

U. S. Department of Housing and Urban Development



Community Planning and Development

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October 10, 2017

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**RAPID CITY
PUBLIC WORKS**

Mr. Dale Tech
Public Works Director
Community Development Division
300 6th Street
Rapid City, SD 57701

Dear Mr. Tech:

Community Planning and Development (CPD) is striving to strengthen its working relationship with our State and local government partners to help achieve greater results in meeting the housing and community development needs of our low- and moderate-income customers. One of our important responsibilities in this ongoing process is the periodic assessment of your accomplishments and performance in the administration of funds provided by CPD and in meeting key program and Departmental objectives, as mandated by the statutes governing these programs.

This review examines information provided by Rapid City for its 2016 Program Year. In conducting this assessment, we examine your activities for consistency with the priorities and objectives outlined in the Consolidated Plan and Annual Action Plan. We used the information contained in the Integrated Disbursement Information System (IDIS) Consolidated Annual Performance and Evaluation Report (CAPER), as well as any monitoring reviews conducted during the course of the program year.

Our assessment report that is enclosed covers the following areas:

- Meeting the statutory purposes of the Community Development Block Grant (CDBG) program
- Consistency with strategies and goals in the Consolidated Plan and Annual Action Plan
- Performance Measures
- Fair Housing and Equal Opportunity
- Timeliness
- Caps on Obligations – CDBG-Administration, Public Service
- IDIS

Based upon our analysis and examination of the data available to us, we have determined that the city's overall progress has been satisfactory during the fourth program year of the five-year plan. Rapid City appears to be administering its programs in a manner consistent with the applicable regulatory requirements. During the period of April 1, 2016 through March 31, 2017,

Rapid City has carried out its program substantially as described in its Consolidated Plan and has the continuing capacity to carry out its approved program in a timely manner. These conclusions on your overall program performance are based solely upon the information available to this office and do not constitute a comprehensive evaluation or approval of specific activities.

You have the opportunity to provide us with your review and comment on the draft Annual Community Assessment within 30 days of the date of this letter. We may revise the Assessment after considering your views. If we do not receive any response by the end of the 30-day period, the draft Annual Community Assessment will become final without further notice.

The final Annual Community Assessment must be made readily available to the public. You can assist us in this regard by sharing the final Annual Community Assessment with the media; with a mailing list of interested persons; with members of your advisory committee; or with those who attended hearings or meetings. You must also provide a copy of the final Annual Community Assessment to your independent public auditor. HUD will make the final Annual Community Assessment available to the public upon request and may provide copies to interested citizens and groups.

If you have any questions, please do not hesitate to contact Ms. Mary Ann Geissel, Senior CPD Representative, at (303) 672- 5059.

Sincerely,



Aaron B. Gagne
Regional Director

Enclosure

ANNUAL COMMUNITY ASSESSMENT

JURISDICTION – Rapid City, South Dakota

PROGRAM YEAR START - April 1

PERIOD COVERED BY ASSESSMENT – April 1, 2016 through March 31, 2017

HUD is required to conduct an annual review of performance by grant recipients according to the provisions of the Housing and Community Development Act and the National Affordable Housing Act. We must determine that each recipient complies with the statutes and has the continuing capacity to implement and administer the programs for which assistance is received. This is to report the results of our review of the Program Year (PY) 2016 Community Development Block Grant (CDBG) performance by the Rapid City Community Development Division.

Part I. Summary of Consolidated Plan/Action Plan Review and Assessment

Rapid City is meeting the primary objective of the CDBG Program, which is the development of viable urban communities by providing decent housing and a suitable living environment and expanding economic opportunities, principally for persons of low- and moderate income. Consistent with this primary objective, not less than 70 percent of the aggregate of the federal assistance shall be used for the support of activities that benefit persons of low- and moderate-income (LMI). Rapid City reports on the Information Disbursement and Integration System (IDIS) PR 26 Report that 100 percent of the federal funds in the current program year were expended to benefit LMI persons. The city reports on this objective annually. This indicates the city is providing low- to moderate-income benefit beyond the required 70 percent overall benefit for the certification period.

Projects funded in the current year are consistent with strategies and goals in the Consolidated Plan and Annual Action Plan. Rapid City includes the performance measure indicators as prescribed by HUD in the narrative of accomplishments. In addition, the IDIS reports reveal Rapid City is inputting these measurements into the system as required. It appears the city continues to possess a variety of resources to leverage its CDBG funds. We congratulate Rapid City on meeting the goals as set out in the Consolidated Plan.

Part II. Summary of Grantee Performance

CDBG

The regulations require that sixty days prior to the end of the grantee's current program year the amount of entitlement grant funds available, but undisbursed by the U.S. Treasury, be not more than 1.5 times the entitlement grant amount for the current program year. In PY 2016, the city had not met the 1.5 timeliness test for a second time. The city had a balance in its line of credit of 1.68 times its annual grant adjusted for Program Income with grant funds of \$79,321 to be expended in order to meet the timeliness test. The city was granted by HUD, a Work Out Plan on February 25, 2016 to expend its CDBG funds in a timely manner with the expectation of the funds to be expended by April 30, 2016. The city was unable to meet the deadline and

requested an extension of the Work Out Plan which was granted by HUD on October 6, 2016 with a new deadline of December 31, 2016.

The city's next timeliness test date for PY 2017 is January 31, 2018. At the time of this report, the city has 2.32 grant years of funds remaining in the Line of Credit including all program income as reported on the IDIS PR01 Report and the PY 2017 CDBG funding allocation. The city is reminded failure to meet the next timeliness test will result in the city being untimely again and is subject to having funds recaptured.

The review of the city's Planning and Administration (PA) activities was performed. The HUD regulation requires that no more than 20 percent can be obligated for Planning and Administration activities. The city obligated \$117,687 and has met this requirement at 17.28 percent of grant funds for administration in PY 2016.

Public service obligations are likewise limited to 15 percent of the funding to public service activities. The HUD limitation for obligations to meet the 15 percent cap is \$77,962.65. A review of the PR03 Report reflects the city obligated \$77,622 and has met this requirement with 14.9 percent of grant funds for public service activities in PY 2016.

The IDIS PR 01 Report, HUD Grants and Program Income, indicated the receipt of program income from the city's Revolving Loan Funds (RLF) for the Rapid City Rehabilitation Revolving Loan program in the amount of \$21,817.08 for PY 2016 with \$21,817.08 remaining at the end of the program year for eligible housing activities. The city's RLF also includes past years' funds that are available for draw downs in the amount of \$27,417.82 for PY 2014 and PY 2015.

Each RLF must be held in an interest-bearing account, and any interest is considered interest earned on cash advances and must be remitted to HUD (no less frequently than annually) as required by 24 CFR § 570.500(b). As of the date of this report, the city has not submitted the payment of the interest earned from the RLF. Please remit the payment within 30 days from the date of this letter.

The city performed three on-site monitoring visits during PY 2016; LSS Arise, Cornerstone Rescue Mission and Canyon Lake Senior Center.

At the time of this review, the city has three pending at-risk activities as reflected on the IDIS PR59 Report dated September 4, 2017. The staff of the Community Development Division is to be commended for their efforts in reducing the number of these activities and is urged to continue to monitor the ongoing activities for completion.

The City continues to provide its required performance measurement indicators for all open activities as prescribed by HUD. A review of the IDIS PR83, CDBG Performance Measure Report, and the IDIS PR85, Housing Performance Report, reveals Rapid City is inputting these measures into IDIS.

Integrated Disbursement and Information System (IDIS)

Rapid City experienced reporting difficulties in IDIS when completed the PY 2016 CAPER, and an extension was granted on June 5, 2017 extending the timeframe of submission of the CAPER until July 14, 2017. The city did receive assistance from HUD's IDIS technical support helpdesk.

The city has shown significant improvement in documenting the accomplishments of its projects and activities as reflected in the reports generated by the IDIS system as well as the inputting of data and numbers on the income categories for those who benefitted from the activities. In addition, the IDIS PR03 report indicates the City is documenting the number of persons assisted with its CDBG Program and race and ethnicity information. The City is reminded to ensure the number of persons who are provided assistance shown as a part of the accomplishment narratives also be included under the correct category, such as female-headed households.

We commend the city for meeting these important requirements and supporting those organizations within the community through its CDBG programs and activities.

Fair Housing and Economic Opportunity (FHEO)

A review of the Rapid City's 2016 Consolidated Annual Performance and Evaluation Report (CAPER) has been completed by the HUD Region VIII Office of Fair Housing. A separate, more detailed report has been provided to the city by the FHEO Office. The review indicated the city is a moderate risk. The city has vastly improved its efforts to document compliance with the community participation requirements within its CAPER. Rapid City has adopted a comprehensive, formal Citizen Participation Plan (CPP) that contains plans to take affirmative steps to include the jurisdiction's minority groups, people with disabilities, and people with limited English.

Rapid City proficiency in the public participation process sufficiently documented its affirmative efforts to involve racial and ethnic minorities specifically in the citizen participation process. The city is to ensure future public notices and published documents concerning the public participation process contain information and a method for persons with disabilities to request reasonable accommodations and ensure it publishes a TDD or State Relay Number. FHEO has urged the city's Community Development staff members to thoroughly review information about HUD's final AFFH rule, published July 8, 2015 and to utilize the materials as guidance for updating its current Analysis of Impediments (AI).

The Analysis of Impediments was finalized by Rapid City in 2003 and is outdated. FHEO recommended the city to conduct an AI in accordance with the requirements in effect prior to August 17, 2015. The city will conduct its Assessment in conjunction with the creation of its new five-year Consolidated Plan due in 2018, and the city is in the process of beginning its Affirmatively Furthering Fair Housing (AFFH) under the new Fair Housing regulations. Rapid City has a projected date of July 5, 2022 for its first Assessment of Fair Housing (AFH) submission under the Final AFFH Rule.

The city identified three impediments: (1) housing problems and cost burden, (2) lack of knowledge on where and how to file Fair Housing complaints, and (3) discrimination in the housing purchase market. Rapid City has made progress in addressing these impediments by establishing action items for each of the impediments identified. Progress has been made by the city in providing fair housing education and training, and continues to work with other governmental departments in expanding affordable housing developments such as the waiver of fees and having discussions with changes in zoning requirements.

Our review of the CAPER indicates Rapid City is committed to continuing its efforts to affirmatively further fair housing and to obtaining a balanced living pattern within its community.

Part III. HUD Evaluation and Conclusions

A. OVERALL EVALUATION

Overall, Rapid City appears to be making strides in providing affordable housing and addressing its community development needs.

B. CONCLUSIONS AND FINDINGS

The Denver Office of Community Planning and Development, Region VIII, has reviewed available facts and data pertaining to the performance of Rapid City for its Consolidated Plan and the formula Community Development Block Grant program specified in that Plan, during the period specified above. Based on the overall review record and the information summarized above, CPD makes the following findings:

1. During the period specified above, Rapid City has carried out its program substantially as described in its Consolidated Plan as approved and amended.
2. The Consolidated Plan, as implemented, complies substantially with the requirements of applicable laws and regulations.
3. Rapid City has the continuing capacity to carry out its approved program in a timely manner.