

**MEMO:**

**TO: SD LEGISLATURE'S WORKFORCE HOUSING NEEDS SUMMER STUDY COMMITTEE**

**FROM: HOMES FOR SOUTH DAKOTA**

**JULIE M. JOHNSON, Attorney at Law and Registered Lobbyist**

**DATE: June 9, 2021**

**RE: RECOMMENDATIONS TO THE COMMITTEE—1<sup>ST</sup> Meeting**

**Mr. Chair and Members of the Committee,**

Thank you for this opportunity to present our ideas and resources to this important study!

Governor Noem has set the stage for South Dakota to grow, around which so many have rallied. *"Open for Business"* is one of the key labels she has given to the state. *"The Next Big Idea"* is another key challenge she has issued to the state. Both of these are reaping benefits now, and housing is the only missing piece in that discussion and in those challenges.

Homes for South Dakota is a statewide coalition of nonprofit housing organizations and other housing resources from around South Dakota. Its "mantra" is *"Creating a Unified Voice for Housing Solutions"*.

Please accept this document as an outline of recommendations to your committee to get the process started. We can go into much greater depth as the process goes along. We have considerable expertise in the housing programs and efforts and will look forward to providing insight into the gaps and opportunities to fine tune the system at this time of high need across the state. And we can assist with drafting.

**Definitions:**

**"Workforce" --We hope that this study does not lock the entire state into one set of definitions of "workforce". We find that communities around the state have various "workforce" housing needs.**

**Community Size—Nearly every community across South Dakota has workforce housing needs right now, regardless of size.**

**"Housing"—We hope that the study is open to various forms of housing, including rehabilitation, rental, construction, single-family, multiple-family, pre-built, manufactured, Governor's House, and more.**

**Key areas that really need an injection of funds or gap filling, in our experience include:**

**Infrastructure—water, sewer, sidewalks, curb/gutter, power, demolition expenses, and broadband if not available—in key areas**

**Rehabilitation—Aging housing stock can be quite an asset here.**

**Blighted Properties—Need assistance with demolition expenses, tax deeds, etc.**

**Local Capacity Building—Invest in key housing staffers in key areas of the state.**

**Technical Education—All of the Construction Trades**

**Additional funds in the Housing Opportunity Fund—that can be adapted, or made more flexible, to fill local needs.**

**Workforce Recruitment in the industry—Examine how the workforce recruitment and development system works or does not work here.**

**Existing State and Local Tools—Please Preserve:**

- 1) South Dakota Housing Development Authority and their expertise, SDCL 11-11**
  
- 2) Use of Discretionary Formula for qualifying projects to phase in property taxes, commercial/multiple-family, SDCL 10-6-35.2.**
  - a. NOTE ADDED In Recent Years:**
    - i. Commercial residential 4 units or more full and true value \$30,000+,**
    - ii. New affordable housing structure 4 or more units, 60% AMI full and true \$30,000+,**
    - iii. New residential structure within redevelopment neighborhood full and true \$5,000+**
  
- 3) Use of Tax Increment Financing for qualifying projects, under SDCL 11-9.**
  - a. Modernized that Chapter in 2011 and 2018.**
  
- 4) Housing Opportunity Fund—created in 2013 in Building South Dakota—SDCL 11-13**
  - a. NOTE there are some provisions that should be tweaked and made more flexible.**
  
- 5) Housing Study incentives from SDHDA**
  
- 6) Local Housing and Redevelopment Commission Powers—SDCL 11-7**
  
- 7) Governor’s House Program**
  
- 8) DakotaPlex Program**

9) SDHDA Housing Conference

Existing State/Local Tools/Opportunities that Need Change:

- 1) Tax Deeds/Tax Rolls
  - a. properties on which the taxes have not been paid, the process needs to be expedited appropriately, so that properties can return to the housing stock, critical home repairs can be made, and/or be rehabbed, or demolished if need be.
- 2) BBB Program
  - a. Use of CDBG funds is extremely complex and not very workable.

Key Opportunities for Strategic State Investments:

- 1) Housing Opportunity Fund—Created in SDCL 11-13
  - a. And some “tweaks” to the language to make room for infrastructure and/or additional flexibility as originally intended.
- 2) Local Infrastructure Improvement Grant Fund—Created in SDCL 1-16G
  - a. OR a subfund at the Housing Opportunity Fund specifically for infrastructure for housing
- 3) Economic Development Partnership Fund—Created in SDCL 1-16G
  - a. OR Local Capacity Building Grants through HOF in SDHDA
- 4) Workforce Education Fund—Created in Building SD—SDCL 13-13-88
- 5) Funds to reimburse economic development and housing development groups who were impacted by COVID 19 price increases or other COVID 19 ramifications—through SDHDA
- 6) Invest in proven organizations across the state who have the capacity to deliver and meet local needs, including administrative costs.

**NOTE:** Some of these recommendations will take legislative/statutory “tweaks” or rules changes to fully implement, which details can be made by Homes for South Dakota’s legal counsel when appropriate.

Other Key Economic Development Opportunities to Come from This Study:

- 1) Construction Supplies Review of the Supply Chain and How to Recapture It for SD
- 2) Local professional training in how the programs work and fit together.

- 3) Review the construction trades programs in the technical colleges, their ability to stay current in equipment, technologies, and supply chains, plus recruitment.
- 4) How to add to the capacity to build pre-built homes in SD appropriately.

We do reserve the right to provide additional information and detail in the study process as may be necessary and helpful and do stand by to provide technical assistance in the drafting process or the mechanics of the programs and processes.

Thank you for your thoughtful consideration!

Respectfully submitted!

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