty-six Governor's Houses and Governor's Daycare Facilities were sold in 2011. The program, combined with a new lease-purchase pilot project, helped Rachelle Larson of Aberdeen get herself and her two children out of the substandard housing where they had been living.
- Twenty-two affordable-housing development projects across the state are underway with the help of area developers and partners. More than \$13 million in funding has been invested in rental housing development, and 440 units will be rehabbed or constructed. One such project, Project Safe Home in downtown Sioux Falls, will soon be giving new homes to many of the city's chronic homeless.
- Rental Housing Management staff work diligently to preserve and monitor the state's apartment communities. Approximately 14,000 units in 483 multifamily properties were monitored and reviewed to ensure rental housing is safe. A healthy and sustainable environment is the primary goal for the rental properties associated with SDHDA. Managers such as Laura and John Bennett of Apple Creek Apartments in Yankton, have made a commitment to improve the lives of their tenants.

The South Dakota Housing Development Authority continues to move forward with improvements and developments despite a challenging economy. We are pleased with the success of the past fiscal year and we will continue our commitment to invest in South Dakota communities. Our dedicated staff, board and business partners help us to continue our quest forward.



Lloyd Schipper
CHAIRMAN OF THE BOARD



Mark Lauseng
EXECUTIVE DIRECTOR

first-time homebuyer program

Rapid City

DEDICATION, EDUCATION PAY OFF FOR FIRST-TIME BUYER

When Laura Graybill moved to Rapid City, she knew she wanted to buy a home. Laura, a single mom, moved to Rapid City from Reno, NV., in 2008 to be closer to her parents and to raise her daughter, Sophia, in a better community.

She knew what type of home she wanted — a house on the west side close to family, a good school and close to work. Also on her wish list: a big dining room for family gatherings, two bedrooms and baths, a garage and a big yard with a patio or deck — and maybe a privacy fence.

She got everything she wished for, minus the privacy fence. But it didn't happen magically. It came with dedication and education. Before moving to Rapid City, she rented a room from a friend to save money and pay off all her debt. Debt-free, she and Sophia moved to Rapid City and spent the first few months living with her parents before renting a condo. "My family lives on the west side and almost every other night I drove the streets of their neighborhood looking for houses for sale," Laura recalls. "Almost all of them were out of my price range."

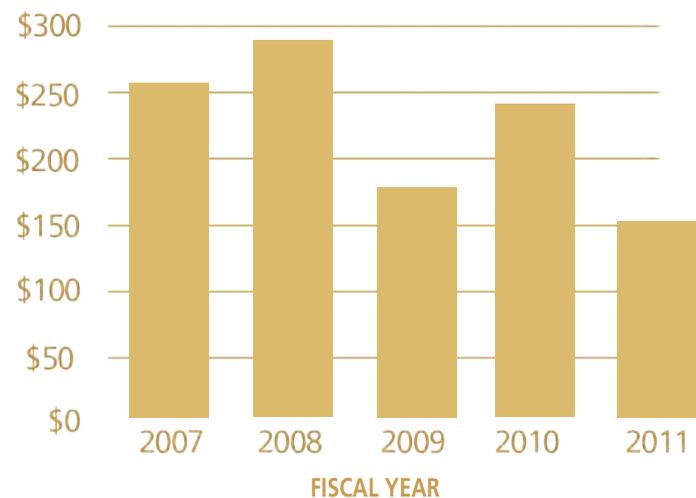
To educate herself on the process of buying a home, Laura signed up for a class from Consumer Credit Counseling Service of the Black Hills. The class was helpful. It taught her what to look for in a home and what type of loans were available. The South Dakota Housing Development Authority's First-Time Home Buyer Program was one of the programs the class highlighted, and Laura qualified for it.

Laura and Sophia looked at more than 40 houses before finally finding one they knew was right. "I almost didn't look at this one!" Laura said, "but Sophia wanted to." They loved the house, but the asking price was more than Laura could afford. She left disappointed, but kept thinking about the house for the next week. She called her Realtor and asked for help.

"He suggested I counter-offer with the price I wanted, so I did. We went back and forth on a price only once, and I got the house for a price I could afford," she said. After that, it was a quick process. She found the house in October 2010 and moved in the next month. Laura now pays about the same she was paying in rent for the condo she'd been living in, but now the money is going toward a house she can call her own.

Laura and Sophia watch a lot of shows together on the Home & Garden channel, HGTV, and are excited to make the house truly theirs. Before buying this house, Laura had rented her whole life. She's tired of white walls. But, all of her walls are still white. "It's intimidating! What if I paint the wrong color?" She laughs. "Come over in two months. They'll be painted."

program loan amounts





FIRST-TIME BUYER—RAPID CITY

Laura Graybill and her daughter, Sophia, love their new home. Sophia has always wanted a dog and now she has two, Chase and Ellie, who she enjoys playing with in their fenced backyard.



GOVERNOR'S HOUSE—ABERDEEN

Rachelle Larson pictured with her children ages 8 and 4, struggled to find a safe, comfortable and affordable place to raise her children. Through the Governor's House Program, she has all three.

governor's house program

Aberdeen

A NEW START FOR YOUNG FAMILY

For Rachelle Larson, February 2011 was unforgettable. That month she moved her family into a new Governor's House in Aberdeen. She began to experience the combination of security and independence that comes with home ownership. She also put a difficult period of her life behind her.

However, Rachelle is not a home owner just yet. She is buying her Governor's House through a lease-purchase agreement, part of a new pilot program to make Governor's Houses affordable for people who can't get financing up front.

Under the program, she's leasing the home, but a portion of her rent goes into an escrow account to cover the down payment and closing costs when she completes the deal. She must buy the house within three years of moving in.

"This February I'll be able to bump up my rent and put more money into the escrow fund," she said. "My hope is to get the ball rolling on the home purchase and get it done a year early."

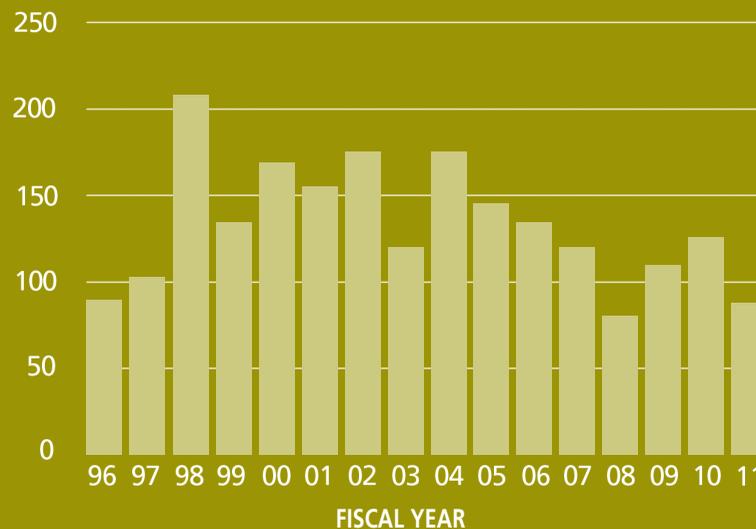
Their Governor's House is a blessing for Rachelle, her 8-year-old daughter and 4-year-old son. A few years back, when times were very tough, Rachelle had to start from scratch. She and the children lived in a shelter for a time. They had to move a lot. Their last home was a substandard rental in a neighborhood that was not a good place for kids to grow up.

Rachelle's life in a Governor's House is dramatically different now. The home is roomy — after she buys the house, she will finish the basement — and in a good neighborhood. It's just three blocks from school and it has a backyard where the kids can play.

Rachelle plans to live in her Governor's House for a long, long time. "This is it," she said with a chuckle. "I told everybody that if I have to move again, somebody will have to move my stuff, because I'll be dead."

The South Dakota Housing Development Authority Governor's House Program, which began in 1996, is available to the income-qualified families and individuals in South Dakota. Medium-security prisoners at the Mike Durfee State Prison in Springfield build the homes, which are then transported by truck to buyers across South Dakota.

governor's houses sold





SAFE HOME—SIOUX FALLS

Safe Home, a facility for the chronically homeless, is under construction in Sioux Falls. It is based on the "Housing First," concept: someone can't tackle alcohol, mental illness or substance abuse problems until they have a roof over their head.

rental housing development

Sioux Falls

HOUSING FIRST FOR SIOUX FALLS' CHRONIC HOMELESS

From a humanitarian standpoint, it's good to help the chronically homeless have a safe place to live and help turn their lives around. However, when it can also save public resource dollars, it makes a lot of sense as well. That's the reasoning that led to Project Safe Home, a new 33-unit apartment building under construction in downtown Sioux Falls.

In 2005, Minnehaha County Human Services did an in-depth study of 11 chronically homeless people in Sioux Falls. The study revealed that the average cost — police calls, emergency room visits, jail and detoxification facilities — was nearly \$31,000 per person per year.

“Our research shows that we are already spending a significant amount of money on this population, and yet they are still homeless,” said Carol Muller, Minnehaha County Director of Human Services.

In 2008, officials launched a pilot program. Twenty homeless people were given a place to live while undergoing intensive case management to deal with the alcoholism, mental health problems or substance abuse that landed them on the streets in the first place. The cost plunged to about \$22,000 per person. Muller estimates that Project Safe Home — now simply named Safe Home, will reduce the cost even further, to about \$20,000 in 2012.

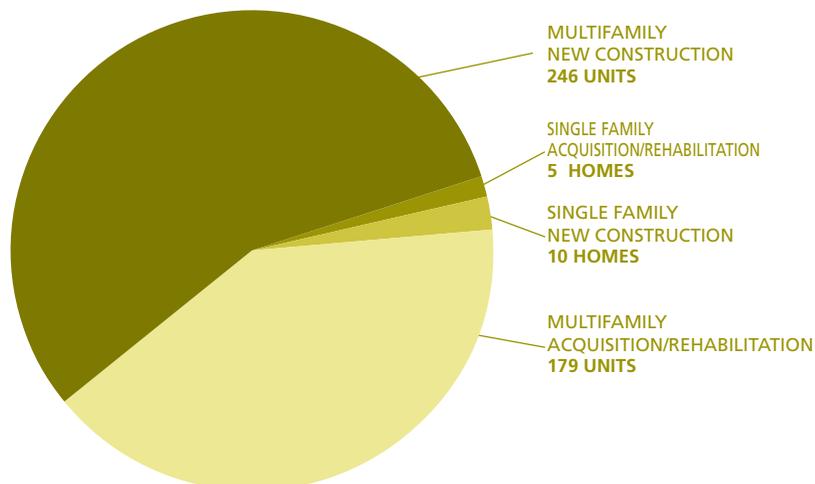
The building, under construction this fall, is at the corner of Minnesota Avenue and Third Street on the northwest edge of downtown Sioux Falls. Muller expects that residents could start moving in by the end of the year.

Safe Home's ground-level floor will have a cafeteria, a day room, laundry facilities and offices. Each of the three floors above will have 11 apartments. The apartments are modest: a bed, couch, dining table, cooking facilities and a bathroom. Because of the residents' substance abuse problems, abuse-prone products such as mouthwash and cleaning fluid will not be allowed.

The project was funded through a variety of sources, including the Minnehaha County Commission and the Department of Housing and Urban Development. South Dakota Housing Development Authority played a key role by awarding FLEX Funds and Housing Tax Credits.

Will 33 apartments be enough to house Sioux Falls' chronically homeless? Not quite. Muller cites estimates that at any given time, 60 to 80 people are living on the streets in Sioux Falls. “But this is an opportunity to make a difference for a significant number of them,” she said.

units created by type



rental housing management

Yankton

MAKING A DIFFERENCE

When Laura Bennett and her husband, John took over management of Apple Creek Apartments in Yankton two years ago, they faced serious challenges. The 44-unit complex had 15 vacancies, tenant problems, and a negative image to overcome.

So the Bennetts went to work. They evicted problem tenants, made repairs, strictly enforced the rules and slowly began to build a trusting relationship with the residents of Apple Creek Apartments.

“We made ourselves visible. We got to know the children,” Laura Bennett said. John Bennett worked hard over the next three months to get the complex cleaned up and maintained, so people could move into the vacant units.

It took a year, but their work paid off. Today, the five-building complex is 100 percent full. Existing residents, happy to see the changes, began referring their friends to live there. The Bennetts also try to make Apple Creek seem more like a community than a complex. They put on social events and activities for the children that let the residents get to know each other.

“We try to create an environment of caring for each other,” she said.

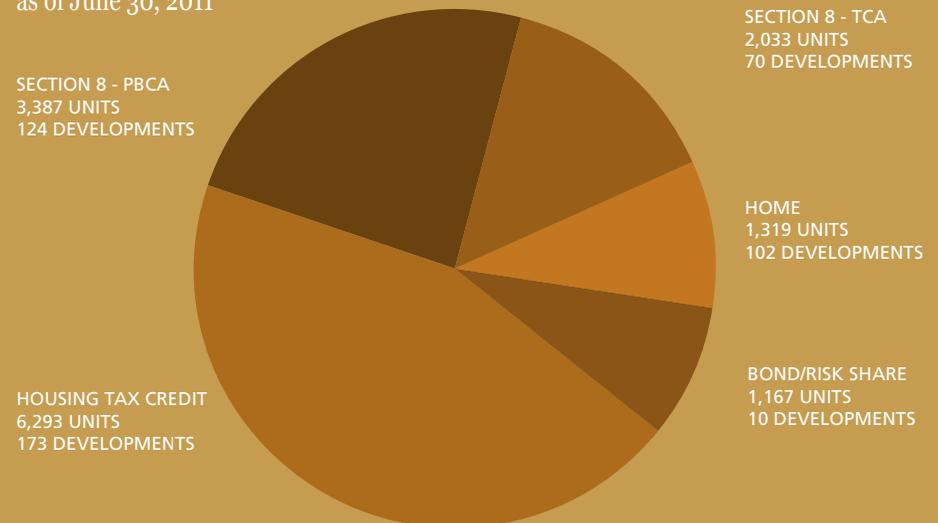
The Bennetts have taken that commitment to heart by working with residents to resolve issues that arise and investing in helping the residents resolve conflicts among them. Laura worked with one young woman to get counseling and helped teach her to read.

“When people live in close proximity to each other, there are always issues, but it’s so much better now,” she said. “We have great people, and it’s a pleasure to manage Apple Creek.”

The Bennetts operate Apple Creek for Somerset Pacific, a management company out of Idaho. It is operated under the Housing Tax Credit and the HOME Programs administered by the South Dakota Housing Development Authority.

multifamily portfolio by units

as of June 30, 2011

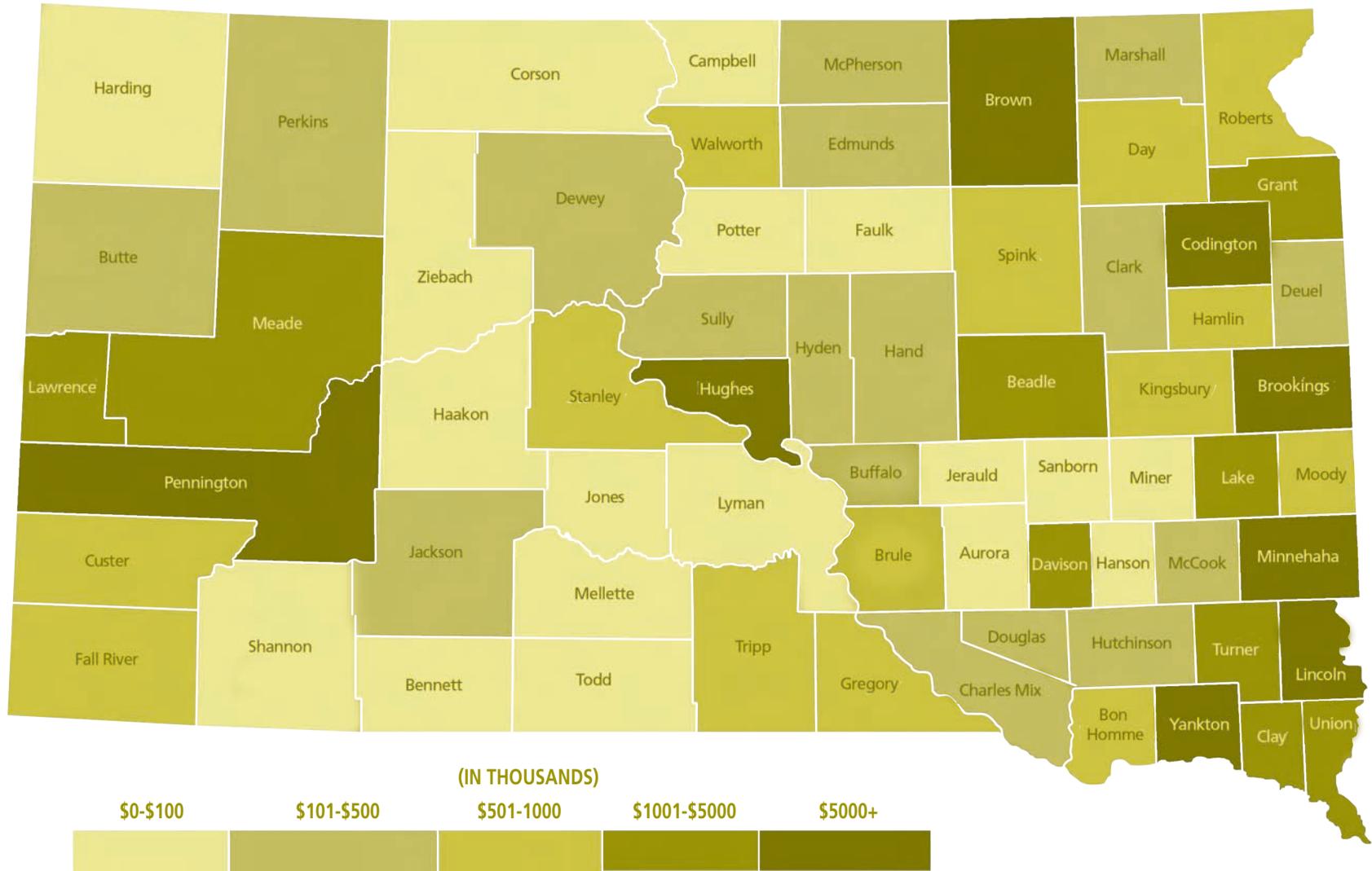




APPLE CREEK—YANKTON

Laura Bennett, left, manager of the Apple Creek Apartments in, has built a good relationship with residents, including Tiffany Galvan.

SDHDA FY 2011 housing funding by county



DEVELOPMENT AUTHORITY

P.O. BOX 1237, PIERRE, SD 57501 • 605.773.3181 • WWW.SDHDA.ORG



EQUAL HOUSING OPPORTUNITY