



2019: A Year of Success

- 164 down payment/closing cost loans closed for a total of \$1.25 million, paired with \$20.8 million in first mortgages.
- 165 home improvement projects completed, impacting more than 370 people
- 65 business loans closed for \$5.7 million, creating or maintaining 180 jobs
- 500 people in 185 households provided with emergency financial assistance, including food and utilities support



From the CEOs



Marcia Erickson



Lori Finnesand

GROW South Dakota has had another successful year in pursuing our vision of “GROWing sustainable communities through housing, community and economic development.” We’re happy to share this 2019 annual report as a snapshot of accomplishments. Throughout you’ll find stories and information about the impact the GROW SD organizations—Northeast South Dakota Community Action Program (NESDCAP, founded 1966), Northeast South Dakota Economic Corporation (NESDEC, 1978), and Grow South Dakota (2007)—have had in northeastern South Dakota and across the state. We’re especially pleased to be able to illustrate the numbers with Success Stories about families and businesses impacted by our programs and services.

Cumulatively, over more than half a century, GROW SD has had substantial impact in supporting low-income South Dakotans, small businesses, rural communities, and the state as a whole.

- Thousands of South Dakotans have received emergency financial assistance including rent and utilities support, food, and other help.
- Over \$80 million invested in almost 30,000 homes.
- Over \$78.8 million invested in small businesses through more than 2,000 loans creating or maintaining over 13,000 jobs.
- Over \$80 million invested in communities through development agencies and construction of four schools on a Native American Reservation.

As we enter a new decade, we’re excited to continue helping to make South Dakota a better place for everyone who lives here. Thank you to all who have been part of GROW SD’s success!

GROWing sustainable communities through housing, community and economic development.

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CHARTERED MEMBER




HOUSING

GROW SD aims to help all families enjoy the community-building benefits of homeownership.

GROW SD Awarded Affordable Housing Funds

In 2019, GROW SD received grants totaling more than \$3.8 million to support affordable housing.

The US Treasury's Community Development Financial Institutions (CDFI) Fund awarded two grants:

- \$714,000 from the CDFI Fund (for both housing and business loans); of the total, \$149,000 focuses on persistent poverty counties.
- \$2 million from the Capital Magnet Fund to support down payment and closing cost assistance for low-income home purchasers.

Wells Fargo granted \$150,000 to support down payment assistance through its High Impact grant program. "Housing affordability is a key priority for Wells Fargo," said Corey Heaton, region bank president for Wells Fargo in South Dakota. "When GROW SD helps low- and moderate-income families with the down payment, which is often the biggest barrier to homeownership, it gets people into

affordable, sustainable homes and helps create a path for financial stability."

In 2019 GROW SD was asked to help manage the Wells Fargo NeighborhoodLIFT program in the Omaha, Nebraska, area. In 2017, GROW SD received a \$2.1 million grant from the LIFT program that assisted 224 households in South Dakota with down payment assistance grants.

Additional down payment support came from the South Dakota Housing Opportunity Fund, which awarded a total of more than \$210,000 to GROW SD:

- \$82,500 for rural down payment loans.
- \$49,500 for urban down payment loans.
- \$82,500 for rural home improvement grants.

GROW SD also received \$733,000 in home improvement funds from the Federal Home Loan Bank, which funded improvements for 40 homes. All projects were completed or committed during 2019.

Success Stories

Journey toward Home

While beginning her journey toward homeownership, Amber Peters' mortgage loan officer told her about GROW SD's down payment assistance programs and "was able to initiate the process for us."

Amber had worked for several years to get her credit score where it needed to be to secure a home loan. "We were working to improve our credit, but we did not have much in savings for a down payment. Without GROW SD, I don't think we would have been able to proceed."

After buying her home, Amber said, "Our life has greatly improved. Before our family of six was living in a small, three-bedroom apartment. With the help of GROW SD, we now own a five-bedroom house. All four of my kids have their own room!"



From Renting to Owning

A young single mother hoping to purchase a home of her own contacted GROW SD for guidance. She had been renting a home while working at a convenience store for three years. She'd recently started a second job that provided her with additional income to coincide with her current part-time job.

She worked with the GROW SD loan officer to resolve some credit concerns. She was ultimately able to obtain a mortgage loan and down payment assistance from GROW SD to purchase her own home.

Her new home is a more comfortable place for her family, and it gives her a greater sense of security. She reported back, "I am loving my townhome! Thank you again for helping me and showing my three sons that anything is possible even when you were dealt a bad hand."

Grants from Wells Fargo Housing Foundation, State Farm, and the South Dakota Housing Development Authority supported GROW SD homebuyer education during 2019.



GROW SD Instrumental in Affordable Housing Options

In 2019, through a collaborative effort with the Sisseton Wahpeton Housing Authority, GROW SD sold three homes it had recently constructed. The units will provide affordable homeownership options for three families in Sisseton.

GROW SD Weatherizes More than 7,500 Homes

GROW SD has partnered with the US Department of Energy (DOE) to provide weatherization services to low-income South Dakotans for four decades. Low-income households spend a disproportionate share of their income on energy bills. Weatherization provides cost-effective, permanent solutions for reducing the energy burden these families endure. The DOE has supported weatherization of more than 7 million homes across the nation since 1976.

Weatherization programs focus on upgrades to mechanical and electrical systems, health and safety measures, and building shell issues. These services not only save energy through advanced technologies to improve energy affordability for low-income families, but they also save lives and improve the health and safety of families by identifying carbon monoxide hazards, poor indoor air quality, mold, and other health threats. GROW SD has weatherized more than 7,500 homes in the state for a total of over \$25 million. In the past year, GROW SD made energy efficient upgrades to 150 homes, including Elaine's.

Elaine tried to make her home "warmer by stuffing insulation inside of windows, but this was only warming the home to a temperature of 61 degrees." Her leaky windows caused ice to accumulate inside and water in the bathroom to freeze. GROW SD installed windows and insulation and added heat for the bedroom, laundry room and kitchen. In addition, they made other repairs and educated Elaine on other ways to make her home more energy efficient. Elaine said, "I can comfortably live in my home now without being wrapped in an electric blanket. I can sit next to any window and enjoy daylight and sunshine without freezing."

Across the country, low-income households spend an average of 16.3% of their income on energy costs, compared to 3.5% for other households. A GROW SD Housing Survey conducted with previous clients found that 68% noticed a decrease in energy consumption.

GROW South Dakota Annual Report 2019

Home Improvement: Before & After



Success Stories

Home Improvement Makes House Livable

Linda's house needed a lot of repairs, and she wasn't able to do them herself due to disability and illness. Her storm doors and screens were broken, and the floor covering was coming apart. Her windows needed replacement and were difficult for her to operate. Plus, "My utility bill was extremely high," she said. So she contacted GROW SD.

The GROW SD inspector came to her house and went through the work she needed done. GROW SD installed new doors, and Linda appreciates the light they let in. New windows were installed throughout the house, which she says are easier to open. The crew also installed new floor covering, which "lifted up my spirits," she said.

Linda was happy to find GROW SD: "The new windows make the front of my house so much nicer. I look forward to lower utility bills in the winter!"

ECONOMIC DEVELOPMENT

GROW SD supports businesses and communities with job-creating loans and capacity building assistance.

Success Stories

GROW SD Supports Veterinarian Business

Nicole Nelson has owned and operated the Cross Country Vet Clinic in Clark since 2004. Well established and with a great reputation in the area,



Cross Country Vet Clinic does everything from grooming for small animals, basic medical services and surgeries, and large animal services for livestock.

Over the past 15 years Nicole and GROW SD have had a great lender and borrower relationship. Nicole has used GROW SD and many of its funding programs to help start, maintain, and expand her veterinary clinic. In 2012 she obtained a Small Business Administration micro loan through GROW SD and has also used GROW SD's Rural Micro-Entrepreneur Assistance Program to buy new equipment for the clinic.

Bank of the West Supports Job Training

Bank of the West has provided funding to support job skills training in northeastern South Dakota. In 2020, Small Business Development Center staff will conduct trainings in Spink, Beadle and Potter Counties with a focus on financial and business skills.

Nonprofit Benefits from Loan

The Family Crisis Center (FCC) is a nonprofit corporation that provides education, awareness, and temporary housing for domestic violence victims in Spink, Faulk, and Hand counties. Despite its great services, FCC lacked a facility to house victims. They had to hope the local hotel had vacancies.



When they received the donation of a home, it had to be moved and renovated into a facility. That would cost money.

Former FCC director Romelle contacted GROW SD. "I have worked with GROW SD before on the emergency services program, so I knew how they operated." GROW SD provided an affordable financing package. "Working with GROW SD was great. They made the process simple and worked in a timely manner," stated Romelle.

Since completion of the facility, which has six beds, two bathrooms, and two common areas, the center has served hundreds of women, men, and children. It has also sheltered people for thousands of days.

BIG Idea Competition 2019

The 2019 BIG Idea Competition, which invites high school students to submit business ideas, drew 276 entries involving 389 students from 29 schools. The winners of the high school business idea competition earned over \$30,000 in cash and scholarships offered by Northern State University, Presentation College, and the South Dakota School of Mines & Technology. In addition, several other awards were presented. More than 3,700 students have participated in the BIG Idea since it was launched in 2007.

The BIG Idea Competition aims to promote entrepreneurship, spur creative thinking and encourage students to start a business. The competition is coordinated by the Aberdeen regional office of the Small Business



Development Center (for which GROW SD is the fiscal sponsor). Sponsors for 2019 included Sanford Health, East River Electric, REED Fund, Dacotah Bank, Midwest Ag Supply, First Bank and Trust, Northern State University, Presentation College, South Dakota School of Mines & Technology, Black Hills State University, Aberdeen Development Corporation, GROW SD, McQuillen Creative Group, Northwestern Energy, Angelhaus, South Dakota Agriculture Foundation, CREATE, Midcontinent Communications, 3M, and the Tom and Danielle Aman Foundation.

COMMUNITY DEVELOPMENT

GROW SD leverages affiliations and relationships with national community development organizations to impact South Dakotans.

NeighborWorks America Provides Funding and Training for GROW SD

GROW SD is a chartered member of NeighborWorks America (NWA), the national affordable housing and community development organization. In 2019, GROW SD received significant support from NWA in the form of grants, training, and other benefits.

NWA grants provided funds for cybersecurity improvements, affordable housing lending, and community development programs, such as for improvements in Langford. GROW SD also received funding to support capacity building for the South Dakota Native Homeownership Consortium, a group of housing organizations dedicated to improving the ability of Native Americans in South Dakota to own their own homes. NWA funding also supported the poverty simulation GROW SD hosted in Aberdeen in June 2019 (see p. 5).


CHARTERED MEMBER NWA training supported GROW SD capacity building in areas such as data collection, analysis and presentation, as well as in resource development and investment. Many staff and board members attended training in a variety of affordable housing, lending, and other topics provided by NWA.

More than 40 years old, NWA has a network of nearly 250 members in every state, the District of Columbia and Puerto Rico. It offers grant funding, peer-exchange, technical assistance, evaluation tools and access to training, as the nation's leading trainer of housing and community development professionals. In the last five years, NWA organizations have generated more than \$34 billion in investment across the country. Learn more at www.nw.org.

GROW SD Again Earns NWA “Exemplary” Rating

In 2019 GROW SD again received an Exemplary rating from NeighborWorks America, the top rating. It was the fourth time in a row that GROW SD achieved the rating, which is issued every three years. The rating system was established to help NeighborWorks report to Congress, funders and taxpayers on its use of grant funds. It has direct bearing on financial support received from NWA.

Rural LISC Promotes Housing and Community Development via GROW SD

In 2019, GROW SD received a grant to support artistic additions to the Highway 10 construction project in Sisseton. Rural LISC (Local Initiatives Support Corporation) provided the grant under a program to support projects that focus on connecting creative placemaking with community and economic development.

The South Dakota Department of Transportation launched a \$7 million project to redesign and rebuild Highway 10 in Sisseton. The project will include the first two roundabouts on a state highway in South Dakota. The

LISC RURAL



GROW SD board members Trevor Cramer, JoAnn Schaefers, and Dwight Hossle attend the Faulkton elevator mural dedication.

Sisseton Arts Council is leading an effort to develop public sculptures to go in the center of each roundabout. GROW SD is a partner in the project. Last year, GROW SD supported the Faulkton mural project through a Rural LISC program.

Rural LISC has also provided funding to support GROW SD's healthy housing approach to providing homes that are safe, healthy, and energy efficient, especially for low-income rural homeowners. In addition, it has funded organizational capacity building for GROW SD.

Launched in 1995, Rural LISC is the rural component of LISC, the largest community development support organization in the country. For 24 years, Rural LISC has partnered with rural communities, helping to forge innovative solutions that lead to prosperity and opportunity. To date, Rural LISC's investments in rural America have totaled \$1.25 billion in grants, equity and low-cost loan funds. Rural LISC is committed to making rural communities good places to live, work, do business and raise children. Learn more at www.lisc.org/rural.

Grants Address Veterans and Homelessness

In 2019, GROW SD received two grants to support low-income veterans. The Bring Them HOMES Veterans Initiative of the National Equity Fund, supported by Citi Community Development, provided \$50,000 for a program to improve veteran's homes and to provide emergency assistance for utility bills, rent, and other urgent needs. The goal is to prevent veteran homelessness by helping veterans stay in their homes and make the homes healthier, safer, and more energy efficient. It was GROW SD's second grant from the Initiative.

GROW SD also received a grant from the Housing Assistance Council (HAC) to support home improvements for low-income veterans in northeastern South Dakota. The \$30,000 grant was made possible through generous support from The Home Depot Foundation.

HAC has been helping local organizations build affordable homes in rural America since 1971. Its mission is to improve housing conditions for the rural poor, with an emphasis on the poorest of the poor in the most rural places. The Home Depot Foundation works to improve the homes and lives of U.S. veterans. Since 2011, the Foundation has invested more than \$300 million in veteran causes.

Success Stories

Vet Family Receives Benefits

Rhonda and Bob had only disability income and lived in a house that needed repairs to make it more energy efficient and healthier. Rhonda said, "We had such a drafty house with our old outdated doors and windows that there was dust everywhere." She had heard "there was help available for vets and disabled people," so she applied. Fortunately, they were approved for GROW SD's veterans home improvement program.

GROW SD replaced all the doors and windows in the house, which was "something we could not do on our limited income," Rhonda said. It's made a big difference. She added, "The biggest thing I've noticed so far is allergies. I'm so much better, and I'm sure it's because we don't have the dust coming in through the cracks anymore."

"Thanks to this program, we now have a snug little home to live in," Rhonda exclaimed. "I think this is a wonderful program. All the people we worked with were very polite and professional. Thank God for programs that really help with the long term problems for the vets and disabled. Go, GROW!"

GROW SD Hosts Poverty Simulation

About 50 people participated in the Poverty Simulation sponsored by GROW SD in Aberdeen on June 13. Participants included GROW SD board members and staff, staff from other state Community Action Agencies, and members of the general public, including social service and nonprofit staffers, state and federal government staff members, a state legislator, and other private citizens. Financial support was provided by NeighborWorks America.



A "family" including GROW SD board members Craig Johnson and Judy Zeuger and Tammy Krein of Interlakes Community Action Partnership are informed of a new obstacle in their lives by GROW SD CEO Marcia Erickson during the Poverty Simulation.

The simulation put participants in the role of members of a family in poverty tasked with making ends meet among a variety of common challenges that those in poverty face regularly. Follow-up discussion showed many participants felt frustrated by the experience and gained better appreciation of the difficulties lived by people in poverty. "I was exhausted," one participant said afterwards.

GROW SD also hosted a Poverty Simulation in Watertown in partnership with Lake Area Technical Institute in November 2019.

GROW SD Supports State Homeless Count

In January 2019, GROW SD, along with the other Community Action Agencies in the state, assisted the South Dakota Housing Development Authority in conducting the statewide Homeless Count. The U.S. Department of Housing and Urban Development requires states to do the count to help determine need and funding. It was the third year GROW SD helped with the Count by enlisting volunteers from all 17 NESDCAP counties.

The 2019 results were:

- Statewide: 995 homeless people--761 in shelters (543 in non-domestic violence shelters, 218 in domestic violence shelters) and 234 unsheltered.
- NESDCAP counties: 68 total--64 in shelters (37 non-domestic violence shelters) and 4 unsheltered.

GROW SD is supporting the 2020 Count as well.

GROW SD Facilitates \$80 Million Investment in School Construction on Pine Ridge Reservation

Success Stories

In 2011, GROW SD and several partners developed a model for financing school construction on Native American reservation lands that sought to provide the most challenging areas of persistent poverty with



Wolf Creek Elementary School main entry

access to New Markets Tax Credits (NMTC). This may be the first such model, not only for GROW SD, but possibly in the nation. The approach looked beyond what could not be done to an innovative approach of making it happen.

The challenge was financing the construction of schools on reservation land, some of which is owned through Native American trusts and some by the federal government. The school districts are unable to levy local taxes to build schools. Therefore, construction funding is nearly impossible to generate.



GROW SD CEOs Marcia Erickson and Lori Finnesand tour Rockyford School.

The NMTC is designed to attract private investment in community and economic development efforts in distressed communities. It allows private investors to receive a tax credit against their federal income tax in exchange for equity investments in Community Development Entities (CDE). Through the project, a GROW SD subsidiary owns the building and leases it to the School District for a period of time.

Completing the transactions utilized the expertise of several partners and investors in addition to the local School District.



Rockyford School gym

The model built two K-8 schools in 2011, Rockyford and Batesland. The first two schools, built for a total of \$34 million, were owned by Grow SD, which leased the facility to the Oglala Lakota County School District, located on the Pine Ridge Reservation. The model allowed the School District access to the NMTC through an unrelated party, GROW SD, an option that otherwise would not have been possible. Not only did the schools increase educational resources for students, but they will also retained/created more than 300 jobs in the project. Ownership of both schools was transferred back to the school district in 2018 and 2019 at the end of the NMTC compliance period.

Following the same model, construction on Wolf Creek School, a third K-8 school on the reservation, a \$16.6 million project, began in 2019. The project has created approximately 50 construction jobs and will create additional education positions when the school opens. Construction began on a fourth school in 2019 utilizing the same program for \$20 million. This school will house a high school career and technical education center, which will allow students to continue their education close to home on the reservation.



Early construction at Batesland School

GROW SD Conducts Needs Assessment Survey with Area Residents

GROW SD completed its triennial Community Needs Assessment in 2019. The results help management and the Board of Directors to create a vision for programs and services.

The online survey produced more than 560 responses. Respondents described their connection with GROW SD as follows:

- 33% previous GROW SD clients
- 26% partnering lenders or organizations
- 13% county commissioners or county/local government employees
- 37% residents of our service area but not a previous client or partner

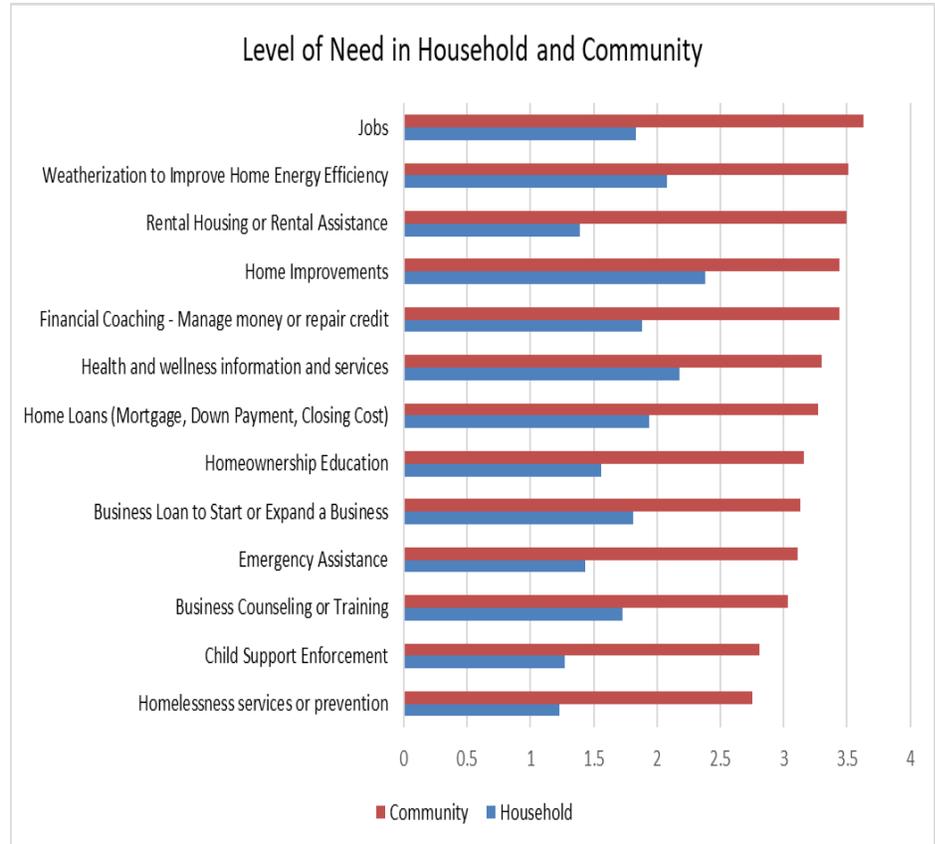
(Respondents could choose more than one answer.)

Basic demographic data described survey respondents as follows:

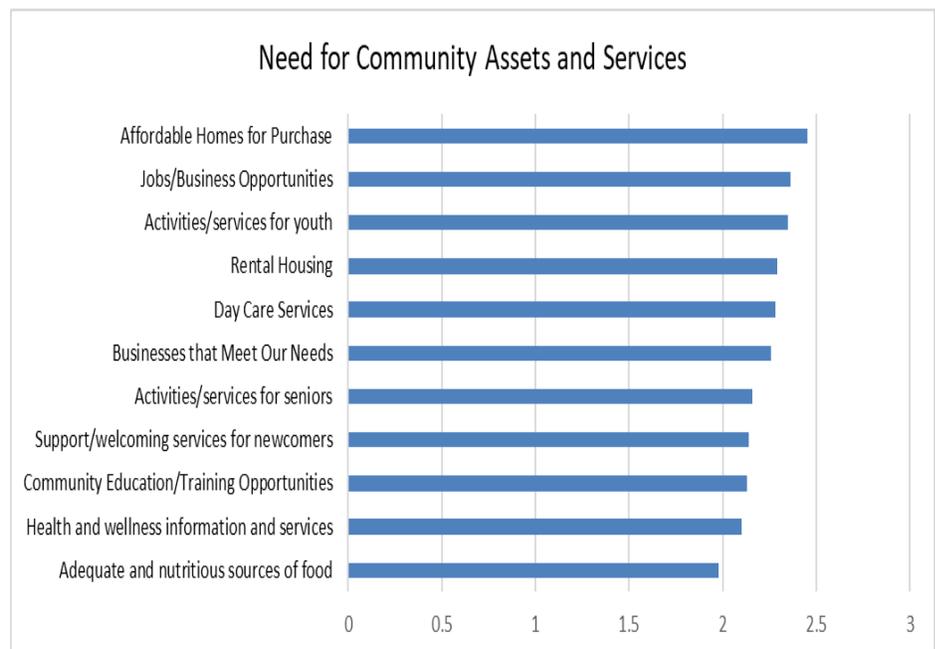
- 66% female
- 47% ages 40-59; 20% 60-69; 19% 30-39
- 90% white; 7% Native American
- 57% live in one- or two-person households
- 80% owned their homes; 16% rented
- 6% were veterans
- 35% of heads of households had a Bachelor's degree; 37% Associate's degree or some college; 15% postgraduate degree
- 32% had income above \$70,000; 16% \$52,000-\$70,000; 26% \$35,000-\$52,000; 14% \$25,000-\$35,000; 13% below \$15,000
- 75% were employed full-time; 12% self-employed; 8% retired; 5% part-time employed; 2% unemployed; 2% disabled

Needs assessments are required of Community Services Block Grant recipients.

Among other questions, the survey assessed the reported level of various needs in respondents' households and communities.



(Scores are weighted average of responses on a scale of 5: 1=Not a Need to 5=Very High Need)



(Scores are weighted average of responses on a scale of 3: 1=Not a Need to 3= High Need)