

Grantee: South Dakota

Grant: B-11-DN-46-0001

January 1, 2015 thru March 31, 2015 Performance Report



Grant Number:

B-11-DN-46-0001

Obligation Date:**Award Date:****Grantee Name:**

South Dakota

Contract End Date:**Review by HUD:**

Reviewed and Approved

Grant Award Amount:

\$5,000,000.00

Grant Status:

Active

QPR Contact:

Lorraine Polak

LOCCS Authorized Amount:

\$5,000,000.00

Estimated PI/RL Funds:

\$44,699.93

Total Budget:

\$5,044,699.93

Disasters:

Declaration Number

NSP

Narratives

Summary of Distribution and Uses of NSP Funds:

Grantee originally conducted a pre-application process to determine the potential demand for NSP3 funds, areas of demand, and to obtain needs information for potential NSP3 projects based on the activities proposed and local market information. The pre-applications which were received contained eligible census tracts and areas with HUD needs scores ranging from 7 to 11, high delinquency rates, or a high percentage of high cost mortgages. The grantee received pre-applications from thirteen (13) interested parties for fifteen (15) proposed projects which would produce 167 housing units. The pre-applications requested \$10.3 million NSP3 funds, with total overall projects costs of \$17 million. Pre-applications were received for projects to be located in the following counties: Campbell, Minnehaha, Pennington, Perkins, and Turner. Based on the HUD designated needs score and the number of housing units located in the counties of Minnehaha, Pennington, and Turner, it was anticipated that eligible census tracts within those areas would be given the highest priority when selecting projects. Other counties which have census tracts that meet the minimum needs score of 7 would also receive consideration.

HUD approved the first amended Action Plan on March 15, 2011, The parties that had previously submitted pre-applications were invited to submit a full for consideration and to be used for drafting the second amended Action Plan. Nine applications were received and two were deemed ineligible. This amended Action Plan proposes to utilize 10% of NSP3 funds for program administration, 7% for homeowner activities targeted to households at or below 120% AMI, and 83% for rental housing activities. Properties will be located within eligible areas of Sioux Falls and Rapid City (Minnehaha and Pennington Counties, respectively). Target areas are designated as Neighborhoods ID'd as 401, Minn Co (460990003), Minn Co (46-099-0001), Penn Co (46-103-0103) and Penn Co (46-103-0104) in the NSP mapping tool, and can also be viewed on SDHDA's webpage (www.sdhda.org).

The fifteen day public comment period for the second amended Action Plan was held from May 31, 2011, through 5:00 CDT June 15, 2011. Notice of the public comment period was publicized by placing a paid ad in each of the daily newspapers, releasing a statewide press release that was sent to TV, print and radio media, in addition to the notice on SDHDA's website. No comments were received.

On May 22, 2012, SDHDA Board of Commissioners authorized an Action Plan amendment which (1) consolidates the Minnehaha County target area maps into one map which expands the overall target area by several city blocks (Neighborhood ID: Combined Minnehaha County) and adds the city of Centerville as an eligible target area (Neighborhood ID: City of Centerville). The Board of Commissioners further authorized the publication of the proposed Action Plan amendment for the fifteen day public comment period.

The fifteen day public comment period for the third amended Action Plan expired 5:00 CDT June 29, 2012. Notice of the public comment period was publicized by placing a paid ad in daily newspapers, releasing a statewide press release, and placing the notice on SDHDA's website. No comments were received.

How Fund Use Addresses Market Conditions:

South Dakota contains two entitlement communities for the CDBG program. Neither the community of Sioux Falls nor Rapid City are eligible to receive an allocation of Neighborhood Stabilization Program (NSP3) funds directly from the U.S. Department of Housing and Urban Development (HUD). The State of South Dakota is entitled to an allocation amount of \$5.0 million.

While the number of foreclosures and subprime mortgages in South Dakota are substantially less than other areas around the country, there are a number of foreclosures and subprime mortgages that do exist with the highest concentration in the Sioux Falls Metropolitan Statistical Area (MSA) and Rapid City HUD Metro FMR Area (HMFA).

As documented in the data provided by HUD, all but 10 counties in South Dakota have at least one foreclosure. As of January 25, 2011, there were 29 HUD foreclosed homes in South Dakota of which 12 are located in the community of Sioux Falls, two in the



community of Rapid City, two in the community of Madison, and the remaining units in thirteen additional communities. REOTrans.com, which is a national foreclosure listing for banks and institutions, indicated an additional 28 foreclosed homes for sale with three homes in Sioux Falls, six in Rapid City, two each in the communities of Hot Springs, Spearfish, and Watertown, and the remaining thirteen homes located in thirteen different communities. South Dakota Housing Development Authority as lender for the First-time Homebuyer Program has an additional 79 foreclosed homes for sale. There are 18 homes in Sioux Falls, five homes in each of the communities of Rapid City, Mitchell and Yankton, with four or fewer homes in an additional 32 communities across the state.

Following are the counties with the greatest number of estimated foreclosure starts per HUD data:

Foreclosure starts exceeding 300: Minnehaha and Pennington Counties

Foreclosure starts exceeding 50: Codington, Davison, Lawrence, and Meade Counties

South Dakota Housing Development Authority has approximately 222 loans that have started or are in the process of foreclosure. Of these loans, 50% are located in the counties of Minnehaha and Lincoln, 7% in Pennington County, with the remaining 43% located in an additional 29 counties.

The percentage of subprime mortgages is a component in the consideration of targeting areas of demonstrated need. An analysis of subprime or high cost mortgages, based on the HUD data, is necessary to provide possible indicators of future foreclosure activity; however, subprime mortgages alone do not demonstrate areas of greatest need. Areas of high subprime mortgages will continually be monitored for potential changes and increases in foreclosures will potentially require an amendment to the Plan.

Following are the counties containing census tracts with the highest percentage of high cost mortgages based on the HUD data:

Bennett, Buffalo, Corson, Dewey, Fall River, Faulk, Grant, Harding, Lyman, Mellette, Shannon, Todd, and Ziebach.

Additional consideration must be made when identifying areas likely to face a significant rise in the rate of home foreclosures. The HUD data provides the percentage of decline in home values since the peak value was reached for the county. The following counties show a decline in value exceeding 2.4

How Fund Use Addresses Market Conditions:

%:

Lincoln, McCook, Meade, Minnehaha, Pennington, and Turner Counties

The primary factor used by grantee to establish areas of greatest need is the needs score established by HUD, which takes into account the areas with the greatest number of foreclosure starts, high cost mortgages and number of delinquencies. There are 29 counties within the state of South Dakota containing census tracts which meet HUD's minimum needs score for South Dakota, with scores ranging from the state minimum of 7 to a high score of 17. HUD's methodology utilized a formula to establish a needs score, down to the census tract level, based on the rate of subprime loans, increased unemployment rates, fall in home prices, and loans currently delinquent or in foreclosure.

Ensuring Continued Affordability:

Depending on the type of activity and funding level, the affordability periods will vary. Affordability periods as outlined under the HOME Program 24 Code of Federal Regulations (CFR) 92.252(a), (c), (e), and (f) and 24 CFR 92.254, will be utilized for NSP3 funding. Applicants will indicate within their application, the number of units and the respective AMI levels to be served with the NSP3 funds. SDHDA will require the NSP assisted units to remain restricted to the respective AMI levels for the entire affordability period per the restrictive covenant document. Restrictive covenants will be filed on the real estate per the terms indicated below:

New Construction of Rental Housing: 20 years of affordability

Single Family New Construction,
Rental Housing (rehabilitation or acquisition),
Homeownership Assistance or Demolition of
Blighted Structures:

NSP3 Funding per unit - under \$15,000	5 years of affordability
\$15,000 to 40,000	10 years of affordability
Over \$40,000	15 years of affordability

Definition of Blighted Structure:

South Dakota law does not have a definition of Blighted Structure. Blighted Structures will be defined as physical structures exhibiting signs of deterioration or is potentially hazardous to persons or surrounding property, including but not limited to: (a) a structure that is in danger of partial or complete collapse; (b) a structure with any exterior parts that are loose or in danger of falling; or (c) a structure with any parts, such as floors, porches, railings, stairs, ramps, balconies or roofs, that are accessible and that have either collapsed, are in danger of collapsing or are unable to support the weight of normally imposed loads.

Definition of Affordable Rents:

Affordable Rents will be defined as a tenant typically paying no more than 30 percent of their annual income for gross housing costs, including utility costs, with adjustments for smaller and larger families.

Housing Rehabilitation/New Construction Standards:

Housing that is rehabilitated with NSP3 funding must meet all applicable local codes, rehabilitation standards, ordinances, and zoning ordinances. All housing assisted with NSP3 funds must meet, at a minimum, the Housing Quality Standards in 24 CFR Part 982.401. If rehabilitation standards in effect in the locality of the project are less restrictive, or there are no rehabilitation standards then at a minimum, one of the three model codes Uniform Building Code (ICBO), National Building Code (BOCA), Standard Building Code (SBCCI); or the Council of American Building Officials (CABO) one or two family code; or the Minimum Property Standards (MPS) in 24 CFR Part 200.925 or 200.926 will apply.



Grantee will further impose the additional HUD-imposed requirements, as follows:

- All gut rehabilitation or new construction (i.e., general replacement of the interior of a building that may or may not include changes to structural elements such as flooring systems, columns or load bearing interior or exterior walls) of residential buildings up to three stories must be designed to meet the standard for Energy Star Qualified New Homes.
- All gut rehabilitation or new construction of mid- or high-rise multifamily housing must be designed to meet American Society of Heating, Refrigerating, and Air-Conditioning Engineers (ASHRAE) Standard 90.1-2004, Appendix G plus 20 percent (which is the Energy Star standard for multifamily buildings piloted by the Environmental Protection Agency and the Department of Energy).
- Other rehabilitation must meet these standards to the extent applicable to the rehabilitation work undertaken, e.g., replace older obsolete products and appliances (such as windows, doors, lighting, hot water heaters, furnaces, boilers, air conditioning units, refrigerators, clothes washers and dishwashers) with Energy Star-46 labeled products.
- Water efficient toilets, showers, and faucets, such as those with the WaterSense label, must be installed.
- Where relevant, the housing should be improved to mitigate the impacts of disasters (e.g., earthquake, hurricane, flooding, fires).

Applicants are also encouraged to adoption energy efficient and environmentally-friendly green elements as part of relevant activities. Attachment C to the NSP3 Notice, located at http://hudnspshelp.info/media/resources/NSP3FederalRegisterNotice_October192010.pdf, describes in more detail how energy efficient and environmentally-friendly green elements could be incorporated and additional tools on incorporating green rehabilitation standards can be found on the NSP Resource Exchange at www.hud.gov/nspta.

Vicinity Hiring:

Developers will be required, to the maximum extent possible, to provide for vicinity hiring with a preference for hiring parties located within the eligible census tracts.

Procedures for Preferences for Affordable Rental Dev.:

During the application round, projects will be selected based on the areas of greatest need by giving priority emphasis and consideration in the following order:

1. Applications received for those areas of the state that have the greatest HUD designated needs score,
2. Rental projects,
3. Projects with the greatest percentage of units designated to providing housing to households with incomes at or below 50% AMI,
4. Applicants who have a demonstrated capacity to complete the proposed project within the timeframes required and have experience with federal programs,
5. Readiness to proceed,
6. Projects located in areas with high foreclosure rates or a high percentage of high cost mortgages.

Grantee Contact Information:

Lorraine Polak
 South Dakota Housing Development Authority
 P.O. Box 1237
 Pierre, SD 57501
 Telephone: 605/773-3181
 Email: lorraine@sdhda.org

Overall	This Report Period	To Date
Total Projected Budget from All Sources	N/A	\$9,407,866.93
Total Budget	\$4,251.00	\$5,044,699.93
Total Obligated	\$4,251.00	\$5,043,282.93
Total Funds Drawdown	\$0.00	\$4,995,621.27
Program Funds Drawdown	\$0.00	\$4,963,674.34
Program Income Drawdown	\$0.00	\$31,946.93
Program Income Received	\$4,251.00	\$43,282.93
Total Funds Expended	\$0.00	\$4,994,736.50
Match Contributed	\$0.00	\$0.00



Progress Toward Required Numeric Targets

Requirement	Required	To Date
Overall Benefit Percentage (Projected)		0.00%
Overall Benefit Percentage (Actual)		0.00%
Minimum Non-Federal Match	\$0.00	\$0.00
Limit on Public Services	\$750,000.00	\$0.00
Limit on Admin/Planning	\$500,000.00	\$88,058.61
Limit on State Admin	\$0.00	\$88,058.61

Progress Toward Activity Type Targets

Activity Type	Target	Actual
Administration	\$500,000.00	\$102,284.74

Progress Toward National Objective Targets

National Objective	Target	Actual
NSP Only - LH - 25% Set-Aside	\$1,250,000.00	\$4,293,706.06

Overall Progress Narrative:

Little activity occurred for the quarter ending March 31, 2015. Program income in the amount of \$5,668 was received and allocated to the administration budget. No disbursement of funds were made this quarter.

Project Summary

Project #, Project Title	This Report Period	To Date	
	Program Funds Drawdown	Project Funds Budgeted	Program Funds Drawdown
32, Acq of F/C with Rehab or Demo/Recons	\$0.00	\$1,567,360.00	\$1,560,274.34
33, Demolition	\$0.00	\$15,000.00	\$15,000.00
34, Redevelopment/Reconstruction of Vacant Property	\$0.00	\$3,360,055.19	\$3,310,234.55
35, Administration - NSP3	\$0.00	\$100,867.74	\$78,165.45



Activities

Project # / Title: 32 / Acq of F/C with Rehab or Demo/Recons

Grantee Activity Number: 3008-01-2

Activity Title: Dakota Enhancement - 80%

Activity Category:

Rehabilitation/reconstruction of residential structures

Project Number:

32

Projected Start Date:

03/15/2011

Benefit Type:

Direct (Household)

National Objective:

NSP Only - LMMI

Activity Status:

Completed

Project Title:

Acq of F/C with Rehab or Demo/Recons

Projected End Date:

03/15/2013

Completed Activity Actual End Date:

Responsible Organization:

Dakota Enhancement, LLC

Overall	Jan 1 thru Mar 31, 2015	To Date
Total Projected Budget from All Sources	N/A	\$304,544.00
Total Budget	\$0.00	\$304,544.00
Total Obligated	\$0.00	\$304,544.00
Total Funds Drawdown	\$0.00	\$304,544.00
Program Funds Drawdown	\$0.00	\$304,544.00
Program Income Drawdown	\$0.00	\$0.00
Program Income Received	\$1,487.85	\$13,390.65
Total Funds Expended	\$0.00	\$304,544.00
Match Contributed	\$0.00	\$0.00

Activity Description:

This activity will involve the acquisition/rehabilitation of a foreclosed multifamily property containing 24 total housing units, with 11 units designated as NSP units targeted to households with incomes at or below 50% AMI (Activity No. 3008-01-2-L) and 6 units designated as NSP units targeted to households with incomes at or below 80% AMI (Activity No. 3008-01-2). This activity will retain the affordable housing opportunity in Sioux Falls and the rehabilitation will positively impact the neighborhood.

Location Description:

401 North Western Avenue, Sioux Falls, SD (Minnehaha County) Neighborhood ID 401 in the NSP mapping tool (Needs Score 10.12).

Activity Progress Narrative:



Accomplishments Performance Measures

	This Report Period		Cumulative Actual Total / Expected	
	Total		Total	
#Energy Star Replacement	0		10/10	
#Replaced hot water heaters	0		6/6	
#Low flow toilets	0		6/6	
#Low flow showerheads	0		6/6	

	This Report Period		Cumulative Actual Total / Expected	
	Total		Total	
# of Housing Units	0		6/6	
# of Multifamily Units	0		6/6	

Beneficiaries Performance Measures

	This Report Period			Cumulative Actual Total / Expected			
	Low	Mod	Total	Low	Mod	Total	Low/Mod
# of Households	0	0	0	0/0	6/6	6/6	100.00
# Renter Households	0	0	0	0/0	6/6	6/6	100.00

Activity Locations

No Activity Locations found.

Other Funding Sources Budgeted - Detail

No Other Match Funding Sources Found

Other Funding Sources	Amount
No Other Funding Sources Found	
Total Other Funding Sources	

Grantee Activity Number: 3008-01-2-L

Activity Title: Dakota Enhancement - 50%

Activity Category:

Rehabilitation/reconstruction of residential structures

Project Number:

32

Projected Start Date:

03/15/2011

Benefit Type:

Direct (HouseHold)

National Objective:

NSP Only - LH - 25% Set-Aside

Activity Status:

Completed

Project Title:

Acq of F/C with Rehab or Demo/Recons

Projected End Date:

03/15/2013

Completed Activity Actual End Date:

Responsible Organization:

Dakota Enhancement, LLC

Overall	Jan 1 thru Mar 31, 2015	To Date
Total Projected Budget from All Sources	N/A	\$565,582.00
Total Budget	\$0.00	\$565,582.00
Total Obligated	\$0.00	\$565,582.00
Total Funds Drawdown	\$0.00	\$565,582.00
Program Funds Drawdown	\$0.00	\$565,582.00
Program Income Drawdown	\$0.00	\$0.00
Program Income Received	\$2,763.15	\$24,868.35
Total Funds Expended	\$0.00	\$565,582.00
Match Contributed	\$0.00	\$0.00

Activity Description:

This activity will involve the acquisition/rehabilitation of a foreclosed multifamily property containing 24 total housing units, with 11 units designated as NSP units targeted to households with incomes at or below 50% AMI (Activity No. 3008-01-2-L) and 6 units designated as NSP units targeted to households with incomes at or below 80% AMI (Activity No. 3008-01-2). This activity will retain the affordable housing opportunity in Sioux Falls and the rehabilitation will positively impact the neighborhood.

Location Description:

401 North Western Avenue, Sioux Falls, SD (Minnehaha County) Neighborhood ID 401 in the NSP mapping tool (Needs Score 10.12).

Activity Progress Narrative:

Accomplishments Performance Measures

This Report Period
Total

Cumulative Actual Total / Expected
Total



# of Properties	0	1/1
#Energy Star Replacement	0	18/18
#Replaced hot water heaters	0	11/11
#Low flow toilets	0	11/11
#Low flow showerheads	0	11/11

	This Report Period	Cumulative Actual Total / Expected
	Total	Total
# of Housing Units	0	11/11
# of Multifamily Units	0	11/11

Beneficiaries Performance Measures

	This Report Period			Cumulative Actual Total / Expected			
	Low	Mod	Total	Low	Mod	Total	Low/Mod
# of Households	0	0	0	11/11	0/0	11/11	100.00
# Renter Households	0	0	0	11/11	0/0	11/11	100.00

Activity Locations

No Activity Locations found.

Other Funding Sources Budgeted - Detail

No Other Match Funding Sources Found

Other Funding Sources	Amount
Lender Loan	\$350,000.00
Owner Funds/Equity	\$3,000.00
Total Other Funding Sources	\$0.00

Project # / Title: 35 / Administration - NSP3

Grantee Activity Number: 3001
Activity Title: Administration - NSP3

Activity Category:

Administration

Activity Status:

Under Way

Project Number:

35

Project Title:

Administration - NSP3

Projected Start Date:

03/15/2011

Projected End Date:

03/15/2014

Benefit Type:

()

Completed Activity Actual End Date:

National Objective:

Responsible Organization:



Overall	Jan 1 thru Mar 31, 2015	To Date
Total Projected Budget from All Sources	N/A	\$102,284.74
Total Budget	\$4,251.00	\$102,284.74
Total Obligated	\$4,251.00	\$100,867.74
Total Funds Drawdown	\$0.00	\$88,058.61
Program Funds Drawdown	\$0.00	\$78,165.45
Program Income Drawdown	\$0.00	\$9,893.16
Program Income Received	\$0.00	\$4.33
Total Funds Expended	\$0.00	\$88,058.61
Match Contributed	\$0.00	\$0.00

Activity Description:

Administration of the NSP3 Program in South Dakota.

Location Description:

NSP3 funds are targeted to areas of greatest need. These areas have HUD designated needs scores at or above the state minimum of 7.

Activity Progress Narrative:

Accomplishments Performance Measures

No Accomplishments Performance Measures

Beneficiaries Performance Measures

No Beneficiaries Performance Measures found.

Activity Locations

No Activity Locations found.

Other Funding Sources Budgeted - Detail

No Other Match Funding Sources Found



Other Funding Sources

Amount

No Other Funding Sources Found

Total Other Funding Sources

