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City of Rapid City
Community Development Block Grant (CDBG) Program
Application for Funding
Rapid City
Planning Department

A. General Information:

Agency Name: Rapid City Community Development Corporation
Address: 111 St. Joseph St., Rapid City, SD 57701
Address of Project: SAA
(if different from above)

Agency Administration: Barbara Garcia Phone: 348-3104 – X114
Board President: Rick Schlimgen
(attach list of board members – Exhibit A)

B. Purpose of the organization: The purpose of the Rapid City Community Development Corporation is to promote the welfare of Rapid City and its adjacent areas by making loans and investments in the form of equity or debt, or both, in low and moderate income housing developments in or around Rapid City in conjunction with the city of Rapid City, Consumer Credit Counseling Service of the Black Hills, the Rapid City Housing Coalition and other organizations with similar purposes. The corporation will provide capital to build or renovate homes for economically disadvantaged low and moderate-income persons who wish to own their own home.

C. History of the organization: The Rapid City Community Development Corporation (RCCDC) was incorporated on December 5, 1995. The Corporation was formed with initial capitalization donations from five local lenders, U.S. Bank, Wells Fargo Bank, First Western Bank, Pioneer Bank, and Great Western Bank, in the amount of \$25,000 each. The RCCDC formed a volunteer Board of Directors consisting of Member Representatives from the contributing Lenders, and representatives from Rapid City's Community Development Department, Pennington County Housing, First American Title Company, TSP, Micro Solutions, Consumer Credit Counseling Service of the Black Hills, the Rapid City Housing Coalition (now known as the Teton Coalition), and the Black Hills Board of Realtors. Since the formation of the Corporation, one of the initial lenders, U.S. Bank, contributed an additional \$50,000, and two new lenders, GreenTree Retail Services Bank, Inc. and Black Hills Federal Credit Union, joined with \$25,000 contributions each. The RCCDC created a core revolving loan fund of \$225,000. These funds are used to provide 0% interest construction loans for low-to-moderate income households. RCCDC also applies for Community Development Block Grant Funds from the City of Rapid City to use for lot purchases or rehabilitation costs on existing homes for the development of affordable homes for low-to-moderate income households.

The Rapid City Community Development Corporation works in partnership with the Teton Coalition, for outreach into the community, and Consumer Credit Counseling Service of the Black Hills for Buyer counseling and education, and program oversight. The Rapid City Community Development Corporation contracted with Consumer Credit Counseling Service in June 2003 to provide construction oversight, application review and processing, reporting and grant writing, which will enable the RCCDC to complete more projects each year.

Over the past eight years the RCCDC has purchased twenty-two lots using CDBG funds and financed the construction of fifteen (15) homes on those lots. In addition, the RCCDC has financed construction of fourteen other homes for the Teton Coalition on lots they procured. RCCDC has received repayment on two of the land grants/mortgages they granted. Those funds are to be used to purchase additional lots.

In September 2003 RCCDC had two unsold lots in inventory and purchased five (5) new lots. At this time we have four unsold lots. Construction has begun on a spec house; and two lots have just gone under contract. One new Buyer has just started the loan process and will purchase one of the four remaining lots.

In June of 2003 RCCDC received recertification as a HUD Approved Secondary Financing Agency.

D. Agency/Organization Goals: The Rapid City Community Development Corporation remains committed to providing affordable housing homeownership opportunities to low-income persons. RCCDC will build homes on the six lots we currently have. Our goal is to purchase at least three more lots, or homes in need of rehabilitation, within the city limits of Rapid City with our remaining CDBG funds. We have a verbal agreement to purchase three lots in the Neff Subdivision when water rights issues get resolved, if we still have funds available. In the mean time, we continue to seek additional affordable lots or rehab properties to purchase with those funds with the help of the Black Hills Board of Realtors representative on our board. With the CDBG funds that we are requesting, we plan to purchase at least four more lots or properties. We will continue to partner with other non-profits to achieve our mutual goals of placing people in affordable homes. One of our new goals for this year is to access additional funds for lot acquisition, down payment and closing costs that will allow us to assist more low-income people in the Rapid City area. Our goal is to complete ten (10) homes in Rapid City in 2004.

E. Program/Project Benefit:

1. **Number of clients served during the last twelve (12) months:**
5 homes completed and loans closed from October 2002 to October 2003
2. **Number of clients served:** in Rapid City: 5
Outside Rapid City: 0
3. **Maximum number of clients your agency can serve at any one point in time:**
We can support three (3) active building or rehabilitation projects at any one time with our current CDC core operating funds. (Average cost per project of \$80,000 to \$90,000, new construction home or purchase for rehabilitation) As soon as one project is completed and closed, we begin the next one.
4. **Does the agency have income eligibility requirements that limit services or activities exclusively to low/moderate income persons?**
 Yes No

5. Does your agency serve any of the following specific groups of clientele? (If "no" go to #6)

- | | |
|--|---|
| <input type="checkbox"/> Abused and/or neglected children | <input type="checkbox"/> Homeless persons |
| <input checked="" type="checkbox"/> Elderly persons | <input checked="" type="checkbox"/> Disabled persons |
| <input type="checkbox"/> Battered spouse | <input type="checkbox"/> Illiterate persons |

We seek to help all low-to-moderate income households. CCCS of the Black Hills and Teton Coalition provide additional outreach to elderly, disabled, and minorities seeking to own their own home.

6. Does your agency require information on the following? Yes (If "no" go to #7)

- Family size and income
- Very low income (income below 30% or area median income)
- Low income (income between 31% - 50% of area median income)
- Above 80% of median income

7. If the benefits or service that your agency provides is open to all persons in the area regardless of income, list the boundaries of the entire area served. This can be census tracts, block groups, street boundaries, or other officially recognized boundaries.

Our loan programs are for persons below 80% of median income for the area. We currently service an area that encompasses a 15-mile radius of Rapid City.

8. If the project or activity for which CDBG funds are requested will create new or be used to improve permanent residential structures that will be occupied by low and moderate income households upon completion, please state how many will be:

Completed: 10 homes built and loans closed
New: 8-10
Improved: 0-2

Will the rental amounts remain affordable as per HUD guidelines?

Yes No

Our loans are for owner-occupied purchase or purchase rehabilitation only.

Will the program beneficiaries or participants be limited to low and moderate income households? Yes No

F. Fee schedule for services, if applicable, please attach:

N/A

G. Purpose and description of program/project for which funds are requested:

The purpose of our program is to purchase lots on which we can build new homes or purchase existing homes in need of rehabilitation to provide safe, affordable housing for low-to-moderate income households.

H. Describe how funds will be used:

Funds will be used to purchase affordable lots for single family home construction. If no affordable lots are available, the CDC will use the CDBG funds to rehabilitate existing homes for sale to low-to-moderate income people. We purchase as many lots as possible with the money available. A second mortgage is provided to the borrower at 0% interest for a period not to exceed 30 years. The Buyer only has to finance the home construction cost or the purchase price of an existing home. There is no monthly payment for our second mortgage. The loan is repayable upon sale of the home, cash-out refinance of the first mortgage, pay off of the first mortgage, non-owner occupancy of the property or if property becomes income producing. The recovered funds are then used to purchase additional lots for low-to-moderate income persons. For rehabilitation properties, the RCCDC will use their core funds to purchase a home in need of rehab and then use CDBG funds to cover the rehab costs. A second mortgage will be filed against the property for the amount of CDBG funds used. The Buyer's first mortgage will pay off the CDC purchase costs from the core funds so that those funds may be reused for another project. The second mortgage carries the same payoff requirements as stated above.

We are constantly searching for affordable lots to purchase at the lowest price possible. Current lot prices are \$26,000 each inside the city limits of Rapid City.

\$125,000 would allow us to purchase at least four more lots. A maximum of 15% of the funds received would be used for allowable program delivery costs. Program delivery costs would include application review; loan processing; liason efforts between Builder, Board of Directors, Buyers, and Closing Agent; inspection fees; preparing closing documents; obtaining required paperwork and documents from Buyer and Builder; reviewing Builder credentials and insurance coverage; review of plans and specs with Buyers and Builder; preparing reports for City, State and HUD; preparing grant applications; post closing follow-up; problem resolution; allowable purchase and sale closing costs.

I. Please state program/project start and completion dates:

Our program is on-going, with reporting periods running from April 1, 2003 to March 31, 2004. We will purchase lots as soon as possible upon receipt of funds. We market our homes through Member Lenders, Board Members, community partnerships and referrals. We will complete and close 10 projects within 12 months.

J. If funds requested are for building expansion, renovation or a new facility, please complete the following information: N/A

K. Funding sources for the program/project:

Community Development Block Grant Funds Requested	\$125,000.00
Other Funding Sources:	
CDC General Fund	\$227,000.00
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	\$

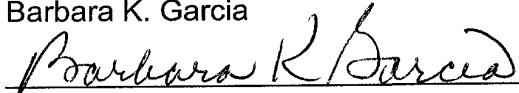
L. Financial Information: See attached Exhibit B & B-1

(Please attach financial statement)

2002 Tax Return

YTD Treasurer's Report 2003

Barbara K. Garcia



Signature of Agency Administrator

Rick Schlimgen



Signature of Board President

Date: 11-14-03

Date: 11-14-03

Attachments:

List of Board Members
Financial Statements
— 2003 YTD Treasurer's Report
— 2002 Tax Return
Articles of Incorporation and By-Laws
Income Eligibility Chart