

HUD HEARTLAND NEWS



US Department of Housing and Urban Development
Sioux Falls, South Dakota Field Office

New HUD Secretary Julián Castro



Mr. Julián Castro was sworn in as the 16th Secretary of the Department of Housing and Urban Development on July 28, 2014. Secretary Castro's new role includes overseeing 8000 employees and a \$46 billion budget. He plans to use a performance-driven approach to achieve the Department's mission of expanding opportunity for all Americans through strong, sustainable communities and quality affordable homes. His focus is ensuring that HUD is a transparent, efficient and effective champion for the people it serves. He has charged HUD with one goal: giving every person, regardless of their station in life, new opportunities to thrive.

Prior to HUD, Castro served as Mayor of San Antonio, TX and became known as a national leader in urban development. In 2010, San Antonio launched the "Decade of Downtown", attracting \$350 million in private sector investments, which will produce more than 2400 housing units by the end of 2014. Secretary Castro holds a Bachelor of Arts degree from Stanford University in 1996 and a Juris of Doctorate degree from Harvard Law School in 2000.

Celebrating 40 Years

On August 22, 1974, President Gerald Ford signed a law creating the Community Development Block Grant (CDBG) Program. Title I of the Housing and Community Act of 1974 merged seven individual competitive grant programs in a block grant to provide local communities the flexibility to decide for themselves how best to meet their own community development needs.

For the next 40 years, cities, counties, and communities have invested \$144 billion from improving public facilities to producing affordable housing. Each year, CDBG funds are distributed to state and local governments according to their population, poverty, and other housing variables. In South Dakota, these entities are the City of Sioux Falls Community Planning and Development, the City of Rapid City Community Development, and the South Dakota Housing Development Authority in Pierre.



Veteran's Stand Down

The Veteran's Stand Down will be held on September 19, 2014 at the VFW post at 3601 S. Minnesota Avenue in Sioux Falls from 9:00 a.m. to 2:00 p.m. Stand Downs are an effort to provide services to veterans such as food, shelter, clothing, health screenings, counseling and referrals for other necessary services, such as housing and employment.

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CALENDAR OF EVENTS:

<u>August 11</u>
Public Comment Meeting Rapid City
<u>August 12</u>
Public Comment Meeting Aberdeen
<u>August 13</u>
Public Comment Meeting Sioux Falls
<u>August 14</u>
Public Comment Meeting Pierre
<u>September 9</u>
Homeless Consortium Meeting Pierre
<u>September 10</u>
HOME Training Sioux Falls
<u>September 19</u>
Veteran's Stand Down Sioux Falls



Phone toll-free (800) CALLFHA or
(800) 225-5342, M-F, 7am-7pm CT

Email: answers@hud.gov

Search online: www.hud.gov/answers



Expanded Efforts

In June 2014, the Treasury Department and HUD announced a partnership aimed at supporting FHA's multifamily mortgage risk-sharing program. The Federal Financing Bank will use its authority to finance FHA-insured mortgages by providing housing finance agencies access to the capital they need by reducing the interest rate for the construction and preservation of multifamily units.

The [announcement](#) also includes an extension of the Making Home Affordable (MHA) program at least until December 31, 2016 to allow continuation of assistance to homeowners facing foreclosures and those whose homes are underwater. To date, the MHA program has provided relief to more than 1.3 million homeowners who have permanently modified their mortgages, saving a median of \$540 per month in mortgage payments.

FEDERAL HOUSING ADMINISTRATION

U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

FHA Celebrates 80 Years

In June 1934, the Federal Housing Administration was created, making possible the American Dream - the opportunity for all to own a home. During the 1940s, FHA programs helped finance military housing and homes for returning veterans and their families after the war. In the 1950s through 1970s, FHA helped to spark the production of millions of units of privately-owned apartments for elderly, handicapped and lower income. When soaring inflation and energy costs threatened the survival of thousands of private apartment buildings in the 1970s, FHA's emergency financing kept cash-strapped properties afloat.



FHA made it possible for potential homebuyers to get the financing they needed when recession prompted private mortgage insurers to pull out of oil producing states in the 1980s. In 2008, FHA stepped up to keep capital flowing and prevent a total housing crash. In May 2014, FHA announced a new blueprint for greater consumer access to credit through a new FHA housing counseling program. The four-year, two-phase pilot program, called Homeowners Armed With Knowledge or [HAWK](#), will offer a 50 basis point reduction in the upfront mortgage insurance premium and a 10 basis point reduction in the annual premium at the time of loan origination to first-time homebuyers who complete the program.

In South Dakota, FHA has endorsed 113,310 single family mortgages valued over \$6.6 billion.

Lender Insight

[Lender Insight](#) is a quarterly newsletter published by HUD's Office of Lender Activities and Program Compliance and provides information about lender approval, recertification, monitoring and compliance, and enforcement actions. Each issue contains core information designed to help lenders better understand FHA processes and trends.

The newsletter is distributed to subscribers of the FHA INFO mailing list which allows lenders to receive email updates on Single Family policy issues and updates.

South Dakota Single Family FHA Information

<u>FY2014 Statistics</u>	<u>Apr</u>	<u>May</u>	<u>Jun</u>
Loans Insured	125	131	145
First-Time Homebuyers	76	82	97
Minority Homebuyers	9	5	7
Default Rate	2.31%	2.46%	2.43%
Foreclosure Rate	0.67%	0.68%	0.62%
REO Properties			
Acquired	12	11	10
Sold	17	10	9
Owned	40	41	42

Summer Intern

Our office has enjoyed having Mackenzie Fahy serve as the summer intern. Mackenzie has learned a lot about HUD's programs and has helped out with several projects over the past weeks, including the newsletter.



Mackenzie is a non-traditional student completing a degree in Urban Studies from the University of Minnesota and is also a senior at South Dakota State University where she studies Mechanical Engineering. Mackenzie lives in Sioux Falls with her husband John, also a non-traditional student, and their three cats. She enjoys running, reading, and spending time with her husband and friends.

Homeless Programs Receive Funding

On June 19, 2014, HUD announced over \$19,000 in Continuum of Care grants to the [South Dakota Housing for the Homeless Consortium](#). The grants provide permanent and transitional housing to homeless persons, job training, health care, mental health counseling substance abuse treatment, and child care.

Emergency Grants Awarded

The South Dakota Housing Development Authority recently announced \$513,761 in Emergency Solutions Grants (ESG) awarded to 20 emergency and domestic violence shelters in 15 communities in South Dakota. The ESG is a block grant from HUD for services to homeless and near homeless individuals and families for street outreach services, emergency shelter, homelessness prevention and rapid re-housing, and administrative costs. For the complete announcement and list of recipients, visit [SDHDA's website](#).

Historic Loan Closing

On July 8, 2014, the Oglala Sioux (Lakota) Housing Authority closed on a HUD Title IV guaranteed loan, the first one ever completed in South Dakota. The Title IV guaranteed loan program is designed to assist Indian Housing Block Grant (IHBG) recipients looking to finance eligible affordable housing projects, but who are unable to secure financing without a federal guarantee.

Funding Opportunities for Fair Housing

The Notice of Funding Availability (NOFA) for three Fair Housing programs was recently posted and applications are due September 2, 2014. The Fair Housing Programs:

- [Private Enforcement Initiative](#) provides funding to private, non-profit fair housing enforcement organizations for the investigation and enforcement of alleged violations of the Fair Housing Act.
- [Education and Outreach Initiative](#) provides funding to organizations that inform the general public about their rights and obligations under the Fair Housing Act.
- [Fair Housing Organization Initiative](#) provides funding to establish new fair housing enforcement organizations and to support their capacity to enforce the prohibitions on discrimination set forth in the Fair Housing Act.

Sustainable Communities Report

In celebration of the Partnership for Sustainable Communities 5th anniversary, HUD, the Transportation Department, and Environmental Protection Agency released "Five Years of Learning from Communities and Coordinating Federal Investments." The [report](#) shows how the agencies are working to help communities provide more housing choices, more efficient and reliable transportation systems, and vibrant neighborhoods that attract business development and jobs while protecting the environment.



In South Dakota, partnership funding helped the Thunder Valley Community Development Corporation on the Pine Ridge Indian Reservation develop a regional plan to define the community's future.

Home Equity Conversion Mortgages

The Home Equity Conversion Mortgage (HECM) program allows homeowners 62 years and older to convert a portion of the property's equity into cash. A HECM loan does not require any type of repayment until the borrower no longer uses the property as their primary residence, the home is sold, or the borrower fails to meet the obligations of the mortgage. Interest accrues on the loan and financial fees will be added to the amount borrowed. When the home is sold or no longer used as the primary residence, the cash, interest, and other finance charges must be repaid. Potential borrowers meet with a financial counselor prior to applying for a HECM loan where the counselor discusses eligibility requirements and repayment.

Section 3 Business Registry



The **Section 3** program requires recipients of HUD assistance to provide job training, employment, and contract opportunities for low or very low income residents. A Section 3

resident is a resident of public housing or who lives in an area where a HUD-assisted project is located and who has a household income that falls below HUD's income limits. A Section 3 business is one that is 51% or more owned by Section 3 residents, employs Section 3 residents at least 30 percent of its full-time, permanent staff, or provides evidence of a commitment to subcontract to Section 3 business concerns, 25 percent or more of the dollar amount of the awarded contract.

The **Section 3 Business Registry** is available as a listing of firms that have self-certified that they meet one of the regulatory definitions of a Section 3 business and are included in a searchable online database that can be used by agencies that receive HUD funds. The database can also be used by Section 3 residents to identify businesses that may have HUD-funded employment opportunities.

It is recommended that users perform due diligence before awarding contracts to firms that have self-certified on this registry by ensuring that they meet the definition of a Section 3 business concern as defined by the Department's regulations at 24 CFR 135.5.



Public Comment Meetings

Each year the South Dakota Housing Development Authority (SDHDA) and the Governor's Office of Economic Development (GOED) receive about \$9 million from HUD to support the **Community Development Block Grant, Emergency Solutions Grant** and the **HOME Investment Partnerships program**. These funds help to provide decent housing, a suitable living environment, and expanded economic opportunities to low-and moderate-income persons.

SDHDA and GOED will be hosting public comment meetings to solicit comments on the 2015 Annual Action Plan of the Consolidated Plan and the allocation plans for these programs. The Consolidated Plan is a five-year housing and community development planning document on how funds will be allocated for these programs.

Comments can also be sent to their office by August 22.

Rapid City	8/11/14	10:00 a.m.
Aberdeen	8/12/14	1:00 p.m.
Sioux Falls	8/13/14	8:00 a.m.
Pierre	8/14/14	8:00 a.m.

Multifamily Housing What's New

For the most current information from HUD's Multifamily Housing HUB in Denver, go to their [website](#).

Neighborhood Revitalization Program

The **Neighborhood Revitalization Program** in Sioux Falls allows Affordable Housing Solutions (AHS) to acquire vacant dilapidated renovation and rehabilitates or demolishes them and sells them to households who make less than 80% of the median income. AHS is a non-profit organization dedicated to creating innovative housing solutions for low income households. The average cost of the homes is \$119,000 which are mostly located within the core neighborhoods of the city. This program helps to restore the condition of the neighborhoods while providing more options to low-income homebuyers. Affordable Housing Solutions can be contacted at (605)221-0430 concerning the availability of any of the single family home sites.

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This is a quarterly publication of the South Dakota HUD office. For active internet links, view the newsletter online at www.hud.gov/southdakota

Please contact us if you have any news or updates to include in our newsletter.

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Mission of the U.S. Department of Housing and Urban Development: To create strong, sustainable, inclusive communities and quality affordable homes for all. HUD is working to strengthen the housing market to bolster the economy and protect consumers; meet the need for quality affordable rental homes; utilize housing as a platform for improving quality of life; build inclusive and sustainable communities free from discrimination; and transform the way HUD does business.