

**HAFP-0055-South Dakota
Treasury Feedback for Resubmission of Plan**

Please revise the HAF plan by providing a response to the question(s).

Completeness

- No questions.

Homeowner Needs and Community Engagement

Data

- Please explain how the plan targeting and outreach reflect the data referenced in your plan and how the plan targeting and outreach for utility assistance will be implemented without data from utility providers.

South Dakota has been administering direct financial assistance for mortgages, rent and utilities since October 2020, during this time we have worked with many private and municipal utility providers. The established partnerships provide an opportunity for outreach and marketing. The 2020 funding provided direct financial assistance creating the framework and network that will continue to be used for administration of the Homeowner Assistance Fund. In addition, the 2020 funding provided payment of utility arrearages, reducing the number of delinquent households, thus eliminating some of the data demonstrating need.

- Please explain the insights on housing discrimination identified through the data source that you cite in your plan.

Targeted outreach will include working with community-based organizations and service providers that work with specific populations, to inform them of the assistance available and the intake process. Information will be shared via social media and posting informational materials at bus stops, food banks, public housing authorities, city offices, social service and employment offices, schools, community and healthcare facilities, libraries, local churches, major employers, clinics, utility companies and other areas where hard-to-reach populations may live.

South Dakota Housing Development Authority provides for the services of a Fair Housing Ombudsman and 1-800 number providing access to information and services to households who may be experiencing discrimination. Information regarding the SD Cares Housing Assistance Program including ERA and HAF programs is provided to the Ombudsman along with providing information to the SD Attorney General's Consumer Protection Services.

Community Engagement and Public Participation

- Your plan indicates that only one organization involved in your public input process, which you list as primarily serving low- or moderate-income populations and addressing housing discrimination. Please explain how the program is confident in its ability to reach targeted populations without engaging additional similar organizations in planning and implementation.

The Public Meeting and Comment Period were provided to solicit comments on both the Homeowners Assistance Fund as well as taking comments on South Dakota Housing Development Authority (SDHDA)'s federal finance programs. There was a total of 16 organizations represented at the public meeting. During the meeting, SDHDA staff presented information on the implementation of the HAF program and provided an opportunity for questions and open conversation. The HAF plan indicated only one organization provided comments, but there were many more organizations that participated in the meeting, including our partner agencies who typically serve extremely low-, low- or moderate-income households.

With the implementation of the SD Cares Housing Assistance Program in 2020, SDHDA has been hosting weekly phone calls with our Program Partners during which time we discuss the program, applicant eligibility, program changes, etc. During the phone calls we have also discussed the implementation of the HAF program. While the Program Partners may not have provided public comments during the Public Meeting or comment period, ongoing conversations have occurred and the Program Partners have asked many questions and provided a lot of feedback for the creation of HAF.

Targeting populations that may be facing housing discrimination will be challenging. According to the most recent data from the SD Division of Human Rights, only 5 complaints were filed in South Dakota in 2019 regarding real property/housing discrimination. As part of the SD Cares Housing Assistance Program, South Dakota Housing Development Authority has contracted with a non-profit legal services organization for housing stability services and will work with them to continue to provide outreach to the target populations.

- Your plan notes public input and community engagement in the plan development process. Please explain how community engagement informed your plan's programmatic and outreach design.

A copy of the HAF Administration Plan/Guide was made available via SDHDA's Website since June 23, 2021. At SDHDA's 31st Annual Statewide Housing Conference the draft Administration Plan/Guide was discussed at an open breakout session. The HAF Administration Plan/Guide was also discussed at several community meetings including the state's Quarterly Realtor meeting. Mortgage assistance was also discussed on a local radio station in the state's largest community. These events, in addition to our weekly phone calls with Program Partners have all provided engagement and feedback for the formation of the HAF plan. The Program Partners administer multiple programs that provide direct services. Their experiences in marketing programs, taking applications and collecting documents will be instrumental feedback in making the HAF program operate effectively and efficiently.

- Please describe any coordination you intend with Tribes or Tribal entities.

South Dakota Housing Development Authority has a very good working relationship with South Dakota's nine Indian Reservations. The South Dakota Native Homeownership Coalition, formed in 2016, is a coalition of members including South Dakota Housing Development Authority, South Dakota tribal communities, tribal housing entities, nonprofit organizations and others, working to advance homeownership opportunities for Native American homeownership. As being a partner member, SDHDA and other coalition members have discussed the HAF program, how it will be implemented and how the agencies can work together for all areas of South Dakota.

Tribal communities will have a separate application process but SDHDA has created access to the state's application portal so the tribal communities can cross reference financial assistance. Applicant information will be cross referenced on several identifying factors such as name of head of household, household address, and timeframe for which assistance was provided. The application also asks if the applicant has received additional financial assistance as well as identifying their tribal affiliation, if applicable, so the case worker can reach out to the appropriate tribal community to cross reference for any assistance provided.

- Please provide an update indicating any public comments you have received since you submitted your HAF Plan, from which organization you received any such comment, and whether you have responded to the comments.

The only public comment that was collected was during SDHDA's 31st Annual Statewide Housing Conference. The commenter suggested that SDHDA look at measures to prevent homeowner displacement, such as home repairs to maintain the habitability of a home, including the reasonable addition of habitable space to alleviate overcrowding, or assistance to enable households to receive clear title to their properties; SDHDA believes there is a great need especially in Tribal communities. SDHDA has had conversation with some tribes and it appears their plan will emphasize home repairs to maintain the habitability of a home as well as SDHDA's plan.

Program Design

- Please explain how the sources of data listed in the section on Homeowner Needs informed the Program Design Elements included in your plan.

Because South Dakota is a rural state with less than 1 million in population, SDHDA felt the best data to use was to look at its own portfolio. Having said that, meeting the targeted goal requirements should not be an issue. SDHDA will utilize many outreach methods with the goal of reaching every SD household in need, however, the applicant will still need to make the initial application request and that element is beyond our control. Keep in mind, South Dakota was one of the few states that did not shut down due to COVID-19 so the need may be less than expected.

- Will there be a method in your HAF program, early in the process of engaging with a household, to evaluate immediate threats to the housing stability of applicants, which may need to be addressed under an expedited or prioritized timeline (e.g. HOA liens, tax delinquencies, utility shut off)?

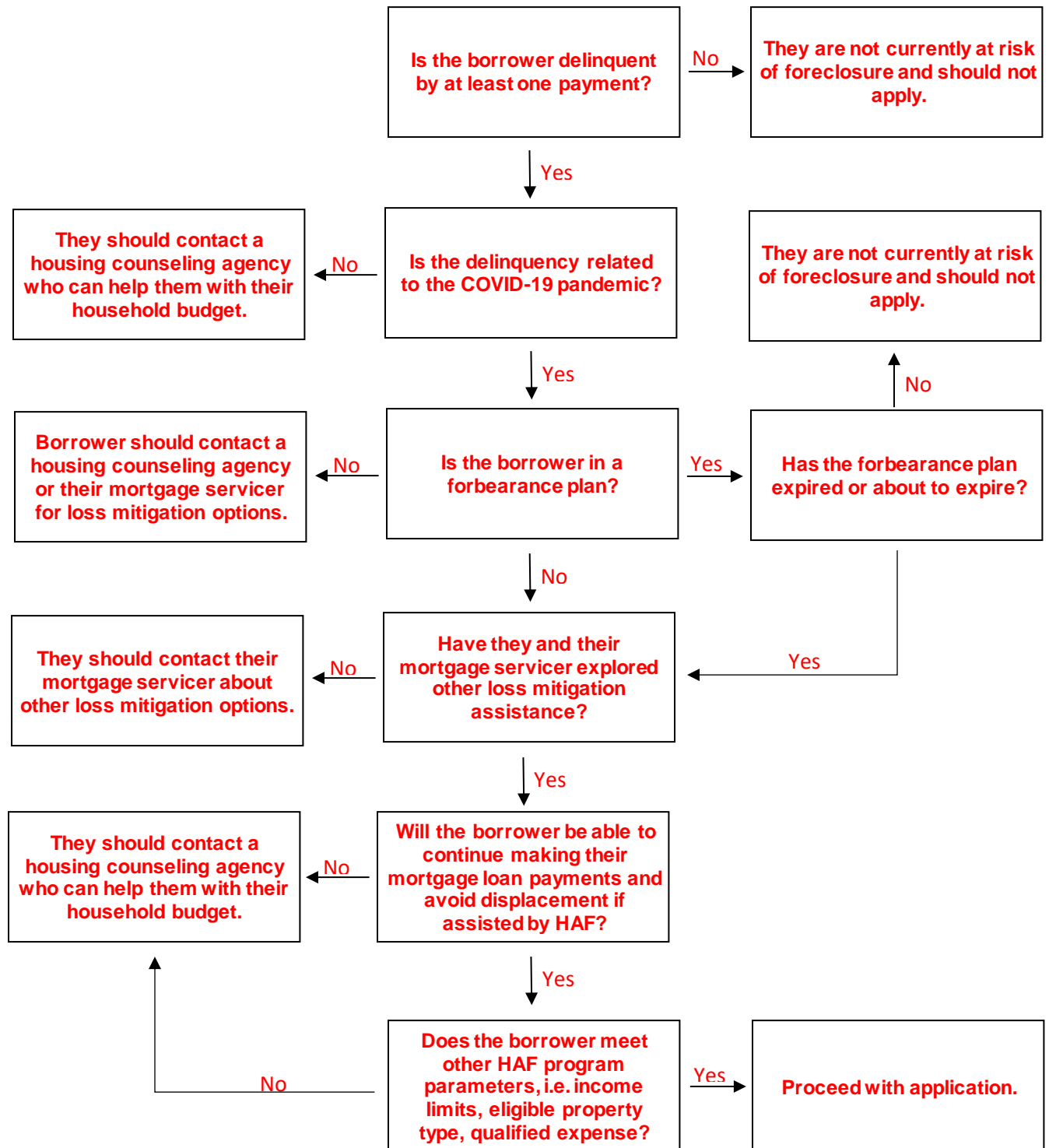
SDHDA is prepared to hit the ground running with an aggressive marketing campaign. The on-line applications will be processed in the order received but because of the harsh winter months in South Dakota, we will plan to prioritize utility shut off's first. SDHDA has recently sent over 1,000 marketing flyers to businesses where a potential homeowner may frequent, i.e; daycare providers, after-school programs, public libraries, church-based, and other community and school organizations in an effort to reach families that may need assistance. The HAF program will be a continuation of existing housing assistance for homeowners, it is not anticipated that there will be many households requiring the expedited or prioritized timeline.

- Please confirm your exclusion of reverse mortgages and explain what steps you have taken to assess the needs of homeowners with reverse mortgages. Please summarize any community feedback or data on which you have based this decision.

SDHDA has excluded, at least initially, the reverse mortgage borrower. SDHDA believes by the very nature of this type of product that there is very low risk to these borrowers losing their home. If these homeowners do need assistance for delinquent taxes and other mortgage related fees, SDHDA would consider using HAF funds.

- Please describe how your program will utilize housing counselors or legal services to assist homeowners in evaluating loss mitigation options available for their mortgage. Your description should include:
 - whether your program will connect homeowners with housing counseling or legal services early in the process.
 - the role housing counseling or legal services providers will play in supporting homeowners' efforts at engaging in loss mitigation.

Intake Process: Instead of having just one point of entry, the borrower can enter the initial process through four different avenues. An initial assessment can be provided by a Program Partner, a housing counseling agency, by calling the Helpline Center or by contacting their mortgage servicer. Most borrowers will enter through their mortgage servicer. The following flowcharts outlines the decision tree that each point of entry will follow.



- In situations where the HAF assistance includes or will be limited to payments for mortgage reinstatement, please explain whether and how you will assess whether a similar or more appropriate alternative loss mitigation option is available through the servicer.

In the plan SDHDA encourages participants to avoid using HAF funds in a manner that replaces other loss-mitigation resources that would otherwise be available. HAF funds will be used only to supplement other loss mitigation options offered by the servicer under investor requirements or where, without HAF funds, the homeowner would not qualify for that loss mitigation option. This will be reiterated with mortgage servicers as they are helping delinquent borrowers.

- How will your program leverage resources available through a loss mitigation process to benefit eligible homeowners and how will your program avoid using HAF funds in ways that duplicate relief that available loss mitigation options might provide?

As stated above, mortgage servicers will be encouraged to use HAF funds only to supplement other loss mitigation options offered by the servicer under investor requirements. SDHDA is considering a servicer affidavit to that affect.

- Please explain what steps, if any, your program will take to assist the homeowner in determining whether a HAF-resolution will result in a sustainable monthly payment?

This will be left up to the mortgage servicer and/or counseling agent, some of which are Program Partners.

- Are you anticipating increased winter home energy costs and their potential impact on the homeowners that HAF will serve?

Yes.

- Your programs set \$25,000 as the maximum amount of assistance per homeowner. Please explain how you determined this amount will be sufficient to resolve housing-related delinquencies and whether the cap will be sufficient in areas with higher housing costs?

An average monthly payment of \$1,200 x 21 months (February 2020 to October 2021) = \$25,200. Keep in mind, South Dakota was one of the few states that did not shut down due to COVID-19 and the fact that a small percentage of homeowners even took advantage of the forbearance plans that were offered indicates that 21 months may be an extreme situation

Eligibility

- Please provide the rationale for not using a fact-specific proxy as one method for establishing eligibility under your plan, including how you determined that without such a proxy, your program can avoid unnecessary barriers to participation by eligible homeowners.

South Dakota is a rural state with small population. Any given neighborhood in a community may be comprised of families from a broad range of income levels, making proxy data unreliable. Other income eligibility tools, such as categorical eligibility or self-attestation, especially for zero income, will be used in keeping the application process simple.

- Please provide additional details on your eligibility and hardship determination process.

When collecting documentation for eligibility purposes, SDHDA will consider a number of source documentation items and collection methods to reduce the burden on applicants in documenting their situation. Program partner staff will work with third-parties to facilitate the verification of information provided by the applicant. Determining the hardship for HAF will be similar to what is already being done for the Emergency Rental Assistance program. It will be driven largely by the applicant's own statement of hardship provided in the application in terms of what further documentation, if any, is warranted.

Outreach

- Please explain how the program will target outreach and provide access to homeowners with limited English proficiency.

For people with limited English proficiency (LEP), the Helpline Center will assist with providing translators. SDHDA and Program Partners will work to ensure that the intake process is available and accessible to a wide range of people, and that eligible households are aware of the available assistance. This means taking into consideration the needs of people who may not have access to the internet, may not speak English, may have disabilities, or may not initially trust government programs.

- Please explain how the program will provide culturally relevant marketing.

SDHDA has already translated some marketing material in to Spanish and Karen.

Prioritization

- If your program intends to serve households who are over the 100% AMI threshold, how will your program prioritize Socially Disadvantaged Individuals?

If Program Partners know that a certain population in their jurisdiction is disproportionately affected by COVID-19 impacts, such as loss or reduction of income, or may have high levels of need, they are asked to assist in conducting targeted outreach and marketing to those groups. Such groups may include people and communities of color, refugee populations, immigrants, LGBT populations, and people with disabilities. Targeted outreach may include cooperating with community-based organizations and service providers that work with these groups to inform them of the assistance available and the intake process. Information can be shared via social media and posting informational materials at bus stops, food banks, public housing authorities, city offices, social service and employment offices, schools, community and healthcare facilities, libraries, local churches, major employers, clinics, utility companies and other areas where hard-to-reach populations may live.

SDHDA feels the majority of applicants will fall in the 100% AMI or less but funds will be reserved for the 100% to 150% AMI borrower.

Performance Goals

- Please explain how you intend to communicate your progress towards performance to the public.

Annually, SDHDA produces an annual report of all of the programs that SDHDA administers. SDHDA would envision adding the HAF funds to that report. Currently, SDHDA is producing a weekly 2020 South Dakota Cares Housing Assistance Program (SDCHAP) "Status or Public Update" and a second report entitled "New Applications Requesting Mortgage"

- Please indicate which three metrics will serve as the best indicators of the success of your program.

The speed by which an applicant receives assistance through the program, from receipt of full application to disbursement of funds (or denial of application, if applicable).

The number and percentage of applicants that receive assistance through the program versus the number and percentage denied assistance

The number of households served and the dollar amount of HAF assistance provided for mortgage loans.

- Please indicate whether you intend to disaggregate metrics by income, race, gender, etc.

Yes, to the extent possible. Race and gender data gathered for any purpose under this program will be inaccurate as the only data collected will only be that of one applicant, and not representative of the household. For two-adult households, the data collected only represents whichever one completes the application, and not the partner who is, in reality, also receiving assistance.

- Please consider including as an additional metric the number of homeowners assisted/foreclosures prevented solely through counseling or legal services without payment of HAF funds to resolve the homeowner's defaults or delinquencies.

SDHDA will collect this information, to the extent possible. When homeowners apply for assistance through the HAF program, they will engage with the counseling/legal services agencies as well as their service providers on loss mitigation options. If they are able to resolve their delinquency during the application process without needing HAF funds, we would be able to track these. If a homeowner seeks counseling or legal services without applying for HAF funding assistance, SDHDA will not be able to include these homeowners in such a metric.

Readiness

- Please provide the most recent available information about your program's readiness, including staffing, contractors, etc.

SDHDA has a history of success with its ability to help both renters and homeowners very quickly. Evidence of this can be found with the 2020 South Dakota Cares Housing Assistance Program (SDCHAP). SDHDA has been anticipating the release date of the HAF funds since August 20,

2021. SDHDA has hired a program manager and two temporary employees. Staff is well trained and ready for the HAF program to begin.

- Is your program prepared to launch upon approval and, if not, by what date will you be ready to launch following approval?

SDHDA is hopeful to launch the HAF program on January 1, 2022.

- Please provide updated information about your progress in spending the initial 10% payment from your jurisdiction's full allocation and the status of any pilot assistance already offered or made available to homeowners.

SDHDA did not create a pilot program. A minimal amount of the 10% allocation has been used for startup administration fees.

Budget

- Your plan indicates the following program design elements will be offered with no corresponding budget allocation. Please provide a budget allocation by each program design element. Alternatively, you may group similar types of program design elements, i.e., mortgage related program design elements (i.e., payment assistance, principal reduction, or reinstatement), taxes and insurance (outside of mortgage), etc.

- Payment assistance for homeowner's association fees or liens, condominium association fees, or common charges.

Although it is an allowed expense, SDHDA does not anticipate a significant number of requests for condo fees. There are fewer than 500 condominium projects registered in SD. Expenditures would likely be less than \$250,000.

- Payment assistance for delinquent property taxes to prevent homeowner tax foreclosures.

Median Property Tax in SD is \$1600/year; To pay delinquency back to January, 2020, arrearages may typically include 2 years of taxes:

\$3200 (\$1600 x 2) x 1800 loans = approximately \$5,700,000

- Financial assistance to allow a homeowner to reinstate a mortgage or to pay other housing-related costs related to a period of forbearance, delinquency, or default.

- Payment assistance for homeowner's insurance, flood insurance, and mortgage Insurance

Using an average insurance cost of \$1950 per year on a \$250,000 home, and assuming arrearages/current amount due of 2 years:

\$3900 (\$1950 x 2) x 1800 loans = approximately \$7,000,000

Basically, SDHDA has divided the budget into three categories: "Direct Funding to Recipients", "Utility Expenses" associated with those households and "Internet/Broad band Expenses". SDHDA feels the four bulleted items above fall into the category "Direct Funding to Recipients". All of these items are considered as preventing homeowner mortgage delinquencies, defaults or foreclosures.

- Your plan indicates \$1,743,000 in excess funding for "either additional direct funding or for unexpected administrative expenses." Please explain the considerations for placing these funds in the administrative allocation and whether you plan to use the funds for additional direct assistance.

It is SDHDA's hope that the remaining \$1,743,000 will be available for additional funding for recipients. We believe, as with any new program there is an element of unknown. We also believe, as presented, the budgeted Administrative Costs should cover most of the expenses of running the program going forward. The \$50,000,000 was a small state minimum and this may be more than what is needed to help South Dakotans. SDHDA may utilize more than the \$150,000 for reimbursement of SDHDA funds already expended.

- Your plan indicates that \$150,000 will be used to reimburse expenses. Please explain how these funds were spent and whether you have data on homeowners who received assistance.

These funds were used to help delinquent SDHDA portfolio borrowers in lieu of using 2020 South Dakota Cares Housing Assistance Program (SDCHAP) which was funded through the 2020 CARES Act funding. Legal counsel advised SDHDA that Cares Act funds could not be used to help SDHDA portfolio borrowers. SDHDA self-funded the program to provide financial assistance for principal and interest expenses and were not used for real estate taxes. SDHDA felt with the limited funds available with the Cares Act we did not want to exclude SDHDA's own borrowers so SDHDA used its own funds for these borrowers. SDHDA was pleased to see that the HAF funds could be used for "Reimbursement of funds expended by a state or local governments during the time period beginning January 21, 2020".