



TO: Members, Joint Legislative Bonding Review Committee
FROM: Lorraine Polak, Executive Director *Lorraine*
SUBJECT: SDHDA Annual Report
DATE: November 9, 2021

In accordance with SDCL 2-6-15, included are SDHDA's audited financial statements as of June 30, 2021; SDHDA's FY 2021 Annual Report, a report indicating SDHDA's indebtedness; and a list, by bond issue, of the fees paid to professional service providers since our last report to the Committee. For your information we have also included the South Dakota Housing Opportunity Fund FY 2021 Annual Report.

Under SDCL 11-11, the South Dakota Housing Development Authority is a self-supporting quasi-public corporation which generates the funding for its programs through the sale of tax-exempt bonds and the fees derived from the origination of loans and administration of federal contracts.

Homeownership Bond Issues

Since last year's report, SDHDA has issued \$165 million in bonds to support our First-time Homebuyer Program. During FY 2021, \$441 million was loaned to 2,511 homebuyers in South Dakota.

Interest rates for the program currently range from 2.625% to 3.875%.

The Authority also administers the Community Home Improvement Program which provides low-interest home improvement loans and the Homeowner Counseling Program. The Homebuyer Education Resource Organization (HERO), a 501(C)3 non-profit organization created by SDHDA, also administers funding to local homebuyer education providers. Over 2,400 prospective homebuyers received homebuyer education and 289 households received rental education through HERO.

The Authority's Homeownership Bond Program continues to maintain a AAA rating with Standard & Poor's (S&P) Rating Service and a Aaa rating from Moody's Rating Service.

The Governor's House

As of June 30, 2021, a total of 160 homes were sold during the year. For the DakotaPlex Program, 12 units have been ordered and placed within five communities.



Other Authority Programs

The Authority continues to administer a variety of federal programs providing affordable housing in South Dakota. The Housing Tax Credit (HTC) Program and Multifamily Tax-Exempt Bond Financing Program are both authorized by the U.S. Internal Revenue Code. The HOME Investment Partnership Program, Housing Trust Fund, Emergency Solutions Grant and the Continuum of Care programs are administered on behalf of the U.S. Department of Housing and Urban Development. These programs provide funding for the development and preservation of multifamily and single family housing for various income levels as well as providing funding for services and programs for those who are homeless or at risk of becoming homeless. Total funding allocated for these programs is over \$11 million annually.

SDHDA also manages a multifamily portfolio of 373 developments and administers \$24 million in rental subsidy for SDHDA, USDA Rural Development, and HUD financed or assisted properties, accounting for 4,682 units of affordable rental housing. SDHDA oversees compliance for affordable housing units developed under the HOME, Housing Tax Credit, Housing Trust Fund, Housing Opportunity Fund and multifamily bond programs.

South Dakota Housing Opportunity Fund (HOF)

The Housing Opportunity Fund program was created during the 2013 Legislative Session to promote economic development in South Dakota by expanding the supply of affordable housing to low and moderate income families and individuals. During fiscal year 2021, a total of \$3 million was allocated providing housing to families and individuals throughout South Dakota. Project information can be found in the HOF Annual Report which is included with your material.

COVID-19 Funding

SDHDA is responsible for the administration of additional COVID-19 funding. In October, SDHDA began administering \$10 million of CARES Act funding to assist households financially impacted by COVID with their rent, mortgage, and utility payments. SDHDA is also administering the Emergency Rental Assistance 1 (\$200 million), Emergency Rental Assistance 2 (\$152 million), and Homeowner Assistance Fund (\$50 million). This funding is referred to as the SD Cares Housing Assistance Program and as of June 30, 2021, over \$11.5 million in funding has been approved for South Dakota households.

Additional one-time funding has also been received under the Emergency Solutions Grants Program (\$5 million) and the HOME Program (\$9 million).

If you have any questions concerning the Authority and our programs, please contact me or visit our website at www.shda.org.

Enclosures