



**2017**

**SOUTH DAKOTA HOUSING OPPORTUNITY FUND**

**ANNUAL REPORT**



SOUTH DAKOTA HOUSING **OPPORTUNITY** FUND



# BUILDING SOUTH DAKOTA



## HISTORY OF THE HOUSING OPPORTUNITY FUND

In 2013, the legislature proposed and passed SB 235 as a way to finance economic development in South Dakota. One component of the bill established the Housing Opportunity Fund to preserve and expand sustainable, affordable and safe housing in communities throughout the state.

The first year of funding, Fiscal Year 2014, the Housing Opportunity Fund received its allocated 25 percent - \$1.75 million. In addition, \$350,857 of interest earnings and mortgage fraud settlement dollars were made available for funding.

During the 2014 legislative session, SB 157 and 158 were passed modifying the way the Building South Dakota Fund received appropriations. Thirty million in one-time dollars was allocated over a three year period. The Housing Opportunity Fund received \$2.5 million in FY2015, FY2016 and FY2017.

The 2017 legislative session included the passage of HB 1173, increasing the percentage of disbursement from 25% to 35% for future Housing Opportunity Fund allocations. Currently, the Housing Opportunity Fund is funded through excise tax on large economic development projects and excess reserves in the state's budget.



## ADMINISTRATION OF THE HOUSING OPPORTUNITY FUND

The South Dakota Housing Development Authority (SDHDA) and the SDHDA Board of Commissioners are responsible for the administration of the Housing Opportunity Fund (HOF). HOF funds and program income are awarded through a competitive application process in accordance with the HOF allocation plan.

Housing opportunities financed by HOF serve individuals and families at or below 115 percent of the Area Median Income (AMI) for the corresponding county. SDHDA distributes HOF funds geographically throughout the state with 30 percent of the funds targeted for cities with a population of 50,000 or more and the remaining 70 percent to the rest of the state.



## NEED FOR HOUSING OPPORTUNITIES

Communities across the state are dealing with the need for affordable and desirable housing. In many communities, the housing stock is aging, a gap in values between new construction and existing homes deters construction and it typically doesn't pencil out for developers who hope to see a return on their rental investment.

According to the Faulkton Housing Study, the median home price is approximately \$35,000, the cost to construct a new home is generally above \$150,000 and the rental rates for market rate units range from \$300-\$700.



## RESULTS OF THE FISCAL YEAR 2017 APPLICATIONS

Applications for FY2017 were accepted on August 31, 2016, and February 18, 2017. Traditionally SDHDA holds one application cycle annually at the end of August. A total of \$2.4 million was requested for the \$790,855 that was available in August. A total of \$640,040 was requested for the \$366,998 that was available in February.

Due to the limited funding during the February cycle, HOF applications were not accepted for programs. Typically 40% of the funds support rental housing; 40% support homeownership and 20% percent are committed to housing programs such as downpayment assistance or homeowner rehab.

As a result of both application cycles in FY2017, 13 new homes will be built, 105 homes and seven rental units will be rehabbed and 39 future homeowners will be provided with downpayment assistance.

# TIME LINE

FISCAL YEAR

2013

## MARCH 2013

### SB235 SIGNED

Creating Building South Dakota Fund

## APRIL 2013

**\$344,750**

awarded to HOF from Mortgage Settlement Fund

FISCAL YEAR

2014

## JULY 2013

**\$1.75 MILLION** awarded to HOF from SB 235 one-time appropriation

## DECEMBER 2013

SDHDA awards **\$1.958 MILLION** to 21 projects

## MARCH 2014

### SB157 & 158 SIGNED

Changing the appropriation method for HOF

## MAY 2014

SDHDA awards **\$1.7 MILLION** to 18 projects

FISCAL YEAR

2015

## JULY 2014

**\$2.5 MILLION** awarded to HOF from SB 157 one-time appropriation spread over three years

## MAY 2015

SDHDA awards **\$2.7 MILLION** to 15 projects

FISCAL YEAR

2016

AUGUST 2015

\$210 THOUSAND

awarded to HOF from Economic Development Project Excise Tax

JULY 2015

\$2.5 MILLION

awarded to HOF from SB 157

NOVEMBER 2015

SDHDA awards \$2.6 MILLION to 23 projects

FISCAL YEAR

2017

NOVEMBER 2016

SDHDA awards \$835 THOUSAND to 6 projects

\$300 THOUSAND

awarded to HOF from Economic Development Project Excise Tax

JULY 2016

\$2.5 MILLION

awarded to HOF from SB 157

MARCH 2017

HB1173 increasing percentage of Building SD funds allocated to HOF

APRIL 2017

SDHDA awards \$361 THOUSAND to 3 projects



# IMPACT *of the* HOUSING OPPORTUNITY FUND

To date, the SDHDA Board of Commissioners has awarded \$10.2 million to 86 projects that will benefit 1,606 families. A couple of those projects are highlighted below:

## DE SMET TOWNHOMES

### Workforce Housing

The new construction of a four-plex containing two, 2-bedroom units and two, 3-bedroom units for families and individuals at or below 115% AMI for Kingsbury County. HOF funds were awarded in the amount of \$298,500.



## GREATER SIOUX FALLS HABITAT FOR HUMANITY

### Single Family Homeownership

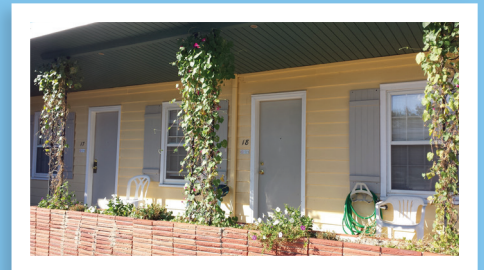
The new construction of 19 single family homes for families and individuals at or below 50% AMI. HOF funds were awarded over multiple application cycles in the amount of \$932,200.



## PATHWAYS SHELTER FOR THE HOMELESS

### Homelessness Assistance

Funding for the purchase of a local motel for a new homeless shelter in Yankton. The facility has 15 individual rooms for emergency housing for clients that are homeless, or at risk of becoming homeless. Direct services are provided. HOF Funds were awarded in the amount of \$52,938.



## BLACK HILLS WORKS REHABILITATION

### Special Needs Housing

HOF funds will be used for rehabilitation of seven of Black Hills Works properties in the Black Hills for accessibility and quality of life improvements. The housing supports adults with intellectual and developmental disabilities. HOF funds were awarded in the amount of \$91,000.



## TITLE VI LOT ENHANCEMENT PROJECT

### Rental Housing

The new construction of 45 single family rental homes located in each of the nine Pine Ridge Reservation Districts for individuals or families at or below 60% of the statewide median income. The project utilized the Governor's House program and some households received HUD-VASH vouchers. HOF funds were awarded in the amount of \$675,000.





DEVELOPMENT NAME	LOCATION	TOTAL ASSISTED	AMOUNT ALLOCATED	SUMMARY
Black Hills Habitat - Home Preservation Projects	Scattered Sites	25	\$60,000	HO Rehab
Black Hills Works Rehabilitation	Scattered Sites	7	\$91,000	MF Rehab
GROW South Dakota Downpayment/Closing Cost Assistance Program	Statewide	39	\$213,400	HA
Habitat for Humanity Building Homes, Building Neighborhoods	Sioux Falls	3	\$148,560	SF NC
HAPI Major Home Rehab	Aberdeen/Huron	15	\$75,000	HO Rehab
HAPI Minor Home Rehab	Scattered Sites	50	\$125,000	HO Rehab
SEDF Lot Redevelopment Program-Phase 3	Sioux Falls	5	\$50,000	SF NC
NESDCAP Single Family Home Improvement Program	Scattered Sites	15	\$213,400	HO Rehab
Village on Monroe	Rapid City	5	\$220,000	SF NC
<b>TOTALS</b>		<b>164</b>	<b>\$1,196,360</b>	