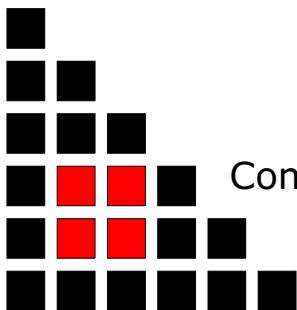


City of Dell Rapids HOUSING STUDY

April 2016

An analysis of the overall housing needs
of the City of Dell Rapids, SD



Community Partners Research, Inc.

1011 Newhall Drive

Faribault, MN 55021

List of Sections

	<u>Page</u>
Introduction	2
Demographic and Projection Data	4
Existing Housing Data	26
Rental Housing Inventory	39
Sioux Falls Regional Housing Data	50
Employment and Local Economic Trends Analysis	56
Findings and Recommendations	61
Dell Rapids in Comparison	105
Agencies and Resources	119

Introduction

Overview

Local elected and public officials are often held responsible for conditions and circumstances over which they have limited control. This is particularly true of housing. Most of the housing units in Dell Rapids are privately owned and were constructed with private funds. On an increasing scale, however, the public is demanding that public officials control what happens in this largely private housing market by eliminating blight, protecting individual investments, and generating new housing growth to meet economic development needs.

Community Partners Research, Inc., was hired by the Dell Rapids Economic Development Corporation to conduct a study of the housing needs and conditions in the City of Dell Rapids.

Goals

The multiple goals of the study include:

- ▶ Provide current demographic data
- ▶ Provide an analysis of the current housing stock and inventory
- ▶ Determine gaps or unmet housing needs
- ▶ Examine future housing trends that the area can expect to address
- ▶ Provide a market analysis for housing development
- ▶ Provide housing recommendations and findings

Methodology

A variety of resources were utilized to obtain information for the Housing Study. Community Partners Research, Inc., collected and analyzed data from October 2015 to March 2016. Data sources included:

- U.S. Census Bureau
- American Community Survey
- Esri, Inc.
- Records and data from the City of Dell Rapids
- Records and data maintained by Minnehaha County
- South Dakota State Data Center
- Interviews with City officials and staff
- Area and State housing agencies
- Interviews with developers and housing stakeholders
- Rental property surveys
- Housing and mobile home condition surveys

Limitations

This Housing Study represents an analysis performed with the data available at the time of the Study. The findings and recommendations are based upon current solutions and the best available information on future trends and projections. Significant changes in the area’s economy, employment growth, federal or State tax policy or other related factors could change the conclusions and recommendations contained in this Housing Study.

This study was prepared by:

**Community Partners Research, Inc.
1011 Newhall Drive
Faribault, MN 55021
(507) 838-5992
cpartners@charter.net**

Section Table of Contents

	Page
Demographic Data Overview	5
Population Data and Trends	6
Population by Age Trends: 2000 to 2010	7
Population Projections	9
Household Data and Trends	10
Household by Age Trends: 2000 to 2010	11
Average Household Size	13
Household Projections	14
Household Projections by Age	15
Households by Type	16
Housing Tenure	17
Tenure by Age	18
Tenure by Household Size	19
2014 Income Data	20
Household Income Distribution	21
Dell Rapids Income Distribution by Tenure	22
2014 Estimated Income and Housing Costs - Renters	24
2014 Estimated Income and Housing Costs - Owners	25

Demographic Data Overview

Sources of Data

The following pages contain demographic data obtained from a variety of local, state and national sources for the City of Dell Rapids, Minnehaha County and the Sioux Falls Metropolitan Statistical Area (MSA). The 2010 Census information has been examined. However, the 2010 Census was more limited in scope than in the past. As a result, some of the demographic variables, such as income and housing cost information, were not available.

To supplement the decennial Census, the Census Bureau has created the American Community Survey, an annual sampling of households. The American Community Survey provides detailed demographic characteristics, replacing information once collected by the decennial Census. However, because the American Survey is based on sampling data, there is a margin of error that exists for each estimate. The following tables incorporate the 2010 Census data, when available, or the 2014 American Community Survey data.

The frequency of American Community Survey estimates vary depending on the size of the jurisdiction. For most jurisdictions in South Dakota, the 2014 estimates were derived from sampling that was done over a five-year period, between 2010 and 2014. Unless otherwise noted, the American Community Survey estimates are based on the 2014 five-year survey data for Dell Rapids and Minnehaha County.

Additionally, Community Partners Research, Inc., has obtained information from Esri, a private company based in California that generates demographic and projection data. Esri estimates and projections are included in this demographic data section.

Population Data and Trends

Table 1 Population Trends - 1990 to 2015						
	1990 Population	2000 Population	% Change 1990-2000	2010 Population	% Change 2000-2010	2015 Esri Estimate
Dell Rapids	2,484	2,980	20.0%	3,633	21.9%	3,824
Minnehaha Co.	123,809	148,281	19.8%	169,468	14.3%	182,425

Source: U.S. Census; Esri

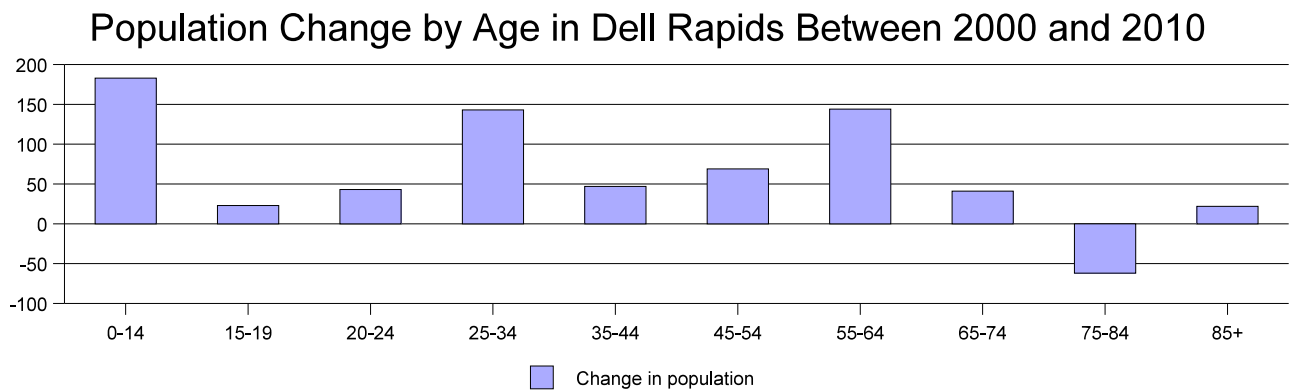
- ▶ According to the 2010 U.S. Census, the City of Dell Rapids and Minnehaha County both had significant population gains from 2000 to 2010. Dell Rapids’s population was 3,633 in 2010. This was a 653-person increase from 2000, which was a population gain of 21.9%.
- ▶ Minnehaha County’s population was 169,468 in 2010. This was a 21,187-person increase from 2000, which was a population gain of 14.3%.
- ▶ Dell Rapids and Minnehaha County also experienced significant population increases in the 1990s. Dell Rapids’ population increased by 496 people and Minnehaha County’s population increased by 24,472 people.
- ▶ The Census Bureau has released population estimates following the 2010 Census. For Dell Rapids, the most recent estimate is effective on July 1, 2014. The 2014 estimate shows the City’s population at 3,700 people, up by 67 residents from the 2010 Census. For all of Minnehaha County, the most recent Census Bureau estimate also has an effective date of July 1, 2014. This estimate shows the County’s population at 182,882, an increase of 13,414 residents since the 2010 Census.
- ▶ Esri, a private reporting service, has released 2015 population estimates. The estimate for Dell Rapids is 3,824, which is significantly higher than the 2014 Census Bureau estimate. Esri’s 2015 estimate for Minnehaha County is 182,425, slightly lower than the 2014 Census estimate.
- ▶ According to the 2010 Census, 118 Dell Rapids residents lived in group quarters. Most of these residents were in a skilled nursing home.
- ▶ Dell Rapids’ population is primarily White and non-Hispanic/Latino. At the time of the 2010 Census, approximately 98% of the City’s residents identified their race as White, 0.6% were American Indian, 0.2% were Asian and 0.1% were Black. Approximately 1.4% of the City’s residents were identified as Hispanic/Latino.

Population by Age Trends: 2000 to 2010

The release of demographic information from the 2010 Census allows for some analysis of the changing age patterns for Dell Rapids and Minnehaha County. The following table compares population by age in 2000 and 2010, along with the numeric changes.

Table 2 Population by Age - 2000 to 2010						
Age	Dell Rapids			Minnehaha County		
	2000	2010	Change	2000	2010	Change
0-14	696	879	183	32,288	35,727	3,439
15-19	210	233	23	11,119	11,425	306
20-24	136	179	43	11,466	12,443	977
25-34	391	534	143	22,659	26,300	3,641
35-44	424	471	47	24,794	21,810	-2,984
45-54	371	440	69	18,928	24,535	5,607
55-64	207	351	144	10,714	18,385	7,671
65-74	198	239	41	8,233	9,540	1,307
75-84	232	170	-62	5,801	6,337	536
85+	115	137	22	2,279	2,966	687
Total	2,980	3,633	653	148,281	169,468	21,187

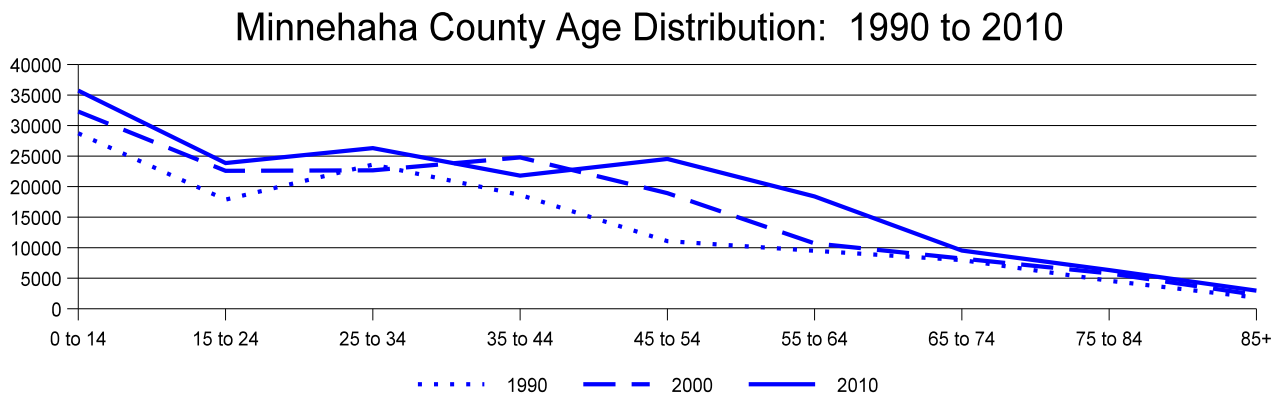
Source: U.S. Census



For many years, demographic analysts have been talking about the impact that is occurring as the large “baby boom” generation moves through the aging cycle. This trend has been evident in Dell Rapids and Minnehaha County.

Between 2000 and 2010, Dell Rapids had a gain of 213 people and Minnehaha County had a gain of 13,278 people in the age ranges between 45 and 64 years old. In 2010, nearly all of the baby boomers were within these age ranges.

The City of Dell Rapids had increases in all age ranges with exception of the 75 to 84 age range, which decreased by 62 people. Minnehaha County had increases in all age ranges with the exception of the 35 to 44 age range, which had a significant loss of 2,984 people.



The aging trends present in 2010 can be traced back over the previous decades to see the movement of the baby boom generation over the last 20 years in Minnehaha County.

Population Projections

The following table presents population projections using two different sources.

The South Dakota State Data Center has issued preliminary population projections for Minnehaha County. The following table shows the Data Center projection for 2020.

The other set of projections has been created by Esri and span the time period from 2015 to 2020.

Table 3 Population Projections Through 2020				
	2010 Census Estimate	2015 Esri Estimate	2020 Esri Projection	2020 Projection State Data Center
Dell Rapids	3,633	3,824	4,106	N/A
Minnehaha Co.	169,468	182,425	198,704	190,105

Source: U.S. Census; Esri; State Data Center

- ▶ Esri’s growth projections show population gains from 2010 to 2020 for the City of Dell Rapids and Minnehaha County.
- ▶ Esri’s 2015 population estimate for Dell Rapids is 3,824, which is a gain of 191 people from 2010 to 2015. Esri projects that Dell Rapids will gain an additional 282 people from 2015 to 2020.
- ▶ Esri’s 2015 population for Minnehaha County is 182,425, which is an increase of 12,957 people from 2010 to 2015. Esri projects that Minnehaha County will gain an additional 16,279 people from 2015 to 2020.
- ▶ The State Data Center projects that Minnehaha County’s population will be 190,105 in 2020, which is significantly lower than Esri’s 2020 estimate of 198,704.

Household Data and Trends

Table 4 Household Trends - 1990 to 2015						
	1990 Households	2000 Households	% Change 1990-2000	2010 Households	% Change 2000-2010	2015 Esri Estimate
Dell Rapids	918	1,127	22.8%	1,388	23.2%	1,472
Minnehaha Co.	46,805	57,996	23.9%	67,028	15.6%	72,768

Source: U.S. Census; Esri

- ▶ According to the 2010 U.S. Census, both Dell Rapids and Minnehaha County gained a significant number of households from 2000 to 2010. Dell Rapids had 1,388 households in 2010. This was an increase of 261 households from 2000, which was a household gain of 23.2%.
- ▶ Minnehaha County had 67,028 households in 2010. This was a gain of 9,032 households from 2000, which was a household increase of 15.6%.
- ▶ No household estimates have been released by the Census Bureau following the 2010 Census.
- ▶ Dell Rapids and Minnehaha County also experienced household gains during the 1990s. Dell Rapids gained 209 households and Minnehaha County gained 11,191 households from 1990 to 2000.
- ▶ Esri estimates that Dell Rapids has gained 84 households from 2010 to 2015, while Minnehaha County has added 5,740 households.

Household by Age Trends: 2000 to 2010

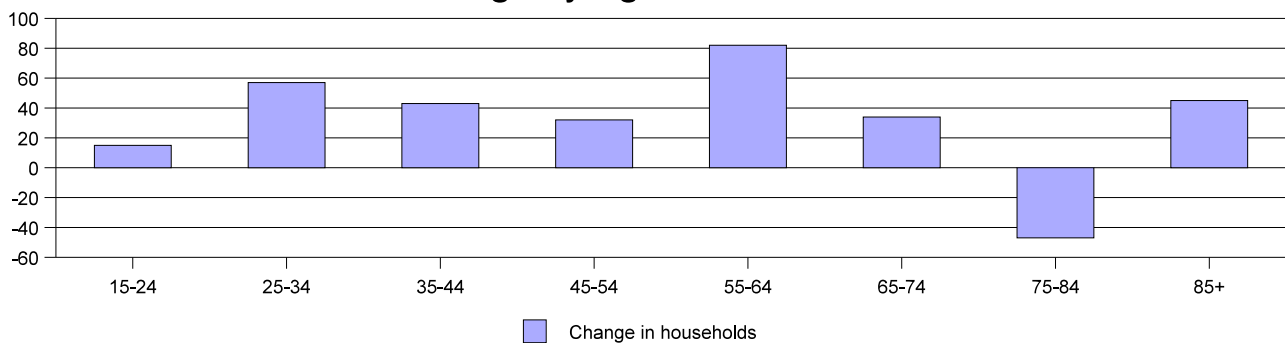
The 2010 Census allows for some analysis of Dell Rapids and Minnehaha County's changing age patterns. The following table compares households by age of householder in 2000 and 2010, along with the numeric changes.

Table 5 Households by Age - 2000 - 2010						
Age	Dell Rapids			Minnehaha County		
	2000	2010	Change	2000	2010	Change
15-24	53	68	15	4,709	4,310	-399
25-34	210	267	57	11,619	13,252	1,633
35-44	225	268	43	13,882	11,928	-1,954
45-54	210	242	32	10,924	14,134	3,210
55-64	123	205	82	6,352	11,092	4,740
65-74	113	147	34	5,240	6,012	772
75-84	152	105	-47	3,927	4,312	385
85+	41	86	45	1,343	1,988	645
Total	1,127	1,388	261	57,996	67,028	9,032

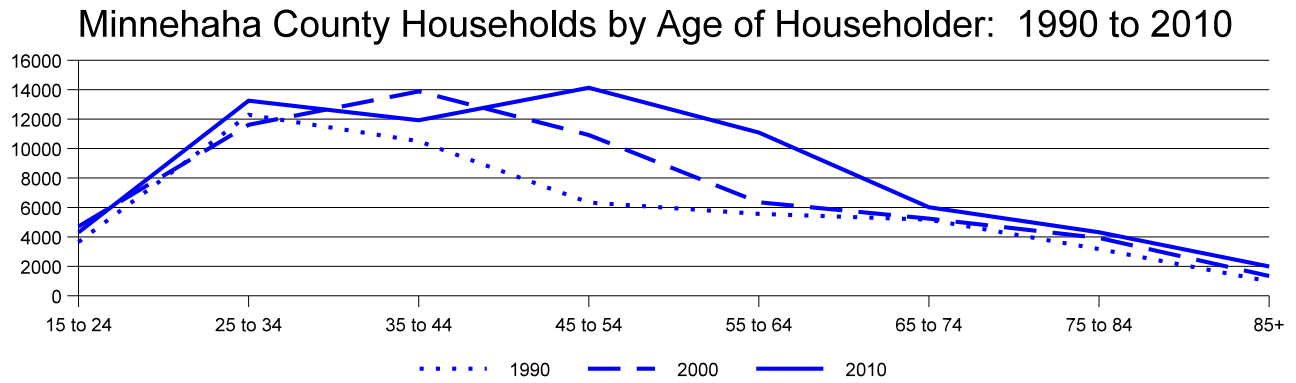
Source: U.S. Census

Consistent with the population by age data presented earlier, the household patterns show much of the change occurring in the baby boomer age groups from 2000 to 2010. For all of Minnehaha County there was an increase of 7,950 households in the 45 to 64 year age ranges and Dell Rapids had an increase of 114 households in these age ranges.

Household Change by Age Between 2000 and 2010



Dell Rapids had increases in all age ranges with the exception of the 75 to 84 age range, which had a loss of 47 households.



Although Minnehaha County had gains in most of the age ranges, there was a loss of 399 households in the 15 to 24 age range and a loss of 1,954 households in the 35 to 44 age range.

As with the longer-term patterns for population, it is possible to track the progression of the baby boomer households over the past 20 years in Minnehaha County, using Census information for households by the age of householder.

Average Household Size

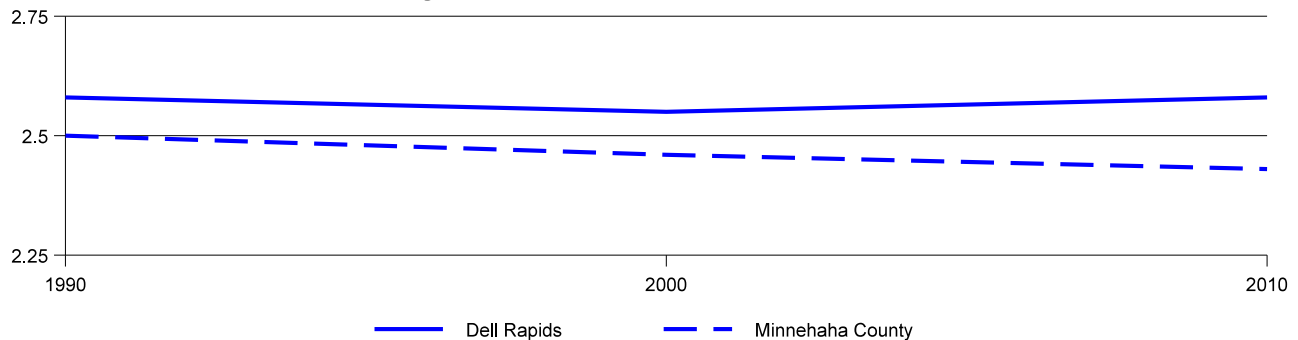
The following table provides decennial Census information on average household size.

Table 6 Average Number of Persons Per Household: 1990 to 2015				
	1990 Census	2000 Census	2010 Census	2015 Esri Estimate
Dell Rapids	2.58	2.55	2.58	2.56
Minnehaha County	2.50	2.46	2.43	2.42
South Dakota	2.59	2.50	2.42	N/A

Source: U.S. Census, Esri

South Dakota household formation has been occurring at a different rate than population change in recent decades due to a steady decrease in average household size. This has been caused by household composition changes, such as more single person and single parent families, fewer children per family, and more senior households due to longer life spans.

Average Household Size: 1980 to 2010



The average household size in Dell Rapids has remained the same at 2.58 from 1990 to 2010. However, Dell Rapids average household size did decrease from 1990 to 2000 and then increased from 2000 to 2010. Dell Rapids’ 2010 average household size of 2.58 is high when compared to other South Dakota cities.

Minnehaha County’s average household size decreased from 2.59 in 1990 to 2.43 in 2010.

Esri estimates that Dell Rapids’ and Minnehaha County’s average household size decreased slightly from 2010 to 2015.

Household Projections

The following table presents Esri’s 2015 household estimates and Esri’s 2020 household projections for Dell Rapids and Minnehaha County.

Table 7 Household Projections Through 2020			
	2010 Census	Esri Estimate 2015 Projection	2020 Esri Projection
Dell Rapids	1,388	1,472	1,584
Minnehaha County	67,028	72,258	79,583

Source: U.S. Census; Esri

- ▶ Esri’s projections expect household gains for Dell Rapids and Minnehaha County.
- ▶ Esri estimates that Dell Rapids gained 84 households from 2010 to 2015 and Esri projects that the City will add 112 households from 2015 to 2020.
- ▶ Esri estimates that Minnehaha County added 5,230 households from 2010 to 2015 and is expected to add 7,325 households from 2015 to 2020.

Household by Age Projections: 2010 to 2020

Esri has released household by age projections to the year 2020. The following table presents Esri’s 2020 household by age projections for Dell Rapids, and the household changes from 2010 to 2020.

Table 8 Dell Rapids Projected Households by Age - 2010 to 2020			
Age Range	2010 Census	Esri	
		2020 Projection	Change from 2010
15-24	68	78	10
25-34	267	271	4
35-44	268	240	72
45-54	242	255	13
55-64	205	254	49
65-74	147	206	59
75+	191	180	-11
Total	1,388	1,584	196

Source: U.S. Census; Esri

From 2010 to 2020, Dell Rapids is expected to gain households in all age ranges with the exception of the 75 and older age group, which is projected to lose 11 households.

The most significant gains will be in the 35 to 44 age range, which is projected to gain 72 households and the 55 to 74 'baby boom' age ranges that are expected to gain 108 households.

Households by Type

The 2010 Census can be compared to statistics from 2000 to examine changes in household composition. The following table looks at household trends within the City of Dell Rapids.

Table 9 Dell Rapids Household Composition - 2000 to 2010			
	2000 Census	2010 Census	Change
Family Households			
Married Couple with own children	336	393	57
Single Parent with own children	78	119	41
Married Couple without own children	346	423	77
Family Householder without spouse	33	38	5
Total Families	793	973	180
Non-Family Households			
Single Person	293	349	56
Two or more persons	41	66	25
Total Non-Families	334	415	81

Source: U.S. Census

Between 2000 and 2010, Dell Rapids experienced a significant gain of 180 family households. Most of the gain was due to an increase of married couples with and without children, and single parent households. There was also a gain of five family householders without spouses.

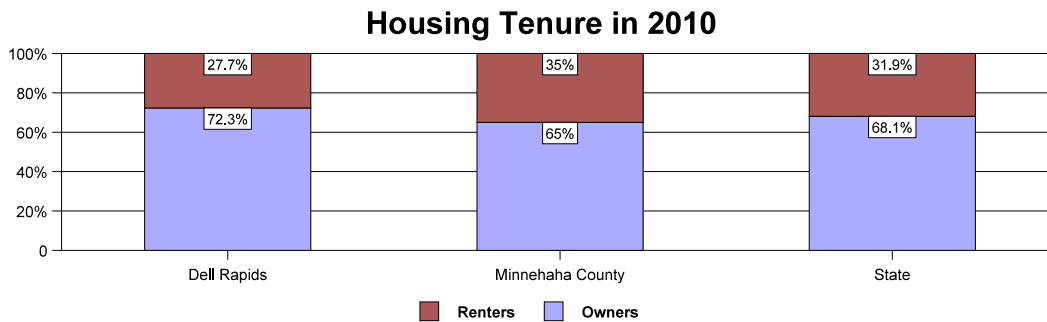
The City also had a significant increase of 81 “non-family” households. There was a gain of 56 single person households, and an increase of 25 households with unrelated individuals living together.

Housing Tenure

The 2010 Census provided information on housing tenure patterns. The following tables examine overall tenure rates, along with the changes that have occurred since 2000 for the City of Dell Rapids and Minnehaha County.

Table 10 Household Tenure - 2010				
	Number of Owners	Percent of all Households	Number of Renters	Percent of all Households
Dell Rapids	1,003	72.3%	385	27.7%
Minnehaha Co.	43,567	65.0%	23,461	35.0%
State	-	68.1%	-	31.9%

Source: U.S. Census



According to the 2010 Census, the ownership tenure rate in the City of Dell Rapids was 72.3%. Minnehaha County’s ownership rate was 65.0%. The City of Dell Rapids renter tenure rate of 27.7% is lower than the State of South Dakota’s rental tenure rate of 31.9%.

Table 11 Households by Housing Tenure - 2000 to 2010						
Tenure	Dell Rapids			Minnehaha County		
	2000	2010	Change	2000	2010	Change
Owners	841/74.6%	1,003/72.3%	162	37,512/64.7%	43,567/65.0%	6,055
Renters	286/25.4%	385/27.7%	99	20,484/35.3%	23,461/35.0%	2,977
Total	1,127	1,388	261	57,996	67,028	9,032

Source: U.S. Census

Dell Rapids’s ownership tenure rate decreased from 74.6% in 2000 to 72.3% in 2010. For Minnehaha County, there was a slight increase in the rate of owner households between 2000 and 2010. The ownership tenure rate increased from 64.7% in 2000 to 65.0% in 2010.

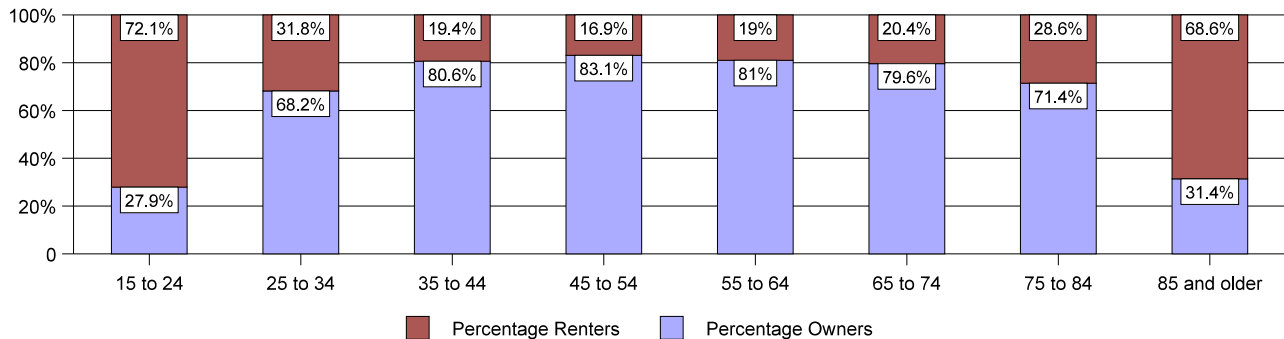
Tenure by Age of Householder

The 2010 Census provided information on the tenure distribution of households within each defined age range. The following table examines the number and percentage of renters and owners in each age group in the City of Dell Rapids.

Table 12 Dell Rapids Tenure by Age of Householder - 2010				
Age	Owners		Renters	
	Number	Percent within age	Number	Percent within age
15-24	19	27.9%	49	72.1%
25-34	182	68.2%	85	31.8%
35-44	216	80.6%	52	19.4%
45-54	201	83.1%	41	16.9%
55-64	166	81.0%	39	19.0%
65-74	117	79.6%	30	20.4%
75-84	75	71.4%	30	28.6%
85+	27	31.4%	59	68.6%
Total	1,003	72.3%	385	27.7%

Source: U.S. Census

Dell Rapids Housing Tenure Patterns by Age in 2010



Households at the lowest and highest end of the age spectrum showed a greater preference for rental housing. Approximately 72% of households age 24 and younger and 69% of households age 85 and older were renter households. Home ownership rates for each of the 10-year age cohorts between age 25 and 85 were above 68%.

Tenure by Household Size

The 2010 Census provided information on housing tenure by household size. This can be compared to 2000 Census information to better understand trends for housing unit needs. The following table provides information for Dell Rapids.

Table 13 Dell Rapids Tenure by Household Size - 2000 to 2010						
Household Size	Owners			Renters		
	2000	2010	Change	2000	2010	Change
1-Person	133	153	20	160	196	36
2-Person	301	370	69	82	97	15
3-Person	127	156	29	22	50	28
4-Person	165	192	27	13	24	11
5-Person	87	89	2	5	12	7
6-Person	24	36	12	4	4	0
7-Persons+	4	7	3	0	2	2
Total	841	1,003	162	286	385	99

Source: U.S. Census

- ▶ From 2000 to 2010, there was a significant increase in the number of owner and renter households in Dell Rapids. There was an increase of 20 one-person owner households, 69 two-person owner households, 29 three-person households and 27 four-person households. There was also an increase of 17 owner households with five or more people per household.
- ▶ There was a gain of 36 one-person renter households, 15 two-person households, 28 three-person renter households and 11 four-person households. There was a gain of nine renter households with five or more people from 2000 to 2010.
- ▶ Approximately 76% of the renter households in Dell Rapids are one or two-person households.

2014 Income Data

The 2010 Census did not collect information on household income. However, estimates are available at the city and county level through the 2014 American Community Survey. Household income represents all independent households, including people living alone and unrelated individuals together in a housing unit. Families are two or more related individuals living in a household.

Table 14 Median Household Income - 2000 to 2014			
	2000 Median	2014 Median	% Change
Dell Rapids	\$42,572	\$55,921	31.6%
Minnehaha County	\$42,566	\$53,391	25.4%
South Dakota	\$35,271	\$52,535	48.9%

Source: U.S. Census; 2014 ACS 5-year survey

Table 15 Median Family Income - 2000 to 2014			
	2000 Median	2014 Median	% Change
Dell Rapids	\$49,536	\$71,033	43.4%
Minnehaha County	\$52,031	\$68,663	32.0%
South Dakota	\$43,237	\$66,936	54.8%

Source: U.S. Census; 2014 ACS 5-year survey

Information contained in the 2014 American Community Survey shows local income levels and income growth from 2000 to 2014. Both the median household income and the median family income for Dell Rapids and Minnehaha County were above the respective medians for all of South Dakota. Dell Rapids' rate of income growth was high with the household median income increasing by 31.6% and the family median income increasing by 43.4%.

Family household incomes tend to be higher than the overall household median, as families have at least two household members, and potentially more income-earners.

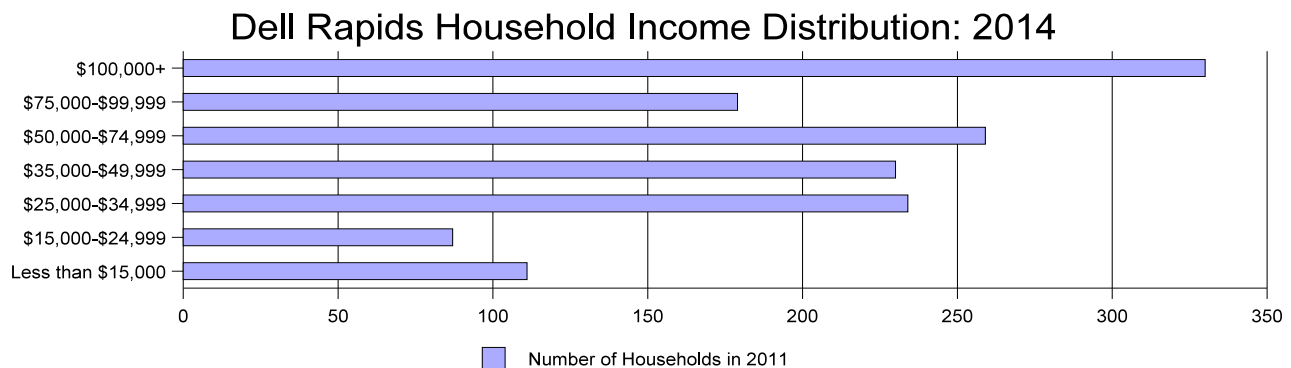
Using the commonly accepted standard that up to 30% of gross income can be applied to housing expenses without experiencing a cost burden, a median income household in Dell Rapids could afford approximately \$1,398 per month for ownership or rental housing in 2014. A median income family could afford approximately \$1,776 per month for housing. However, as will be detailed later in this section, renter households tend to be below the overall median, while owner households tend to be above the overall median level.

Dell Rapids Household Income Distribution

The 2014 American Community Survey household income estimates for the City of Dell Rapids can be compared to the same distribution information from 2000 to examine changes that have occurred over the past decade.

Household Income	Number of Households 2000	Number of Households in 2014	Change 2000 to 2014
\$0 - \$14,999	190	111	-79
\$15,000 - \$24,999	131	87	-44
\$25,000 - \$34,999	105	234	129
\$35,000 - \$49,999	262	230	-32
\$50,000 - \$74,999	266	259	-7
\$75,000 - \$99,999	96	179	83
\$100,000+	51	330	279
Total	1,101	1,430	329

Source: 2000 Census; 2014 ACS



According to income estimates contained in the 2014 American Community Survey, household incomes have improved in Dell Rapids, especially in the highest income ranges. When compared to the 2000 Census (1999 income), the net number of households with an income of \$50,000, or more, increased by 355 households from 2000 to 2014. There was a net decrease of 26 households with annual incomes below \$50,000.

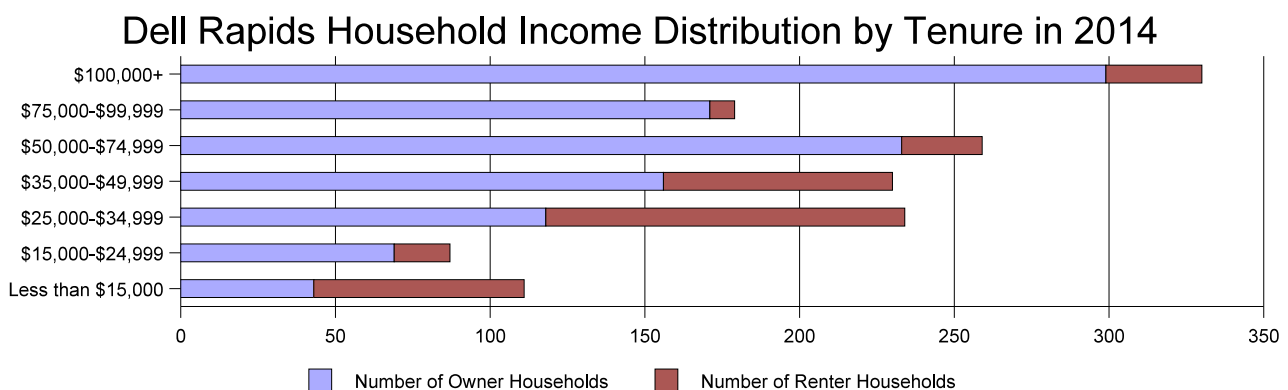
Although there was a decrease in the number of households in the lower income ranges, there were still 198 households with an annual income below \$25,000 in 2014, which represented 13.8% of all households in Dell Rapids.

Dell Rapids Income Distribution by Housing Tenure

The 2014 American Community Survey provides an income estimate by owner and renter status. The following table examines income distribution within the City of Dell Rapids. The American Community Survey is an estimate, based on limited sampling data, and there are some differences when compared to the 2010 Census. It appears that the American Community Survey underestimated the number of rental units in Dell Rapids in 2014.

Household Income	Number of Owner Households	Number of Renter Households	Total Households
\$0 - \$14,999	43/38.7%	68/61.3%	111
\$15,000 - \$24,999	69/79.3%	18/20.7%	87
\$25,000 - \$34,999	118/50.4%	116/49.6%	234
\$35,000 - \$49,999	156/67.8%	74/32.2%	230
\$50,000 - \$74,999	233/90.0%	26/10.0%	259
\$75,000 - \$99,999	171/95.5%	8/4.5%	179
\$100,000+	299/90.6%	31/9.4%	330
Total	1,089	341	1,430

Source: 2014 American Community Survey



Income and housing tenure are linked for most households, with home owners generally having higher annual income levels, and renters having lower incomes.

In 2010, approximately 59% of all renter households in Dell Rapids had an annual income below \$35,000. At 30% of income, these households would have \$875, or less, that could be applied to monthly housing costs. The median income for all renter households was approximately \$30,986 in 2014. At 30% of income, a renter at the median level could afford approximately \$775 per month or less for housing costs.

Conversely, most owner households had a substantially higher income level. Approximately 65% of all owner households had an annual income of \$50,000 or more. At 30% of income, an owner could afford \$1,250 or more per month for housing costs. The estimated median income for owners in 2014 was approximately \$62,156. At 30% of income, an owner at the median income level could afford approximately \$1,554 per month for housing costs.

2014 Estimated Income and Housing Costs - Renters

The American Community Survey also collected information on housing costs. The following table provides data on the number of renter households that are paying different percentages of their gross household income for housing in the City of Dell Rapids.

Table 18 Gross Rent as a Percentage of Household Income - 2014			
Percent of Income for Housing	Households Age 64 and Younger	Households Age 65 and Older	Total
Less than 20%	95/41.0%	17/15.6%	112/32.8%
20% to 29.9%	120/51.7%	31/28.4%	151/44.3%
30% to 34.9%	17/7.3%	20/18.3%	37/10.9%
35% or more	0/0%	32/29.4%	32/9.4%
Not Computed	0/0%	9/8.3%	9/2.6%
Total	232/100%	109/100%	341/100%

Source: 2014 American Community Survey

According to the American Community Survey, approximately 20% of all renters in the City were paying 30% or more of their income for rent. Federal standards for rent subsidy programs generally identify 30% of household income as the maximum household contribution. When more than 30% of income is required, this is often called a “rent burden”. When more than 35% is required, this can be considered a “severe rent burden”.

Although a housing cost burden could be caused by either high housing costs or low household income, in Dell Rapids it was primarily due to low income levels for renters. Many of the renter households with a housing cost burden had an annual household income below \$20,000. To avoid a cost burden, these lower income households would have needed a unit with a gross monthly rent of \$500 or less.

Senior citizen renters (age 65 and older) represented approximately 75% of all households with a rental cost burden. Households in the age ranges between 15 and 64 years old represented approximately 25% of all households with a rental cost burden.

2014 Estimated Income and Housing Costs - Owners

The American Community Survey also provided housing cost estimates for owner-occupants. The following table provides estimates of the number of households in the City of Dell Rapids that are paying different percentages of their gross household income for housing costs.

Table 19 Ownership Costs as a Percentage of Income - Dell Rapids		
Percentage of Household Income for Housing Costs	Number of Owner Households 2014	Percent of All Owner Households 2014
0% to 19.9%	501	46.0%
20% to 29.9%	326	29.9%
30% to 34.9%	109	10.0%
35% or more	144	13.2%
Not Computed	9	0.9%
Total	1,089	100%

Source: 2014 ACS

Based on the 2014 American Community Survey, most owner-occupants, which would include households with and without a mortgage, reported paying less than 30% of their income for housing. However, approximately 23% of all home owners reported that they paid more than 30% of their income for housing. A majority of the cost-burdened households were actually paying 35% or more of their income for housing costs.

As would be expected, most of the cost-burdened home owners had a mortgage on their home.

Building Permit Trends

Dell Rapids has had a significant amount of new housing construction activity in recent years. Most all of the new housing construction was in single family homes. The following table identifies the units that have been issued a building permit since the year 2000.

Table 20 Dell Rapids Housing Unit Construction Activity: 2000 to 2015				
Year	Single Family Detached	Twinhomes/ Duplexes	Multifamily	Total Units
2015	10	2	0	12
2014	13	0	4	17
2013	15	0	0	15
2012	8	0	8	16
2011	10	0	4	14
2010	4	0	4	8
2009	9	0	4	13
2008	10	0	8	18
2007	14	0	16	30
2006	20	0	4	24
2005	24	2	0	26
2004	16	0	0	16
2003	26	6	4	36
2002	21	2	12	35
2001	25	0	6	31
2000	14	4	5	23
TOTAL	239	16	79	334

Source: City of Dell Rapids; Community Partners Research, Inc.

Over the past 16 years, 334 new housing units have been constructed in Dell Rapids, based on building permit reports obtained from the City. The 334 housing units include 239 single family homes, 16 units in twin homes/duplexes and 79 multi-family units. The multi-family units are primarily in four-plexes.

Much of the new single family construction occurred from 2000 and 2007. During this eight-year period, the City averaged approximately 28 new units per year. After 2007, housing construction activity slowed, and the City has averaged approximately 14 new housing units per year from 2008 to 2015.

It should also be noted that Dell Rapids was not alone in the reduced level of construction after 2007. In 2006 and 2007, the City of Sioux Falls was averaging approximately 935 single family detached houses per year, based on building permits. In 2008 and 2009, the annual average dropped to 509 units per year in that City.

Occupancy Status of Housing Units - 2010

Table 21 Occupancy Status of Housing Units - 2010						
	Occupied Units		Vacant Units			
	Owner	Renter	For Rent	For Sale	Seasonal Use	Other Vacant
Dell Rapids	1,003	385	62	21	4	20
Minnehaha Co.	43,567	23,461	2,690	645	214	980

Source: U.S. Census

- ▶ In 2010, according to the U.S. Census, there were 214 seasonal housing units in Minnehaha County, including four units in Dell Rapids.
- ▶ In addition to the seasonal units in 2010, there were 4,315 vacant housing units in Minnehaha County, including 103 units in Dell Rapids.

Existing Home Sales

This section examines houses that have been sold since 2010 in the City of Dell Rapids. The information was obtained from the South Dakota Department of Revenue website, using information compiled by the Minnehaha County Equalization Office.

The County Board of Equalization collects and utilizes information from residential sales for its annual sales ratio study. The County compares the actual sale price to the estimated taxable value for each property. As a result, the County information for sales primarily reflects existing homes that have an established tax value. New construction sales activity would generally not be recorded in the data that was used for this analysis, unless the house had been constructed some time ago and did have an established tax value from the prior year.

The County also attempts to sort the residential sales into different groupings, primarily based on whether or not the house was actively listed for sale in the open market. As a result, some sales in the County's sample may have been sales that could be considered distressed, such as houses that were previously bank-owned, but were sold by the bank back into private ownership. While it can be argued that sales of bank-owned properties acquired through foreclosure are not fair market transactions, they may be included in the County data if the bank openly placed them for sale in the public market.

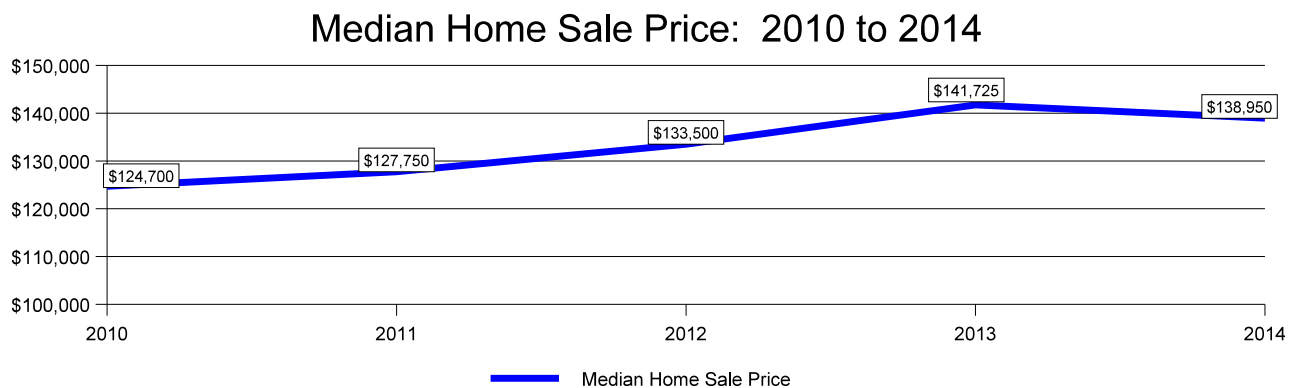
The County and State reject sales that show significant variation from the assessed value. Known as the "150% rule" these sales may be open market transactions but are not useful in the County's sales ratio analysis. The sales file identified the 150% rule sales if they otherwise represent open market transactions. In the sales sample that follows, 150% rule sales have been included when they were open market transfers.

The County's time period for analyzing annual sales differs slightly from the calendar year. It begins on November 1st and ends on October 31st of each year.

Sales year information was not yet available for 2015. The following table displays 2010 through 2014 sales activity.

Table 22 Dell Rapids Residential Sales Activity - 2010 through 2014				
Sales Year	Number of Sales	Median Sale Price	Highest Sale	Lowest Sale
2014	70	\$138,950	\$325,000	\$12,000
2013	74	\$141,725	\$370,000	\$19,950
2012	64	\$133,500	\$405,000	\$15,000
2011	40	\$127,750	\$388,500	\$51,000
2010	48	\$124,700	\$390,000	\$33,000

Source: SD Dept. of Revenue; Minnehaha County Equalization; Community Partners Research, Inc.



Over the time period from 2010 to 2014, the median home sale price in Dell Rapids has generally been on a steady upward trend. Although there was a slight decrease in the median price between 2013 and 2014, the median in 2014 was still the second highest price over the five-year period reviewed.

In four of the five years, there was at least one house that sold for less than \$35,000, and in all five years at least one sale was for \$325,000 or more.

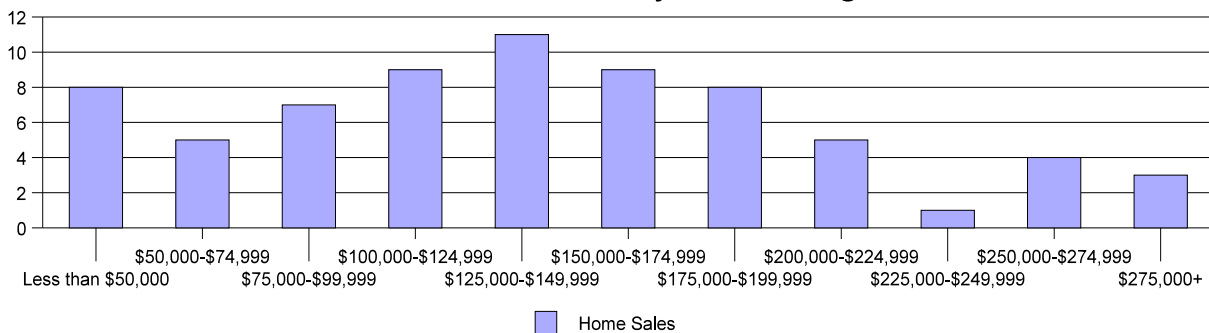
Home Sales by Price Range

The following table looks at single family houses that sold within defined price ranges in a 12-month period, starting in November 2013 and ending in October 2014. This represents the 2014 County sales ratio year, the most recent 12-month sales sample available to the analysts.

Table 23 Dell Rapids Home Sales by Price Range - 2014		
Sale Price	Number of Sales	Percent of Sales
Less than \$50,000	8	11.4%
\$50,000 - \$74,999	5	7.1%
\$75,000 - \$99,999	7	10.0%
\$100,000 - \$124,999	9	12.9%
\$125,000 - \$149,999	11	15.7%
\$150,000 - \$174,999	9	12.9%
\$175,000 - \$199,999	8	11.4%
\$200,000 - \$224,999	5	7.1%
\$225,000-\$249,999	1	1.4%
\$250,000 - \$274,999	4	5.7%
\$275,000 - \$299,999	2	2.9%
\$300,000+	1	1.4%
Total	70	100%

SD Dept. of Revenue; Minnehaha County Equalization; Community Partners Research, Inc.

2014 Home Sales by Price Range



Recent home sales in Dell Rapids have been widely distributed in different price ranges, but approximately 49% of recent sales were priced between \$100,000 and \$199,999. Fewer than 29% of existing homes sold for \$99,000 or less, and fewer than 19% sold for \$200,000 or more.

Active Residential Listings

The website Realtor.com, maintained by the National Association of Realtors, was used to collect information on active residential real estate listings in Dell Rapids. When viewed in January 2016, there were only nine single family homes listed for sale.

It is important to note that the active properties are those included in the Multiple Listing Service (MLS) and would generally be offered through a real estate agent. There may be other properties that are posted for sale in Dell Rapids that would not be part of the MLS, including most homes being offered “for sale by owner”.

Table 24 Dell Rapids Active MLS Listings by Price Range in January 2016		
Asking Price	Number of Listings	Percent of Listings
Less than \$75,000	1	11.1%
\$75,000 - \$99,999	0	0%
\$100,000 - \$124,999	2	22.2%
\$125,000 - \$149,999	1	11.1%
\$150,000 - \$174,999	2	22.2%
\$175,000 - \$199,999	1	11.1%
\$200,000 - \$249,999	0	0%
\$250,000 - \$299,999	1	11.1%
\$300,000+	1	11.1%
Total	9	100%

Source: Realtor.com; Community Partners Research, Inc.

Consistent with recent sales activity, a majority of the houses that are currently being offered for sale are priced at \$100,000 to \$199,999. Overall, nearly 67% of the active listings are priced within this range. Only one of the current listings is priced below \$100,000. However, it is possible that some additional lower-priced houses are for sale, but not included in the Multiple Listing Service.

American Community Survey Estimated Home Values

One final source of information on home values is available from the American Community Survey for 2014, which asked home owners about the value of their house. The following table displays the values that were reported.

The 2014 American Community survey estimates were based on 1,089 home owners in Dell Rapids. The 2010 Census had counted 1,003 owner households in the City.

Estimated Value	Number of Owner-Occupancy Units	Percent of Owner-Occupancy Units
Less than \$50,000	9	0.8%
\$50,000 - \$79,999	107	9.8%
\$80,000 - \$99,999	82	7.5%
\$100,000 - \$124,999	243	22.3%
\$125,000 - \$149,999	173	15.9%
\$150,000 - \$174,999	209	19.2%
\$175,000 - \$199,999	44	4.0%
\$200,000 - \$249,999	120	11.0%
\$250,000 - \$299,999	33	3.0%
\$300,000+	69	6.3%
Total	1089	100%

Source: 2014 American Community Survey

The ACS surveys included all unit types, but the value estimates displayed above primarily represent single family detached homes (96.6% of reported units), single family attached (2.1%) and mobile homes (1.3%).

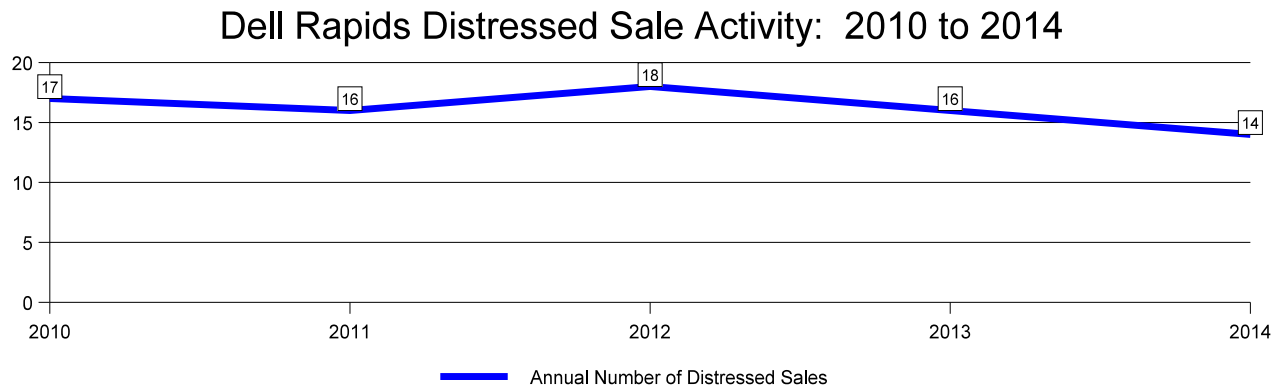
If grouped into larger price ranges, approximately 61% of all owner-occupancy units in Dell Rapids were estimated to have a value between \$100,000 and \$199,999 according to the ACS. Approximately 20% of owner-occupied homes were valued at \$200,000 or more, while 18% of homes were valued at \$99,999 or less.

Home Foreclosures

Starting in the late 2000s, there was a nationwide increase in home foreclosures, short sales, and other distressed property transfers, caused by a national recession and a collapse of a “housing bubble”. Although Dell Rapids was impacted by these national trends to some extent, the best available evidence does not show any large-scale problem with home foreclosures.

The sales file obtained from the South Dakota Department of Revenue included descriptive notes on sales that were rejected for the sales ratio study. From these notes, it was possible to determine the number of distressed sales in each year. In Dell Rapids, many of the rejected sales were identified “bankruptcy/pressure” transactions. These descriptions were added by County staff, and it is possible that more of the rejected sales each year were for reasons that could be considered under the description of distressed transfers.

Over the period from 2010 to 2014, there were 81 residential transfers in Dell Rapids that were identified as “bankruptcy/pressure” sales. The annual volume ranged from a low of 14 distressed sales in 2014 to a high of 18 sales in 2012.



Residential Lots and Land

The website Realtor.com listed approximately 43 vacant land parcels for sale in the Dell Rapids area in January 2016 that appeared to be intended for residential use. These lots ranged in price from a low of \$29,900 to a high of \$109,900. Nineteen of the 43 listed lots were priced below \$50,000, and 24 lots were priced at \$50,000 or more.

Overall research completed for this Study identified as many as 60 lots in the community, which would include some that are not on the Multiple Listing Service.

Dell Rapids Housing Condition

Community Partners Research, Inc., representatives conducted a visual 'windshield' survey of 328 single family/duplex houses in Dell Rapids' oldest core neighborhood.

The boundaries of the four neighborhoods are:

- ▶ Neighborhood #1 - East - Garfield Ave.
West - Iowa Ave.
North - E. 7th St.
South - E. 4th St.

- ▶ Neighborhood #2 - East - Railroad Tracks
West - Garfield Ave.
North - E. 7th St.
South - Railroad Tracks

- ▶ Neighborhood #3 - East - Beach Ave.
West - Garfield Ave.
North - 3rd St.
South - Railroad Tracks

- ▶ Neighborhood #4 - East - Garfield Ave.
West - Juniata Ave.
North - E. 3rd St.
South - River St.

Houses that appeared to contain three or more residential units were excluded from the survey. Houses were categorized in one of four levels of physical condition, Sound, Minor Repair, Major Repair, and Dilapidated as defined below. The visual survey analyzed only the physical condition of the visible exterior of each structure. Exterior condition is assumed to be a reasonable indicator of the structure's interior quality.

Dilapidated was the lowest rating used. Dilapidated houses need major renovation to become decent, safe and sanitary housing. Some Dilapidated properties may be abandoned and may be candidates for demolition and clearance.

Major Rehabilitation is defined as a house needing multiple major improvements such as roof, windows, sidings, structural/foundation, etc. Houses in this condition category may or may not be economically feasible to rehabilitate.

Minor Repair houses are judged to be generally in good condition and require less extensive repair, such as one major improvement. Houses in this condition category will generally be good candidates for rehabilitation programs because they are in a salable price range and are economically feasible to repair.

Sound houses are judged to be in good, 'move-in' condition. Sound houses may contain minor code violations and still be considered Sound.

Table 26 Windshield Survey Condition Estimate - 2015					
	Sound	Minor Repair	Major Repair	Dilapidated	Total
Neighborhood #1	91/61.1%	39/26.2%	18/12.1%	1/0.6%	149
Neighborhood #2	43/55.8%	24/31.2%	10/13.0%	0/0%	77
Neighborhood #3	27/64.3%	12/28.6%	3/7.1%	0/0%	42
Neighborhood #4	12/20.0%	26/43.3%	21/35.0%	1/1.7%	60
Total	173/52.7%	101/30.8%	52/15.9%	2/0.6%	328

Source: Community Partners Research, Inc.

- ▶ The existing housing stock in the four neighborhoods is in good condition. Approximately 31% of the houses in the neighborhood need minor repair and 16% need major repair. Approximately 53% are sound, with no required improvements.
- ▶ Two houses in the neighborhoods are dilapidated and possibly beyond repair.

Dell Rapids Mobile Home Housing Condition

Community Partners Research, Inc. representatives conducted a visual 'windshield' survey of 16 mobile homes located in the City of Dell Rapids.

Mobile homes were categorized in one of four levels of physical condition, Sound, Minor Repair, Major Repair, and Dilapidated as defined below. The visual survey analyzed only the physical condition of the visible exterior of each structure. Exterior condition is assumed to be a reasonable indicator of the structure's interior quality.

Dilapidated was the lowest rating used. Dilapidated mobile homes need major renovation to become decent, safe and sanitary housing. Some Dilapidated properties may be abandoned and candidates for demolition and clearance.

Major Rehabilitation is defined as a mobile home needing multiple major improvements such as roof, windows, sidings, structural/foundation, etc. Houses and mobile homes in this condition category may or may not be economically feasible to rehabilitate.

Minor Repair mobile homes are judged to be generally in good condition and require less extensive repair, such as one major improvement. Mobile homes in this condition category may be good candidates for rehabilitation programs because they are in a sellable price range and are economically feasible to repair.

Sound mobile homes are judged to be in good, 'move-in' condition. Mobile homes may contain minor code violations and still be considered Sound.

Table 27 Windshield Survey Condition Estimate - 2015

	Sound	Minor Repair	Major Repair	Dilapidated	Total
Mobile Homes	4/25.0%	6/37.5%	6/37.5%	0/0%	16

Source: Community Partners Research, Inc.

- ▶ The mobile homes in Dell Rapids are in fair to good condition. Approximately 38% of the mobile homes need minor repair and 38% need major repair. Approximately 25% are sound, with no required improvements.
- ▶ No mobile homes were dilapidated and possibly beyond repair.

Rental Housing Data

Census Bureau Rental Inventory - Dell Rapids

According to the 2010 U.S. Census, there were 385 occupied rental units, and 63 unoccupied rental units in Dell Rapids, for a total estimated rental inventory of approximately 448 units. The City's rental tenure rate, was 27.7%, based on renter-occupancy households, below the Statewide rental tenure rate in 2010 of 31.9%.

At the time of the 2000 Census, Dell Rapids had 286 occupied rental units, and 22 unoccupied rental units, for a total estimated rental inventory of approximately 308 units. The rental tenure rate in 2000 was 25.4%.

Based on a Census comparison, the City added 99 renter-occupancy households, and approximately 140 rental units from 2000 to 2010. Based on building permit reports, there were building permits issued for 83 housing units in buildings with two or more units in Dell Rapids between 2000 and 2010. All of these rental units were in small rental buildings including duplexes, four-plexes and six-plexes.

The City of Dell Rapids gained a significantly higher number of rental units from 2000 to 2010 than were constructed during that time period. Therefore, it is assumed that owner-occupied single family homes converted to rentals from 2000 to 2010.

Dell Rapids continued to add some rental housing units through new construction from 2010 to 2015. After the 2010 Census was completed, approximately 23 rental units have been constructed or are currently under construction.

Census Bureau Rental Inventory - Sioux Falls MSA

Dell Rapids is part of the Sioux Falls Metropolitan Statistical Area (MSA), with the City of Sioux Falls having the large majority of the region's rental units. According to the 2014 American Community Survey, there were 31,118 occupied rental units in the MSA. For the entire MSA the rental tenure rate was 32.8%, slightly above the rental tenure rate Statewide. When compared to the totals provided in the 2010 Census, the Sioux Falls MSA added 2,837 renter-occupancy households from 2010 to 2014.

Dell Rapids' Share of Rental Housing in the MSA

At the time of the 2014 American Community Survey, the number of renter-occupancy households in Dell Rapids represented approximately 0.1% of all renter households in the entire MSA. Since the 2010 Census was completed, a substantial amount of new rental construction has occurred in the MSA, especially within the City of Sioux Falls. Dell Rapids has experienced some limited rental construction since 2010, with approximately 16 new rental units constructed since the 2010 Census.

Pending Rental Projects

Our research did not identify any proposed rental projects in Dell Rapids. However, an additional seven rental units are being constructed in the Odd Fellows building.

Rental Housing Survey

As part of this housing study, a telephone survey was conducted of multifamily rental projects in the City of Dell Rapids. The survey was conducted from November 2015 to January 2016.

Emphasis was placed on contacting properties that have four or more units. For the purposes of planning additional projects in the future, multifamily properties represent the best comparison of market potential.

Information was tallied separately for different types of rental housing, including conventional market rate units, subsidized units and senior with services units.

There were 225 rental units of all types that were contacted in the survey. We also surveyed a skilled nursing home with 71 beds, Dells Nursing and Rehab Center. The units/beds that were successfully contacted include:

- ▶ 130 conventional, market rate units
- ▶ 47 subsidized units
- ▶ 119 senior with services units/beds

The findings of the survey by unit type are provided below.

Market Rate Summary

Usable information was obtained from 130 conventional market rate rental units. All of the units in the survey were in buildings with eight or fewer units.

Unit Mix

We obtained unit size information on 120 rental units from property owners/managers. The bedroom mix breakdown of the 120 units is as follows:

- ▶ Efficiency/Studio - 1 unit (0.8%)
- ▶ One-bedroom - 1 unit (0.8%)
- ▶ Two-bedroom - 96 units (80.0%)
- ▶ Three-bedroom - 22 units (18.4%)

No units with four or more bedrooms were identified, although some single family houses in the community provide rental housing and may be able to accommodate large families.

Occupancy / Vacancy

Within the market rate multifamily segment there was one vacant unit in the 130 units used in the occupancy calculation. This represents an overall vacancy rate of 0.8%. The property owners/managers reported high occupancy rates and a high demand for market rate rental units.

Rental Rates

Rental units may include the primary utility payments within the contract rent, or the tenant may be required to pay some utilities separately, in addition to the contract rent. In the following summary, Community Partners Research, Inc., has attempted to estimate the gross rents being charged, inclusive of an estimate for tenant-paid utilities.

The lowest and highest gross rents have been identified, as reported in the telephone survey.

<u>Unit Type</u>	<u>Lowest/Highest Gross Rents</u>
Two-bedroom	\$625-\$850
Three-bedroom	\$825-\$1,325

Only a small number of efficiency and one-bedroom units were identified, and the rent structure for these units may not be an accurate representation of prevailing units.

Rental Projects in the Construction Phase

The Odd Fellows Building is being converted into 11 rental units. Four units are completed and occupied. Seven units are under construction and it is estimated the construction will be completed over the next two years.

Subsidized Summary

The research completed for this Study identified one project, Friendship Village, which is a 47-unit USDA Rural Development with two buildings, an elderly building and a family building.

Friendship Village includes:

- ▶ **Friendship Village - Elderly** - Friendship Village - Elderly is a 23-unit building that includes 19 one-bedroom and four two-bedroom units. Tenants include seniors age 62 and over and people with disabilities.
- ▶ **Friendship Village - Family** - Friendship Village - Family is a 24-unit building that includes 21 one-bedroom and three two-bedroom units.

Unit Mix

The following bedroom mix breakdown of the 47 units in Friendship Village is based on the information obtained from the manager:

- ▶ One-bedroom - 40 units (85.1%)
- ▶ Two-bedroom - 7 units (14.9%)

Occupancy / Vacancy

At the time of the survey, there was one vacant unit in the Friendship Village - elderly building, and no vacancies in the Friendship Village family building. The one vacancy represented a 2.1% vacancy rate.

The manager reported a high ongoing occupancy rate.

Rental Rates

Twenty-nine Friendship Village units have access to project-based rent assistance. Tenants in the units pay 30% of their income up to a maximum rent.

There are 18 units that do not have project-based rent assistance. These tenants pay 30% of income, but not less than a minimum rent or more than a maximum rent that is set for their unit.

Tax Credit Summary

There are no tax credit projects in Dell Rapids.

Subsidized Housing Gains/Losses

Federal subsidy sources for low income rental housing have been limited for the past few decades. Most subsidized projects were constructed in the 1960s, 1970s or early 1980s. Some of these older projects may have completed their compliance requirements and have the opportunity to leave their subsidy program and convert to conventional rental housing. In communities with low vacancy rates, private property owners may have an incentive to convert subsidized units to conventional housing.

The only subsidized project in Dell Rapids is Friendship Village. We did not obtain any information that indicates that Friendship Village has taken any action to convert from subsidized to market rate housing.

USDA Rural Development records report that a USDA Rural Development subsidized four-plex in Dell Rapids converted to market rate many years ago.

Tenant-Based Rent Assistance Vouchers

There are also tenant-based rent assistance Housing Choice Vouchers available in the area. The Housing Choice Voucher Program is administered in Dell Rapids by the Sioux Falls Housing and Redevelopment Commission. Housing Choice Voucher assistance is issued to income-eligible households for use in suitable, private market rental housing units. With the assistance, a household pays approximately 30% of their income for their rent, with the program subsidy paying any additional rent amounts.

In February 2016, there were five renter households receiving Voucher assistance in Dell Rapids. Since this rent assistance is tenant-based, and moves with the household, the actual number of participating households within the City can vary from month to month.

The waiting list for the Voucher Program has approximately 3,600 names, with a wait time of more than four years.

Senior Housing with Services Summary

Unit Inventory

Dell Rapids has two senior with services projects which include:

- ▶ **Orchid Hills - Congregate and Assisted Living** - Orchid Hills has 48 units including 24 congregate units and 24 assisted living units. The congregate units include housekeeping and one daily meal. The assisted living units include three daily meals, housekeeping, laundry, bathing, medication management, etc.

- ▶ **Dells Nursing and Rehab Center** - The Dell Nursing and Rehab Center has 71 skilled nursing beds for long-term care and rehab. A designated number of beds are set aside for males and females.

Occupancy / Vacancy

At the time of the survey, Orchid Hills had five vacant congregate units and four vacant assisted living units. The Director reported ongoing vacancies in the congregate units, however, the assisted living units are usually fully occupied.

The Administrator of the Dells Nursing and Rehab Center reported that the number of vacant beds fluctuates, but the facility operates at a high occupancy rate.

Table 28 Dell Rapids Multifamily Rental Housing Inventory

Name	Number of Units /Bedroom Mix	Rent	Vacancy/ Wait List	Tenant Mix	Comments
Market Rate					
Crisp Rentals	71 - 2 bedroom <u>14 - 3 bedroom</u> 85 total units	\$650-\$775 \$825-\$1,050	No vacancies	General Occupancy	The 85 rental units are in duplexes, four-plexes and six-plexes. The majority of the units have been constructed since 2000. Rents range from \$650 to \$775 for a two-bedroom unit and \$825 to \$1,050 for a three-bedroom unit. Tenants also pay heat and electricity. The units are town home style. Manager reports no vacancies and a high demand for the units.
Downtown Mixed-Use Rentals	efficiency, one, two and <u>three-bedroom</u> 11 total units	\$250 to \$900	1 vacancy	General Occupancy	Information was obtained on 11 rental units on the second floor of several downtown mixed-use buildings. The units included efficiency, one, two and three-bedroom units. Rents range from \$250 for an efficiency unit to \$900 for a large 1,700 sq. ft. loft apartment. For most units, tenants pay all utilities in addition to rent. There was one vacant efficiency unit, however, it was expected to be rented shortly. The Manager reported good demand for downtown units. The seven units in one building have garage stalls.
Odd Fellows Hall Apartments	1 - 1 bedroom 2 - 2 bedroom <u>1 - 3 bedroom</u> 4 total units * 7 more units will be developed in the main building	\$550 \$750-\$950 \$1,200 + utilities	No vacancies	General Occupancy	The Odd Fellows Hall Apartments includes two units in the building which was the equipment building and two units in the main building. The two units in the 'equipment building' include one one-bedroom 600 sq. ft. unit and one two-bedroom 1,200 sq. ft. unit. Rent is \$550 for the one-bedroom and \$1,200 for the two-bedroom plus utilities. The two units in the main building include one two-bedroom 1,000 sq. ft. unit and one three-bedroom two-story 1,800 sq. ft. unit. Rent is \$750 for the two-bedroom and \$1,200 for the three-bedroom plus utilities. Seven more units will be constructed in the main building including one one-bedroom, four two-bedroom and two three-bedroom units.

Table 28 Dell Rapids Multifamily Rental Housing Inventory

Name	Number of Units /Bedroom Mix	Rent	Vacancy/ Wait List	Tenant Mix	Comments
Market Rate					
Skelly Rentals	22 - 2 bedroom 7 - 3 bedroom 29 total units in multiple structures	\$575-\$675 \$675-760	No vacancies, waiting list	General Occupancy	Skelly Rentals include one 8-plex, four 4-plexes, one tri-plex and one duplex. There is a total of 29 units including 22 two-bedroom and seven three-bedroom units. Rents range from \$575 to \$675 for a two-bedroom unit and \$675 to \$760 for a three-bedroom unit. Tenants pay heat and electricity. Rent includes water and sewer in most of the units and garbage pick-up in all of the units. All of the units have garages. The manager reports no vacancies and a waiting list.
Huddle Building 429 E 4 th St	<u>1 - 2 bedroom</u> 1 total unit	\$875 + utilities	Occupied	General Occupancy	The Huddle building has a large 1,550 sq. ft. apartment on the second floor. The unit is occupied. Rent is \$875 plus utilities.

Table 28 Dell Rapids Multifamily Rental Housing Inventory

Name	Number of Units /Bedroom Mix	Rent	Vacancy/ Wait List	Tenant Mix	Comments
Subsidized					
Friendship Village - Elderly	19 - 1 bedroom <u>4 - 2 bedroom</u> 23 total units	\$419-\$427 \$439-\$447 30% of income	1 vacancy	Senior/ disabled	Friendship Village - Elderly is a 23-unit senior/disabled project. There are 19 one-bedroom units and four two-bedroom units. Twenty-nine of the total units in Friendship Village (elderly and family) have rent assistance, allowing rent based on 30% of income. Tenants without rent assistance pay 30% of income, but not less than minimum rent or more than maximum rents listed. The manager reported two vacancies at the time of the survey.
Friendship Village - Family	21 - 1 bedroom <u>3 - 2 bedroom</u> 24 total units	\$419-\$427 \$439-\$447 30% of income	No vacancies	General occupancy	Friendship Village - Family is a 24-unit family project. There are 21 one-bedroom and three two-bedroom units. Twenty-nine of the total units in Friendship Village (elderly and family) have rent assistance, allowing rent based on 30% of income. Tenants without rent assistance pay 30% of income, but not less than minimum rent or more than maximum rents listed. The manager reported one vacancy at the time of the survey.
Section 8 Housing Choice Vouchers	5 Dell Rapids households with Vouchers	30% of income	4 ½ year waiting list	General Occupancy	The Sioux Falls Housing and Redevelopment Commission administers the Housing Choice Voucher Program in Dell Rapids and Minnehaha County. The program currently has approximately 1,800 Vouchers. There is a waiting list with approximately 3,600 names, with a wait time of more than 4 years. Currently, 5 Dell Rapids tenants have a Housing Choice Voucher.

Table 28 Dell Rapids Multifamily Rental Housing Inventory

Name	Number of Units /Bedroom Mix	Rent	Vacancy/ Wait List	Tenant Mix	Comments
Senior with Services					
Dells Nursing and Rehab Center	71 skilled <u>nursing beds</u> 71 total beds	Based on level of services	High occupancy rate	Skilled nursing home	Dells Nursing and Rehab Center has 71 skilled nursing beds. Beds are available for long-term care and rehab. Also, there is a designated number of beds for males and females. The number of vacant beds fluctuates, but the facility operates at a high occupancy rate.
Orchid Hills - Congregate and Assisted Living	24 congregate <u>24 assisted living</u> 48 total units	Based on unit type and level of services	5 vacant congregate units and 4 vacant assisted living units	Senior housing with services	Orchid Hills includes 24 congregate one and two-bedroom units and 24 assisted living units. The congregate units include housekeeping and one daily meal. Currently, there are five vacant congregate units and manager reports ongoing vacancies. The assisted living units provide three daily meals, housekeeping, laundry, bathing, medication management, etc. Currently, there are four vacant assisted living units. The manager reports, however, that the assisted living units are usually fully occupied.

Source: Community Partners Research, Inc.

Household Growth in the Sioux Falls MSA

Over the last few decades, the entire Sioux Falls MSA has grown at a rapid rate. Between the 2000 Census and the 2015 Esri estimate, a substantial number of households were added in Sioux Falls and in many of the smaller cities in Minnehaha and Lincoln Counties. The following table examines growth in numeric and percentage terms. The listed cities all had net growth of more than 150 households and have been ordered by the numeric household growth that occurred over the 15-year period. The 2015 population estimates were obtained from Esri.

Table 29 Household Growth by Jurisdiction: 2000 to 2015				
City	2000 Census	2015 Esri Estimate	Numeric Growth	Percentage Growth
Sioux Falls	49,731	66,193	16,462	33.1%
Brandon	1,909	3,554	1,645	86.2%
Harrisburg	315	1,760	1,445	458.7%
Tea	590	1,524	934	158.3%
Hartford	661	1,068	407	66.6%
Dell Rapids	1,127	1,472	345	30.6%
Crooks	282	459	177	62.8%
Worthing	206	361	155	75.2%

Source: US Census; Esri

Brandon captured the largest numeric share of household growth for any single jurisdiction outside of Sioux Falls from 2000 to 2015, and had growth of more than 1,645 households. Harrisburg and Tea, both located in the Lincoln County portion of the MSA, added 1,445 and 934 households, respectively. Growth within these three surrounding communities, along with Sioux Falls, accounted for approximately 95% of the net household gain for the entire MSA.

Hartford, with a gain of 407 households, and Dell Rapids, with a gain of 347 households, ranked fifth and sixth for numeric growth.

Housing Unit Construction Activity: 2004 to 2015

Annual housing unit construction totals for the Sioux Falls MSA are available from the Census Bureau.

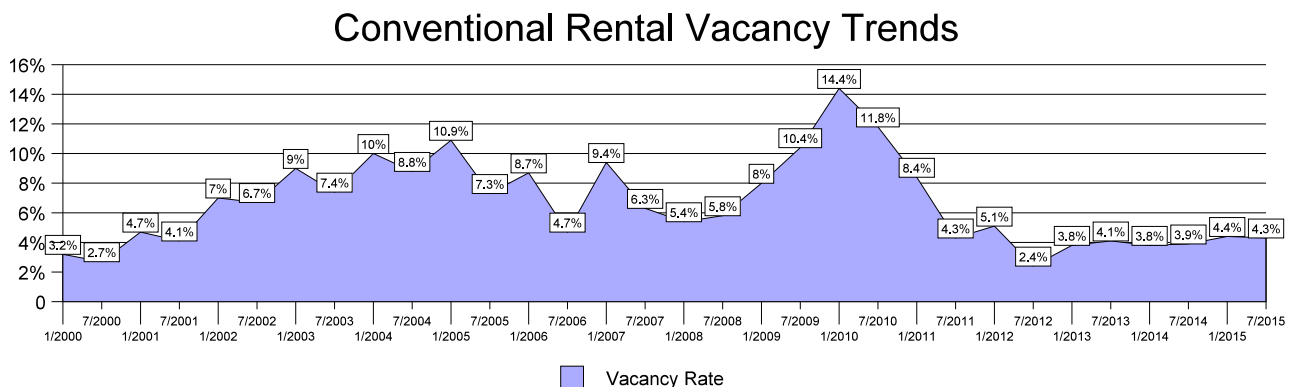
Table 30 Regional Housing Unit Construction Activity - 2004 to 2015										
Year	City of Dell Rapids					Sioux Falls MSA				
	Single Family	Two Family	3 to 4 Family	Multifamily	Total	Single Family	Two Family	3 to 4 Family	Multifamily	Total
2015	10	2	0	0	12	1,000	118	67	670	1,855
2014	13	0	4	0	17	1,134	8	131	1,057	2,330
2013	15	0	0	0	15	1,330	6	52	1,021	2,409
2012	8	0	8	0	16	1,008	8	20	443	1,479
2011	10	0	4	0	14	716	16	19	378	1,129
2010	4	0	4	0	8	755	8	111	207	1,081
2009	9	0	4	0	13	962	24	99	492	1,577
2008	10	0	8	0	18	940	84	143	699	1,866
2007	14	0	16	0	30	1,517	96	148	621	2,382
2006	20	0	4	0	24	1,646	38	175	464	2,323
2005	24	2	0	0	26	1,869	22	95	309	2,295
2004	16	0	0	0	16	1,909	20	52	467	2,448
Total	153	4	52	0	209	14,786	448	1,112	6,828	23,174

Source: U.S. Census Bureau; City of Dell Rapids

Housing construction activity in Dell Rapids has represented a small share of all activity in the Sioux Falls MSA in recent years. Over the entire 12-year time period reviewed, total unit construction in Dell Rapids represented 0.9% of all unit construction within the MSA. However, from 2005 to 2007, unit construction in Dell Rapids did represent 1.4% of all area activity. These years were the high point for market share. Dell Rapids’ market share of new unit construction decreased after 2007.

Regional Rental Vacancy Rates

The South Dakota Multi-Housing Association has tracked rental housing vacancy information for the Sioux Falls area for many years through a semiannual survey. This information provides an excellent source of information that not only provides a current picture of rental housing occupancy, but also a perspective on longer-term trends. The following chart presents the Multi-Housing Association vacancy calculations dating back to the year 2000. The most recently completed vacancy survey was on July 15, 2015. This



survey found a 4.32% vacancy rate in conventional market rate housing. The survey included 8,858 conventional units and found 382 vacancies. Although this was an area-wide survey, including communities such as Dell Rapids that are within a 20-mile radius of Sioux Falls, over 95% of the reporting units are typically located within the City of Sioux Falls.

The vacancy rate for the most recent report was down slightly from the January 2015 survey. However, the vacancy rate is slightly higher than the vacancy rate in 2014. Although some changes have occurred, the vacancy rate has been relatively stable since the January 2013 survey.

People interviewed in past studies in the area have cited the cyclical nature of rental production that has often been evident in the past in Sioux Falls. As the vacancy rate has risen, construction activity in subsequent years tends to diminish. As vacancy rates begin to fall, it has been typical to see an above-average level of construction.

The general standard for rental housing vacancy is that a rate up to 5% is considered acceptable. A modest level of vacancy is desirable to allow tenant movement in the market by providing choices for prospective renters. It also allows a community the chance to grow, as new households moving into the area can locate a living unit. From January 2002, until January 2012, the reported conventional rental vacancy rate was nearly always above 5%.

However, starting in July 2012, the conventional vacancy rate decreased rapidly, and was at only 2.4% in that survey, the lowest point reached over the time period reviewed. The vacancy rate in the most recent survey, July 2015, generally continued this trend of low vacancy in conventional housing, although the vacancy rate in July 2015, was higher than the vacancy rates from 2012 to 2014.

Income-Based Housing Vacancy Rates

The large majority of the units in the Multi-Housing survey are conventional rentals. However, in most surveys, 2,000 or more units of income-based housing are also included. In the past few surveys, the vacancy rate in moderate rent tax credit housing has tended to be above the conventional rate. In the July 2015, survey, tax credit units had a vacancy rate of 5.29%, above the conventional housing vacancy rate.

Federally-subsidized housing, listed in the reports as "HUD units", have tended to maintain a low rate of vacancy over time. However, in the most recent report, the vacancy rate for HUD units was 7.02%, the highest of any of the market sectors.

Vacancy Rates Outside of Sioux Falls

The Multi-Housing Survey does typically collect some rental data from units that are outside of the City of Sioux Falls, but within a 20-mile radius. In the most recent surveys, vacancy rates have been higher outside of Sioux Falls. However, in the most recent survey the vacancy rates outside Sioux Falls were actually lower, although a relatively small sample size may not be a perfect indicator of vacancy rates in surrounding communities.

In the July 2015 survey, there were 503 conventional market rate units included outside of Sioux Falls, with a vacancy rate of 2.78%. There were 333 moderate rent tax credit units surveyed and the vacancy rate was 2.40%.

Rental Rates

Information on rental rates is available from two sources. The Multi-Housing Association collects information in its semiannual survey. The U.S. Census Bureau includes rental information from the 2014 American Community Survey.

Multi-Housing Association Rental Rate Information

The Multi-Housing Association survey provides a current look at rental rates. This information is provided for different geographic segments of the Sioux Falls area.

Table 31 Conventional Housing Average Rental Rates - July 2015				
Unit Type	Conventional Rentals		Tax Credit Rentals	
	Outlying Areas	Sioux Falls Region	Outlying Areas	Sioux Falls Region
Studio	N/A	N/A	N/A	\$180
1-Bedroom	\$650	\$620	\$534	\$507
2-Bedroom	\$790	\$755	\$619	\$583
3-Bedroom	\$861	\$940	\$754	\$698
4-Bedroom	N/A	\$988	N/A	\$866

Source: SD Multi-Housing Association; Community Partners Research, Inc.

When examining the average rent information for the different communities outside of Sioux Falls, it is important to note that the number of units surveyed may be small. Even for the entire region, the number of studio units and four-bedroom rentals are limited, and are much less common than one, two, and three-bedroom rentals.

The average rental rates for tax credit units in the Sioux Falls Region and in the communities surrounding Sioux Falls were significantly lower than average rents for conventional market rate units.

2014 American Community Survey Rental Rate Information

The 2014 American Community Survey (ACS) also included information on gross rental rates for units in the Sioux Falls Metropolitan Statistical Area (MSA), which includes Minnehaha, Lincoln, McCook and Turner Counties.

The overall median gross rent level in the MSA was \$713 in 2014, according to the ACS. The median gross rent in Dell Rapids was \$658, lower than the overall median for the MSA.

Employment and Local Economic Trends

While many factors influence the need for housing, employment opportunities represent a predominant demand generator. Without jobs and corresponding wages, the means to afford housing is severely limited. Much of the household growth that has occurred in the Sioux Falls MSA in the past decade was the direct result of job opportunities that were available, especially in the City of Sioux Falls. The type of employment, wage level, and working conditions will each influence the kind of housing that is needed and at what level of affordability.

Major employers in Sioux Falls with more than 1,000 employees include:

- ▶ Sanford Health
- ▶ Avera
- ▶ John Morrell & Company
- ▶ Wells Fargo
- ▶ Sioux Falls School District
- ▶ Citibank
- ▶ Hy-Vee Food Stores
- ▶ Sioux Valley Clinic
- ▶ Evangelical Lutheran Good Samaritan Society
- ▶ Midwest Coast Transport
- ▶ WalMart/Sam's Club
- ▶ First PREMIER Bank/PREMIER Finance Bankcard
- ▶ City of Sioux Falls

Source: Governor's Office of Economic Development

Work Force and Unemployment Rates

Employment information is available for the Sioux Falls MSA. Information has been reviewed back to the year 2010. Data in the tables that follow have been obtained from the South Dakota Department of Labor.

Table 32 Sioux Falls MSA Annual Labor Statistics 2010 to 2015						
Year	Labor Force	Employed	Unemployed	Unemployment Rate - MSA	Unemployment Rate - SD	Unemployment Rate - US
2010	133,560	127,210	6,350	4.8%	5.0%	9.6%
2011	134,180	128,415	5,765	4.3%	4.7%	8.9%
2012	136,520	131,345	5,175	3.8%	4.3%	8.1%
2013	139,230	134,815	4,415	3.2%	3.8%	7.4%
2014	141,675	137,640	4,035	2.8%	3.4%	6.2%
2015	144,746	140,631	4,115	2.8%	3.4%	5.3%

Source: South Dakota Department of Labor; Community Partners Research, Inc.
Not seasonally adjusted

The local economy in the Sioux Falls area has been very strong in recent decades. In the time period between 2010 and 2015, the available labor force in the MSA increased by more than 11,100 people, or by nearly 8.4%. The employed resident work force has followed a similar pattern, increasing by more than 13,400 people, or nearly 10.6%. The increased number of employed MSA residents has dropped the unemployment rate from 4.8% in 2010 to only 2.8% in 2015.

The unemployment rate in the Sioux Falls area has consistently remained lower than the comparable rates for the State or the nation. In most recent years, the MSA’s unemployment rate has been less than half of the national rate.

Employment and Wages by Industry

The following table shows the annual employment and average annual wages by major employment sector in 2014, the last full year of data. It is important to note that the major employment sectors listed do not represent all employment, as some classifications, such as self-employed workers, are not included. This information is for all of the Sioux Falls MSA.

Table 33 MSA Average Annual Wages by Industry Detail - 2014		
Industry	2014 Employment	Average Annual Wage
Total All Industry	143,187	\$43,139
Natural Resources, Mining	549	\$35,673
Construction	7,384	\$45,464
Manufacturing	13,674	\$45,225
Trade, Transportation, Utilities	30,991	\$39,122
Information	2,695	\$51,708
Financial Activities	15,832	\$54,314
Professional and Business Services	13,538	\$49,605
Education and Health Services	27,804	\$51,029
Leisure and Hospitality	14,160	\$15,072
Other Services	3,551	\$30,163
Government	13,008	\$44,636

Source: South Dakota Department of Labor

The average annual wage for all industry in 2014 was \$43,139 for the Sioux Falls MSA. The highest wage sector was Financial Activities, with an annual wage of \$54,314. The lowest average wage was paid in the Leisure and Hospitality sector, at \$15,072.

In terms of actual employment, the largest single sector was Trade, Transportation and Utilities, with nearly 31,000 people. This is a broad sector, with a wide variation in annual wages for sub-sectors. The Retail Trade sub-sector, which accounted for more than 58% of all employment within this sector, had an average annual wage of only \$28,451.

Commuting Patterns of Dell Rapids Residents

Information is available on area workers that commute for employment. The best information is from the 2014 American Community Survey, and has been examined for the City of Dell Rapids. The first table examines travel times for Dell Rapids’ residents, but excludes people that work at home.

Table 34 Commuting Times for Dell Rapids Residents - 2014	
Travel Time	Number/Percent
Less than 5 minutes	243 / 12.7%
5 to 9 minutes	283 / 14.8%
10 to 19 minutes	146 / 7.6%
20 to 29 minutes	526 / 27.5%
30 minutes or more	716 / 37.4%
Total	1,914

Source: 2014 American Community Survey 5-year estimates

The large majority of Dell Rapids residents are commuting outside of the City for employment. Given the relatively small geographic size of the community, it is assumed that any resident employed within the City limits would have a travel time of less than 10 minutes. Only 28% of residents had a commute time that was less than 10 minutes in 2014.

Nearly 65% of City residents were commuting 20 minutes or more for employment. While the destination was not identified, it is assumed that most of these workers were going to Sioux Falls.

The American Community Survey also identifies travel time by location of employment. For people that worked in Dell Rapids, the following travel times were identified.

Table 33 Commuting Times for City-based Employees - 2014		
Travel Time	Number	Percent
Less than 10 minutes	555	42.0%
10 to 19 minutes	235	17.8%
20 to 29 minutes	197	14.9%
30 minutes +	333	25.2%
Total	1,320	100%

Source: 2014 American Community Survey

Most of the people that were employed within the City of Dell Rapids in 2014 lived either within the community, or within the immediate area. Overall, nearly 60% of city-based workers had a travel time of 19 minutes or less to their primary job. However, approximately 25% of workers did commute for 30 minutes or more to work in Dell Rapids.

Findings on Growth Trends

As part of this Study, Community Partners Research, Inc., has examined growth patterns for the City of Dell Rapids and Minnehaha County over the past few decades. These historic growth trends have then been used as a basis for projecting future demographic changes in the area.

Dell Rapids and Minnehaha County's population increased from 1990 to 2010. From 1990 to 2000, Dell Rapids's population increased by 496 people and Minnehaha County's population increased by 24,472 people. From 2000 to 2010, Dell Rapids's population increased by 653 people and Minnehaha County's population increased by 21,187 people. Also, based on Esri's 2015 estimates, Dell Rapids added 191 people and Minnehaha County added 12,957 people from 2010 to 2015.

The City of Dell Rapids gained 209 households from 1990 to 2000 and gained 261 households from 2000 to 2010. Minnehaha County gained 11,191 households from 1990 to 2000 and gained 9,032 households from 2000 to 2010. Esri estimates that Dell Rapids gained 84 households and Minnehaha County added 5,740 households from 2010 to 2015.

Findings on Projected Growth

Esri projects that Dell Rapids's population will increase by 282 people from 2015 to 2020. Esri's household projection expects a gain of 112 households in Dell Rapids from 2015 to 2020.

Esri's population projections for all of Minnehaha County expect a gain of 16,279 people from 2015 to 2020. Esri's household projections for Minnehaha County expect a gain of 7,325 households from 2015 to 2020.

Strengths for Housing Development

The following strengths of the community were identified through statistical data, local interviews, research and on-site review of the local housing stock.

- ▶ **Dell Rapids is located near Sioux Falls and Brookings** - Dell Rapids is approximately 20 miles from Sioux Falls and 40 miles from Brookings. Sioux Falls and Brookings provide employment opportunities, retail/service options, government services, health and professional services, educational opportunities, cultural amenities and recreational facilities. Many households prefer to live near, but not in a regional center.
- ▶ **Median home price** - Dell Rapids's median priced home based on 2014 sales is approximately \$138,950. The price of existing homes is high enough to encourage new home construction in Dell Rapids.
- ▶ **Population and household growth for the City** - Over the past 25 years, the City has sustained good population and household growth and the City is projected to continue to grow in the future.
- ▶ **Sioux Falls MSA market** - On average, over the past 10 years, approximately 1,900 housing units were constructed in the Sioux Falls MSA annually. Dell Rapids has an opportunity to capture a larger portion of this market.
- ▶ **Active housing developers in the City** - Dell Rapids has housing developers that are willing to invest in housing projects in the community. Developers have been active in subdivision projects, single family housing and rental housing development.
- ▶ **School system** - The City of Dell Rapids has two excellent K-12 school systems including the Dell Rapids School District 49-3 and St. Mary's Catholic Schools. Also, a new public elementary school has been constructed.
- ▶ **Infrastructure** - The City of Dell Rapids is building a new waste water facility and upgrading its underground utilities to accommodate future housing and commercial development.
- ▶ **Dell Rapids Economic Development Corporation** - The Dell Rapids Economic Development Corporation is active in promoting industrial, commercial and housing development.

- ▶ **Sioux Falls Growth Pattern** - Several large commercial and industrial projects are in the planning or construction phases in north Sioux Falls. Growth to the north of Sioux Falls has the potential to benefit residential development in Dell Rapids.
- ▶ **New homes** - Since 2000, 239 new single family homes have been constructed in Dell Rapids primarily in two subdivisions. Many of these homes are occupied by families with children.
- ▶ **Commercial Development** - There has been significant commercial development in Dell Rapids over the past several years.
- ▶ **Rental housing** - Approximately 90 rental units have been developed in Dell Rapids since 2000.
- ▶ **Dell Rapids Downtown** - Dell Rapids has a Downtown Business District that is attractive and has character. Several cities in the Sioux Falls MSA do not have an identifiable, adequate Downtown Business District.
- ▶ **Medical facilities** - A clinic, hospital, nursing home and assisted living facility are all located in Dell Rapids.
- ▶ **Industrial Park** - The Dell Rapids Economic Development Corporation has developed an industrial park in Dell Rapids.

Barriers or Limitations to Housing Activities

Our research also identified the following barriers or limitations that hinder or prevent certain housing activities in the City of Dell Rapids.

- ▶ **Proximity to Sioux Falls and Brookings** - Although it is a strength to be located in close proximity to Sioux Falls, it is also a barrier as Dell Rapids and Brookings must compete with Sioux Falls and Brookings, which offers attractive residential opportunities and other amenities and services.
- ▶ **Staff capacity limitations** - Although the City has access to several housing agencies, it is very difficult to develop and implement housing initiatives with limited staff resources.
- ▶ **Land for future development** - There are residential lots available in Dell Rapids for new housing construction for the next several years, however, land must continue to be identified for future lot development.
- ▶ **Communities in the Sioux Falls MSA** - There are communities in the Sioux Falls MSA and in close proximity to Sioux Falls that are experiencing substantial development. Dell Rapids must compete with these communities.
- ▶ **Flood Plain** - A portion of the City of Dell Rapids is in the flood plain and development cannot occur in the flood plain area of the City.

Recommendations, Strategies and Housing Market Opportunities

Based on the research contained in this Study and the housing strengths and barriers identified above, we believe that the following recommendations are realistic options for Dell Rapids. They are based on the following strategies:

- ▶ **Focus on the preservation, maintenance and improvement of the housing stock that already exists** - While significant housing construction will occur in coming years, many of the housing opportunities will continue to be provided by the housing stock that is already on the ground. This is especially important for affordable housing opportunities, as it will almost always be less expensive to offer an affordable unit through rehabilitation versus new construction. Units that are lost due to deterioration and obsolescence cannot be replaced for a similar price. Evidence suggests that the majority of the existing stock is generally being well maintained, however, a significant percentage of housing needs repair. Emphasis on continued improvement will be important to meet future housing needs.
- ▶ **Develop life cycle housing** - It is vital for a self-contained community to provide housing opportunities for all ages and household types. These housing opportunities enable a community to thrive, and allow households to live in the community throughout their lives.
- ▶ **Promote new construction** - New construction provides housing opportunities, stimulates the economy and upgrades the community's housing stock. Both new owner-occupied single family homes and rental units are needed to provide households in Dell Rapids with housing options and to assure a healthy housing stock into the future.
- ▶ **Promote home ownership** - Home ownership is the preferred option for most households. Home ownership assists in creating community stability and commitment to the community. There are many younger families that are renting their housing. These households may be interested in home ownership, if an affordable opportunity is available.
- ▶ **Prioritize community housing goals** - Many of the recommendations in the Study will require staff-intensive efforts. The City should prioritize its housing goals and establish a plan to achieve its goals.

It is very difficult to meet all of the objectives as the balance of the objectives are very sensitive. An overly aggressive or overly passive approach to any of the objectives can cause problems in achieving the other objectives. For example, overbuilding new rental housing units could lead to vacancy problems in older, less marketable units in the community, causing these units to deteriorate in quality. The recommendations of this section attempt to provide a balanced approach to addressing the housing needs of Dell Rapids.

Summary of Dell Rapids Growth Projections by Age

Esri has provided Dell Rapids projection information on anticipated changes by age group from 2010 to 2020. This information can be informative in determining the housing changes that may be needed due to age patterns of the area population.

Strong growth to the year 2020 will occur among people in the 55 to 74 age ranges. This would largely reflect the aging “baby boomers”, all of whom will be age 55 or older by the year 2020. From 2010 to 2020, Dell Rapids is projected to gain 108 households in the 55 to 74 year old age ranges.

The 35 to 44 age range is also projected to have significant gains with an increase of 72 households. The youngest age range, 15 to 24, is projected to gain 10 households, the 25 to 34 age range is projected to add four households and the 45 to 54 age range is projected to increase by 13 households.

The 75 and older age range is projected to decrease by 11 households. The 75 and older age range is the only age range projected to lose households.

While projections can be informative in planning for change, it is important to note that they may be altered in the future. To the extent that Dell Rapids can continue to attract in-migration, the demographic profile of future residents may not always match historical patterns, and it is possible that more young adults will move to the area.

<u>Age Range</u>	<u>Projected Change in Households 2010 to 2020</u>
15 to 24	10
25 to 34	4
35 to 44	72
45 to 54	13
55 to 64	49
65 to 74	59
75 and older	<u>-11</u>
Total	196

Findings on Unit Demand by Type of Housing

Based on the household by age projections presented earlier, the changing age composition of Dell Rapids's population through the five-year projection period will have an impact on demand for housing.

Age 24 and Younger - The projections used for this Study expect a gain of 10 households in the 15 to 24 age range through the year 2020. Past tenure patterns indicate that approximately 72% of these households in Dell Rapids will rent their housing. A small increase of households in this age range should mean that rental demand from younger households will increase slightly during the projection period.

25 to 34 Years Old - The projections show a slight increase in this age cohort of four households by 2020. Within this age range households often move from rental to ownership housing. The ownership rate among these households in Dell Rapids was approximately 68% in 2010. A slight increase in the number of households within this age range should mean that demand for both first-time home buyer and rental opportunities will remain viable.

35 to 44 Years Old - This 10-year age cohort has a projected significant gain of 72 households between 2010 and 2020 in Dell Rapids. In the past, this age group has had a high rate of home ownership in Dell Rapids, at approximately 81%. Households within this range often represent both first-time buyers and households looking to trade-up in housing, selling their starter home for a more expensive house. A strong increase in the number of households in this age range will have an impact on overall demand for owner-occupied housing.

45 to 54 Years Old - This age cohort represents the "baby bust" generation that followed behind the baby boomers. This age group represents a much smaller segment of the population than the baby boom age group. For Dell Rapids, the projections show a gain of 13 households in this range. This age group historically has had a high rate of home ownership, approximately 83% in Dell Rapids in 2010, and will often look for trade-up housing opportunities. With a small household gain in this age group, there will be a slight increase in the demand for trade-up housing.

55 to 64 Years Old - This age range is part of the baby boom generation. The projections show an expected increase of 49 households in this 10-year age range by the year 2020 in the City. This age range has traditionally had a high rate of home ownership in Dell Rapids, at approximately 81% in 2010. Age-appropriate housing, such as town house or twin home units, is often well suited to the life-cycle preferences of this age group, as no maintenance/low maintenance housing has become a popular option for empty-nesters.

65 to 74 Years Old - Strong household growth is expected in Dell Rapids within this age range, with the projections showing an increase of 59 households by the year 2020. While this group will begin moving to life-cycle housing options as they age, the younger seniors are still predominantly home owners. At the time of the 2010 Census, approximately 71% of households in this age range owned their housing in Dell Rapids. Once again, preferences for age-appropriate units should increase from household growth within this age cohort.

75 Years and Older - There is a projected loss of 11 households in Dell Rapids in this age range between 2010 and 2020. In the past, households within this 10-year age range have had a relatively low rate of home ownership, at approximately 53% in Dell Rapids. An expansion of other housing options for seniors, including high quality rental housing, should appeal to this age group. In most cases, income levels for senior households have been improving, as people have done better retirement planning. As a result, households in this age range may have fewer cost limitations for housing choices than previous generations of seniors.

These demographic trends will be incorporated into the recommendations that follow later in this section.

Summary of Findings/Recommendations

The findings/recommendations for the City of Dell Rapids have been formulated through the analysis of the information provided in the previous sections and include a total of 21 recommendations divided into the following five categories:

- ▶ **Rental Housing Development**
- ▶ **Home Ownership**
- ▶ **Single Family New Construction**
- ▶ **Housing Rehabilitation**
- ▶ **Other Housing Initiatives**

The findings/recommendations for each category are as follows:

Findings and Recommendations for the City of Dell Rapids	
Rental Housing Development	
1.	Develop 26 to 30 market rate rental units
2.	Consider the development of 16 to 20 additional tax credit/moderate rent housing units
3.	Promote the development/conversion of 10 to 12 affordable market rate rental units
4.	Monitor the need for senior housing with services units
5.	Develop a mixed-use commercial/housing project
6.	Continue to utilize the Housing Choice Voucher Program
Home Ownership	
7.	Utilize and promote all programs that assist with home ownership
8.	Develop a purchase/rehabilitation program
New Construction	
9.	Support the development of 45 to 50 lots over the next five years
10.	Strategies to encourage residential lot sales and new home construction
11.	Promote townhouse and twin home development
12.	Coordinate with agencies/nonprofits that develop affordable housing

Findings and Recommendations for the City of Dell Rapids	
Housing Rehabilitation	
13.	Promote rental housing rehabilitation programs
14.	Promote owner-occupied housing rehabilitation programs
Other Housing Initiatives	
15.	Acquire and demolish dilapidated structures
16.	Create a plan and continue coordination among housing agencies
17.	Promote commercial rehabilitation and development
18.	Strategies for Downtown Redevelopment
19.	Time of Sale/Rent Mobile Home Inspection Program
20.	Develop home ownership and new construction marketing programs
21.	Competition with other jurisdictions

Dell Rapids - Rental Housing Development Recommendations

Rental Housing Development

Overview

The City of Dell Rapids has been successful in attracting new rental housing construction activity since 2000. Many comparably-sized communities in South Dakota have had very little success in developing new rental units.

Over the past 16 years, the time period reviewed for this Study, Dell Rapids has added approximately 90 rental housing units through new construction. All of the rental units constructed over the past 16 years have been conventional market rate housing.

Dell Rapids' share of rental new units for the entire Sioux Falls MSA over the past 10 years from 2004 to 2014 has been approximately 0.9%.

Although there has been rental housing construction in Dell Rapids since 2000, the City still has a below average supply of rental housing units. We are estimating that approximately 28% of all households in Dell Rapids are rental households, compared to a Statewide rental tenure rate of approximately 32%.

Future demand for new rental housing in Dell Rapids will be generated from three primary factors:

- ▶ Household growth
- ▶ Replacement of lost units
- ▶ Pent-up demand from existing households

Household projections for Dell Rapids expect significant household growth, although most of this growth will result in demand for owner-occupied housing. From 2015 to 2020, it is projected that there will be approximately a 112-household gain in Dell Rapids. Approximately 34% of these households will be rental households, thus, there will be growth-generated demand for approximately 35 additional rental units over the next five years.

Demand created by replacement of lost units is more difficult to determine, but the best available evidence suggests that the City will lose only two to three rental units per year from 2016 to 2021. As a result, approximately 10 to 15 additional units will be needed over the next five years to replace lost units. In some cases, this unit replacement will be necessary as existing units are removed from the inventory through demolition or conversion. However, in most cases, the unit replacement will be due to single family rental houses converting back to owner-occupancy.

Pent-up demand also exists. As part of this study, a rental survey was conducted. There were 249 rental units that were contacted and surveyed. The survey found a 0.8% vacancy rate in general occupancy market rate units and a 2.1% vacancy rate in subsidized units. The congregate and assisted living units at Orchid Hills had nine vacancies. Based on the low rates of vacancy in certain segments, we have identified pent-up demand for market rate units and workforce (moderate income) rental housing in Dell Rapids.

These three demand generators, after factoring current vacancy rates and rental units that are currently in the construction phase, show a need for 52 to 62 rental units in Dell Rapids over the next five years. Based on the factors stated above, we recommend the development of the following new rental units from 2016 to 2021.

▶ General Occupancy Market Rate	26-30 units
▶ Conversions	10-12 units
▶ Tax Credit/Moderate Rent	16-20 units
▶ Subsidized	0 units
▶ Senior with Services	0 units
	<hr/>
Total	52-62 units

The 52 to 62 rental units are projected to be 1% to 1.2% of the total rental units that will potentially be constructed in the Sioux Falls MSA from 2016 to 2021.

For 52 to 62 additional rental units to be developed over the next five years, affordable land and infrastructure must be available for multi-family construction. Additionally, the City of Dell Rapids must continue to develop amenities that make Dell Rapids an attractive residential option for households.

1. Develop 26 to 30 general occupancy conventional market rate rental units

Findings: Approximately 80% of the rental housing in the City of Dell Rapids can be classified as general occupancy market rate housing. These units are free of any specific occupancy restrictions such as financial status, age, or student enrollment. Market rate housing does not have any form of rent controls, other than those imposed by the competitive marketplace.

The entire rental inventory in the City included approximately 471 total units in 2015. We believe that approximately 376 of these units are best described as market rate rental housing.

Of the 130 market rate rental units we surveyed, we found only one vacancy for a vacancy rate of 0.8%, which is significantly below a healthy market range of 3% to 5%. The rental property owners and managers reported high demand for market rate rental housing and high occupancy rates.

There is a fairly wide variation in rental rates in the market rate segment in the City of Dell Rapids. The prevailing gross rent range is \$625 to \$850 for a two-bedroom unit and \$825 to \$1,325 for a three-bedroom unit.

Since 2010, 23 market rate rental units have been constructed or are currently in the construction phase.

Recommendation: As stated earlier in this section, rental housing demand is based on household growth, pent-up demand and replacement of housing units that have been demolished or converted. Based on this combination of demand generators, we believe that it is reasonable to plan for production of 26 to 30 market rate rental units over the next five years from 2016 to 2021.

Based on our research, there is a need for all sizes of rental units, thus, the new units constructed over the next five years should be one, two and three-bedroom units.

Townhome style units or high quality apartment buildings are both options in addressing the need for market rate units. The projects, to be successful, should have 'state of the art' amenities. It may be advantageous for new units to be constructed in smaller project phases. This strategy allows the new units to be absorbed into the market. The market rate units constructed since 2000 have been townhome-style units and have been constructed in phases.

There are two market rate rental segments in Dell Rapids. One segment is seeking a high quality unit and can afford a higher rent. The second segment is seeking work force housing and a more modest rent. This segment may not qualify for subsidized or tax credit rental units, but affordability is still an issue.

There is a need to construct both types of market rate rental housing, thus, there is a wide rent range in the following table reflecting the two segments. To construct the workforce housing and charge affordable rents, land donations, financial assistance, tax increment financing, tax abatement and other resources may be needed.

There are developers that have constructed or are constructing rental units in Dell Rapids and may have an interest in continuing to develop rental housing in Dell Rapids.

We would recommend the development of 26 to 30 rental units over the next five years, with a unit mix and rent levels as follows:

**Recommended unit mix, sizes and rents for the Dell Rapids
Market Rate Housing Units:**

<u>Unit Type</u>	<u>No. of Units</u>	<u>Size/Sq. Ft.</u>	<u>Rent</u>
One Bedroom	5-6	700 - 800	\$700 - \$900
Two Bedroom	16-18	900 - 1,050	\$750 - \$1,250
Three Bedroom	5-6	1,100 - 1,250	\$900 - \$1,400
Total	26-30		

Note: The recommended rents are gross rents including all utilities. The rents are quoted in 2016 dollars.

If possible, it would be advantageous to keep the rent structure at or below the rent limits for the Housing Choice Voucher Program. This would allow renter households to participate in the Housing Voucher Program and expand the number of households that could afford the proposed rents. In 2016, the rent limits that apply to the Voucher Program are:

- ▶ 1 bedroom - \$593
- ▶ 2 bedroom - \$745
- ▶ 3 bedroom - \$1,015
- ▶ 4 bedroom - \$1,219

2. Consider the development of 16 to 20 tax credit/moderate rent housing units

Findings: Although Dell Rapids has a 47-unit subsidized project, Friendship Village, we see unmet need for more affordable/moderate rent units. Federal low income housing tax credits are a financial resource that is available for more affordable rental housing development. Over the past two decades, a number of the more affordable projects in the Sioux Falls MSA have utilized tax credits. Currently, there are no tax credit rental units in Dell Rapids.

Tax credit rental housing cannot serve all renter households. There are occupancy restrictions concerning household composition. There are also income limits that apply to all tax credit-assisted units. Households earning

more than 60% of the HUD median income level, as adjusted by family size, cannot reside in a tax credit unit.

Since nearly all tax credit units have a more moderate gross rent, there is also a lower effective income limit, as households below 30% of the HUD median may not be able to afford the monthly rent. This lower limit can be eliminated if the household has a rent assistance Voucher or some form of project-based rent assistance. When research was completed in Sioux Falls in 2010, approximately 25% of the tax credit units in that community were being occupied by a household that also had a tenant-based rent assistance Voucher.

Tax credit assistance has been widely used to construct new rental units in the Sioux Falls MSA. The research completed in Sioux Falls in 2010 had found that an annual average of nearly 90 new construction tax credit units had been built since the year 2000. Tax credit units have also been constructed outside Sioux Falls, including projects in Brandon, Dell Rapids, Tea, and Hartford.

Due in part to the ongoing production of tax credit housing in the Sioux Falls MSA, there has been some level of unit vacancy. However, in the July 2015 survey completed by the Multi-Housing Association, the vacancy rate in tax credit housing was at 5.29%, down from 5.69% in January 2015, and 7.39% in January 2014.

Brandon, the nearest community to Dell Rapids with tax credit units, had a vacancy rate of 4.51% in their tax credit units in July 2015.

Most of the renter households currently residing in Dell Rapids are in the moderate to lower income ranges. According to the renter income distribution contained in the American Community Survey, approximately 70% of all renter households in 2014 had an annual income below \$40,000. Although some of these households had a very low income, and could not afford a moderate rent unit without rent assistance, approximately 45% to 50% of all renters have an annual income between \$20,000 and \$40,000. These basic income ranges are typically targeted by tax credit projects.

The growth projections provided earlier expect the City to add as many as 35 renter households over the next five years. Nearly half of these households would potentially be income-qualified for a tax credit unit. However, this growth-generated demand will gradually be added over the five-year period. Additional demand would be generated from existing residents that would look to move into a newly constructed affordable unit.

Recommendation: We recommend the development of 16 to 20 tax credit units in Dell Rapids during the next five years based on the following:

- ▶ The City of Dell Rapids currently has no tax credit units and a high occupancy rate in the subsidized units. (Friendship Village)
- ▶ Dell Rapids is projected to add up to 35 new renter households from 2015 to 2020. Past history indicates that most of these will be in a moderate to lower income range.
- ▶ The median income for all renter households in 2014 was \$30,986. Between 45% and 50% of all renter households are within the income ranges from approximately \$20,000 to \$40,000. These households will generally be income-qualified for a moderate rent tax credit unit. Some of these moderate income renter households cannot afford a market rate unit, but also do not qualify to live in a subsidized unit.
- ▶ Over 20% of the renter households in Dell Rapids were paying more than 30% of their income for rent. A significant majority of these households are actually paying more than 35% of their income for rent.
- ▶ Currently, there are no very affordable subsidized three-bedroom units and a limited supply of two-bedroom units in Dell Rapids.
- ▶ Dell Rapids is experiencing industrial and commercial growth and adding employees. Some of these employees have moderate incomes and a tax credit rental project would address their housing needs.
- ▶ The northern Sioux Falls area is experiencing substantial commercial and industrial growth. This growth is creating jobs and a demand for housing. Dell Rapids is located within commuting distance of this growth and has the opportunity to address some of the demand for housing.

The 16 to 20 tax credit units should be primarily two and three-bedroom units and serve families. It should be noted that if a local developer received financial assistance such as tax increment financing, tax abatement and land at a reduced price, rental units could potentially be developed with a rent that serves most moderate income households without utilizing tax credits.

The State of South Dakota awards tax credits based on a point system, thus, it would be necessary for the City to work with a developer to successfully develop a competitive tax credit project.

3. Promote the development/conversion of 10 to 12 affordable market rate rental units

Findings: The previous recommendation addressed the market potential to develop high quality rental units in Dell Rapids. Unfortunately, these units would tend to be beyond the financial capability of some area renters. Many of Dell Rapids' renter households have an annual income below \$25,000. These households would need a rental unit at \$625 per month or less.

There is evidence that Dell Rapids has lost rental housing over the years due to redevelopment or due to deterioration and demolition. Part of the need for additional rental units in Dell Rapids is to provide for unit replacement. Unfortunately, most of the lost units are probably very affordable, and new construction will not replace these units in a similar price range.

There are still some programs for affordable housing creation for moderate income renters. The federal low income housing tax credit program is one available resource. However, competition for tax credits is very difficult, and few awards are made to small cities for small rental projects.

Recommendation: We encourage the City of Dell Rapids to promote the development/conversion of more affordable rental units. A goal of 10 to 12 units over the next five years would help to replace affordable housing that has been lost.

It would be difficult to create units through new construction. Instead, it may be more practical to work on building renovation or conversion projects that can create housing. This opportunity may arise in downtown buildings, or through the purchase and rehabilitation of existing single family homes. Several single family homes have been rehabilitated for rental housing by local individuals.

The estimated prevailing rent range for older rental units in Dell Rapids is typically between \$400 and \$600 per month. Creating some additional units with contract rents below \$625 per month would help to expand the choices available to a majority of the City's renter households.

It is probable that the proposed rent structure for some units could only be obtained with financial commitments from other sources such as tax increment financing or property tax deferral from the City and other financial resources from funding agencies such as the South Dakota Housing Development Authority.

4. Monitor the need for senior with services units

Findings: Senior housing with services defines a wide range of housing types. Skilled nursing homes, assisted living and memory care housing are generally the most service-intensive units. High-service housing provides 24-hour staffing and a high level of assistance with daily living needs of residents.

Lower-service housing, sometimes referred to as congregate senior housing, generally offers the availability of a daily meal, and services such as weekly light housekeeping. Dell Rapids has two specialized projects that provide housing with supportive services for an elderly population. These senior housing with services projects include:

- ▶ **Orchid Hills - Congregate and Assisted Living** - Orchid Hills has 48 units including 24 congregate units and 24 assisted living units. The congregate units include housekeeping and one daily meal. The assisted living units include three daily meals, housekeeping, laundry, bathing, medication management, etc. At the time of the survey, there were five vacant congregate units and four vacant assisted living units.
- ▶ **Dells Nursing and Rehab Center** - The Dell Nursing and Rehab Center has 71 skilled nursing beds for long-term care and rehab. A designated number of beds are set aside for males and females. The Dells Nursing and Rehab Center operates at a high occupancy rate.

Recommendation: In 2015, Dell Rapids had 286 people between the age of 65 and 74 and 260 people over the age of 75. The growth projections point to an increase of 38 people in the 65 to 74 age range and a gain of 18 people in the 75 and older age range in the City of Dell Rapids from 2015 to 2020.

- ▶ **Skilled Nursing Home** - The research for this Study points to a decreasing reliance on nursing homes as a long-term residency option for older senior citizens. Over time, the nursing homes have tended to use more beds for rehab/recovery stays, or other specialized uses. There has also been a long-standing State moratorium that limits expansion in most cases. No recommendations are offered for this type of specialized housing. Dell Rapids has a well-established provider, Dells Nursing and Rehab Center that serve this segment of the market.
- ▶ **Memory Care Housing** - Discussions with housing providers in many South Dakota communities point to the cost and regulatory difficulties of creating specialized memory care units. Staffing, security, liability and licensing requirements all contribute to a reluctance to enter this very specialized housing segment. Currently, there are no designated memory care beds in the Dell Rapids senior with services facilities. However,

there are residents in Orchid Hills and Dells Nursing and Rehab Center that are in the early stages of dementia. The facilities have the services to serve these residents. There are designated memory care beds in several Sioux Falls MSA senior facilities. We recommend that the need for memory care beds continue to be monitored.

- ▶ ***Assisted Living*** - There is one assisted living facility in Dell Rapids. Orchid Hills is an assisted living center with 24 units. At the time of the survey, Orchid Hills had four vacant beds. A capture rate of 5% to 6% of the seniors over the age of 75 is typical for assisted living, which is up to 16 beds based on the estimated older senior population in Dell Rapids. A few units will also be occupied by seniors coming from other jurisdictions. With 24 units in Dell Rapids, there appears to be an adequate number of assisted living beds in Dell Rapids. We recommend that the need for additional assisted living beds in Dell Rapids should continue to be monitored. The growth projections from Esri do show some potential growth in the older senior population through the year 2020, but in numeric terms this increase is limited and should not generate a substantial increase in local demand for assisted living.

- ▶ ***Independent/Light Service Housing*** - Currently, there is one independent/light service project in Dell Rapids. Orchid Hills has 24-unit congregate/light services units. These are apartments with either one or two bedrooms. At the time of the survey, there were five vacant congregate units. The Director reported that the units have never been fully occupied. Based on the unused capacity that currently exists, we would not recommend any additional unit development at this time, but we recommend that the need for additional congregate units continue to be monitored.

The purpose of this recommendation is to provide general guidance. A developer or existing senior with services facility planning a specific project should have a project-specific study conducted.

5. Develop a Mixed-Use Commercial/Housing Project

Findings: New mixed use projects have been developed in several cities comparable to the size of Dell Rapids. Some of these projects were developed because of market demand while others were developed to enhance the commercial district, to introduce a new product to the market or to serve as a catalyst for downtown redevelopment.

A mixed-use rental housing/commercial project could complement the City's ongoing efforts to maintain a vibrant Downtown Business District.

Recommendation: We recommend the development of a mixed-use building in Downtown Dell Rapids. There are several potential sites in Dell Rapids for a mixed-use commercial/housing project, although the availability of these sites is not known.

We recommend commercial space on the first floor and eight to 12 rental units on the second and third floors. Prior to construction, a portion of the commercial space should be leased to an anchor tenant who would complement existing businesses and attract people to the commercial area.

The eight to 12 rental units should be primarily market rate units, but could be mixed income with some moderate income units. The units should be primarily one and two-bedroom units. Please note that these units are not in addition to the units recommended in the first two recommendations of this section. If a mixed use building or buildings were constructed, the number of units recommended previously should be reduced.

Ideally, a private developer would construct and own the building. The City may have a role in the project by providing tax increment financing, tax abatement or other local funds, and/or land at a reduced price.

6. Continue to utilize the Housing Choice Voucher Program

Findings: The Housing Choice Voucher Program provides portable, tenant-based rent assistance to lower income renter households. The program requires participating households to contribute from 30% to 40% of their adjusted income for rent, with the rent subsidy payment making up the difference. Tenants may lease any suitable rental unit in the community, provided that it passes a Housing Quality Standards inspection, and has a reasonable gross rent when compared to prevailing rents in the community.

Although the federal government provides almost no funding for subsidized housing construction, it has provided new Housing Choice Voucher allocations over the last two decades.

Because of the flexibility offered through the program, eligible households often prefer the portable rent assistance to other forms of subsidized housing that are project-based, and can only be accessed by living in a specific rental development.

Currently, approximately 20% of Dell Rapids households are paying more than 30% of their income for rent.

The Housing Choice Voucher Program is administered in Dell Rapids by the Sioux Falls Housing and Redevelopment Commission. In February 2016, there were five renter households receiving Voucher assistance in Dell Rapids. The waiting list for the Voucher Program has more than 3,600 names, with a waiting time of more than four years.

Recommendation: From a practical standpoint, the Housing Choice Voucher Program is the single best way that Dell Rapids can provide affordable housing for low income households. Although current funding is very limited, we recommend that low/moderate income renter households that are paying more than 30% of their income for rent be encouraged to apply for a Housing Choice Voucher.

Dell Rapids - Home Ownership Recommendations

Home Ownership Recommendations

Findings: Expanding home ownership opportunities is one of the primary goals for most cities. High rates of home ownership promote stable communities and strengthen the local tax base.

The median owner-occupied home value in Dell Rapids based on the most recent sale over the past 12 months is estimated to be \$138,950. With approximately 50% of the homes in Dell Rapids valued less than \$138,950, Dell Rapids has a limited market for first time home buyers and households seeking moderately priced homes.

Our analysis of Dell Rapids demographic trends shows strong household growth from 2015 to 2020 in the 55 to 74 age ranges, with a gain of approximately 55 households. While most households in these age ranges already own their housing, this group represents a strong potential market for 'trade-up' housing. Increasingly, the older age range within this group looks for lower maintenance housing options, such as twin homes or town house developments.

The number of Dell Rapids households in the 35 to 44 age range is also expected to have strong household gains with an increase of approximately 40 households from 2015 to 2020. While some of these households already own their housing, those households that have not been able to achieve the goal of home ownership, may need the assistance of special programs to help them purchase their first home and will be seeking affordable homes.

All of the other age ranges in Dell Rapids are also expected to add households from 2015 to 2020, with the exception of the 45 to 54 year old range, which is projected to lose approximately 18 households.

Also, Dell Rapids has the opportunity to attract other Minnehaha County households to the City. It is estimated that Minnehaha County gained 5,230 households from 2010 to 2015 and will gain an additional 7,325 households from 2015 to 2020.

To assist in promoting the goal of home ownership, the following activities are recommended.

7. Utilize and promote all programs that assist with home ownership

Findings: We believe that affordable home ownership is one of the issues facing Dell Rapids in the future. Home ownership is generally the preferred housing option for most households and most communities. There are a number of strategies and programs that can be used to promote home ownership programs, and can assist with this effort.

First time home buyer assistance, down payment assistance, low interest loans and home ownership counseling and training programs can help to address affordable housing issues. Dell Rapids has a supply of houses that are price-eligible for these assistance programs. The home value estimates used in this study indicate that some of the existing stock currently is valued under the purchase price limits for the first-time home buyer assistance programs.

While these individual home ownership assistance programs may not generate a large volume of new ownership activity, the combination of below market mortgage money, home ownership training, credit counseling, and down payment assistance may be the mix of incentives that moves a potential home buyer into home ownership.

Recommendation: The City of Dell Rapids and local financial institutions should continue to work with regional housing agencies and the South Dakota Housing Development Authority to utilize all available home ownership assistance programs. Private and nonprofit agencies should also be encouraged to provide home ownership opportunities.

Funding sources for home ownership programs may include the South Eastern Development Foundation, Iter-Lakes Community Action Partnership, USDA Rural Development, the South Dakota Housing Development Authority, and the Federal Home Loan Bank.

8. Develop a Purchase/Rehabilitation Program

Findings: Dell Rapids has a small stock of older, lower valued homes, some of which need repairs. Our analysis of recent sales activity indicates that some of the homes in Dell Rapids have a low value. As some lower valued homes come up for sale, they may not be attractive options for potential home buyers because of the amount of repair work that is required.

Some communities with a stock of older homes that need rehabilitation have developed a purchase/rehabilitation program. Under a purchase/rehabilitation program, the City or a housing agency purchases an existing home that needs rehabilitation, rehabilitates the home, sells the home to a low/moderate income family and provides a mortgage with no down payment, no interest and a monthly payment that is affordable for the family.

In many cases, the cost of acquisition and rehab will exceed the house's after-rehab value, thus, a subsidy is needed. Although a public subsidy may be involved, the cost to rehab and sell an existing housing unit is generally lower than the subsidy required to provide an equally affordable unit through new construction.

Recommendation: We recommend that Dell Rapids work with a housing agency to develop and implement a purchase/rehab program. Attitudinal surveys that we have conducted in other cities have found that purchase/rehabilitation programs are appealing to people who are currently renting their housing. In some similar sized communities, a large majority of survey respondents who were renters indicated an interest in buying a home in need of repair if rehabilitation assistance was available.

A purchase/rehabilitation program achieves several goals. The program encourages home ownership, prevents substandard homes from becoming rental properties and rehabilitates homes that are currently substandard.

Because a purchase/rehabilitation program can be expensive and its cost effectiveness in some cases may be marginal, it may be advantageous in some cases to directly assist low and moderate income households with purchasing and rehabilitating homes. Local housing agencies and financial institutions could offer some rehabilitation assistance in conjunction with first-time home buyer programs to make the City's older housing a more attractive option for potential home buyers. Also, USDA Rural Development provides purchase/rehabilitation loans to low and moderate income buyers.

Dell Rapids - New Housing Construction

New Housing Construction

Findings: The City of Dell Rapids has experienced significant single family owner-occupied housing construction. Based on City of Dell Rapids and U.S. Census data, from 2000 to 2015, approximately 255 owner-occupied units were constructed in the City of Dell Rapids, which is an average of approximately 16 housing units per year. The peak years for new owner-occupancy housing construction were 2005 when 35 units were constructed, 2003 when 32 units were constructed, and 2001 when 25 units were constructed.

From 2000 to 2007, an average of 22 owner-occupancy housing units were constructed annually. From 2008 to 2015, the average declined to an average of 10 units annually.

The attractiveness of the area and the City's proximity to Sioux Falls should result in the continued construction of new homes annually. However, attractive residential lot options must continue to be available for new home construction to continue.

Overall household projections for Dell Rapids indicate good demand for owner-occupied housing construction. Dell Rapids is projected to gain approximately 55 households in the 55 to 74 age ranges from 2015 to 2020. Households in these age ranges tend to be predominantly home owners, and form a market for higher priced, trade-up housing and low maintenance housing such as town homes and twin homes. The 35 to 44 year old range is expected to gain 40 households from 2015 to 2020. Some of the households in this age range are first-time home buyers.

Based on past construction patterns, the Sioux Falls MSA has been constructing more than 1,000 owner-occupancy houses per year. Dell Rapids only needs to capture a small percentage of this annual regional housing construction to experience significant household growth.

It is our opinion that if the City, developers and builders are proactive, 16 to 20 owner-occupied housing units could be constructed in Dell Rapids annually over the next five years, from 2016 to 2021, to address demand. Our projection for single family housing starts includes homes built in new subdivisions and on infill lots, and includes single family attached owner-occupied housing units, such as twin homes and town houses.

The breakdown of our projection of 16 to 20 new owner-occupied housing units annually over the next five years is as follows:

▶ Higher & median price homes	10-12 homes
▶ Affordable homes	4-5 homes
▶ Twin homes/town homes	<u>2-3 units</u>
Total	16-20 units

From 2004 to 2014, Dell Rapids' market share of the new single family construction has been approximately 1% of the MSA total. To achieve the recommendation above, the City would need to capture between 1.4% and 1.8% of all projected single family housing construction in the Sioux Falls MSA.

9. Lot availability and development

Findings: As part of this Study, we attempted to identify the inventory of available residential lots for single family housing construction in the City of Dell Rapids. Currently, there are approximately 60 lots available in the City of Dell Rapids' newest subdivisions, Timber Ridge and Spruce Glen. Lots are considered available if they currently have infrastructure including water, sewer and streets or if infrastructure can be installed within one construction season.

There are also miscellaneous infill lots scattered around the city that we did not attempt to count. We do not know the availability of some of these infill lots. Also, additional dilapidated houses will be acquired and demolished over the next five years. Some of the cleared lots may be sites for new construction.

Dell Rapids residential lots range from \$29,000 to \$109,900. The median lot price is approximately \$50,000. The lot prices in Dell Rapids appear to be similar to those in other Sioux Falls MSA cities, although the number of lots available for lower priced homes is minimal. Also, Dell Rapids has a number of high-priced lots that are very high quality with attractive amenities.

Brandon has 75 lots listed on the Multiple Listing Service (MLS). The lots range from \$29,900 to \$79,900 and the median sales price is \$47,900.

Sioux Falls has more than 350 residential lots for sale on the MLS. The lots are priced as low as \$24,900 and as high as \$200,000. The median price for a lot in Sioux Falls appears to be in the \$35,000 to \$50,000 range. However, Sioux Falls appears to have a significant number of lots in all price ranges.

Recommendation: We use a standard that a 2 ½ year supply of lots should be available in the marketplace based on annual lot usage. With projections that 16 to 20 new owner-occupied housing units will be constructed per year, the City should have approximately 40 to 50 residential lots available to meet the expected demand. Part of this demand would be for attached unit construction.

With approximately 60 available lots, plus possible infill lots in older neighborhoods, the City has an adequate supply for expected near-term demand. However, as these lots are absorbed, the City will potentially have a shortage of lots within the next three years. Therefore, it is our recommendation that an additional 45 to 50 lots be planned for development in the City of Dell Rapids within the next three to five years. The development of these lots should be based on the actual absorption that occurs. The lots could be in one or more subdivisions, and should include the following:

- ▶ The subdivision (s) should have adequate land available, if possible, for future phases of lot development, based on demand.
- ▶ The subdivision (s) must be as aesthetically acceptable as possible and include high quality amenities. Part of Dell Rapids' past success with new single family construction has been based on the attractiveness of the lots.
- ▶ The subdivision(s) should have covenants that assure high quality development. However, the covenants should not be so restrictive that they eliminate the target market's ability to construct a home.
- ▶ The subdivision(s) should accommodate a variety of home designs and home prices.
- ▶ Major employers should be involved in promoting and publicizing the subdivisions.
- ▶ To be successful, the lots must be available to households with as wide an income range as possible.
- ▶ Successful subdivisions will need the cooperation of developers, financial institutions, employers, the Dell Rapids Economic Development Corporation and the City of Dell Rapids. Financial assistance such as tax increment financing or tax abatement may be necessary to make the development of lots feasible.
- ▶ Some lots should be developed that expand the market by providing an attractive, affordable product.

- ▶ A cluster of lots should be available for twin home/town home development.
- ▶ The City of Dell Rapids should be perceived as a desirable City to live in and must be competitive with other cities. Local government, schools, parks, health services, retail stores, employers, etc. all have a role in making Dell Rapids a desirable residential community.

10. Strategies to encourage residential lot sales and new home construction

Findings: New home construction has been limited over the past eight years with an average of approximately 10 owner-occupancy homes constructed annually. From 2000 to 2007, there was a greater level of activity, with approximately 22 houses constructed annually. Also, only a limited number of twin homes or town homes have been constructed in Dell Rapids since the year 2000.

Recommendation: We recommend that the City of Dell Rapids, developers, builders, employers and the Dell Rapids Economic Development Corporation coordinate efforts to promote lot sales and housing development in Dell Rapids.

Our recommendations to promote lot sales and housing development include:

- ▶ **Continue competitive pricing** - The current lot prices in Dell Rapids are competitive. To encourage new home construction, lots must remain competitively priced. It should be noted that some of the Dell Rapids lots are on the high end of the price range for the area. However, these lots have high end amenities.
- ▶ **Consider developing an exclusive builder(s) relationship** - A block of lots could be sold to a builder or builders. Momentum can be created when a builder has access to several lots. This allows for marketing opportunities and efficiencies in the home building process. The subdivision owners, however, should assure that the builder is obligated to constructing a minimum number of homes per year. Builders are more willing to enter a market when the lots are attractive and very affordable. A block of lots available to an exclusive builder or developer should be explored, even if price concessions are required.
- ▶ **User-Friendly** - The lot purchase and homebuilding process must be 'user-friendly.' This includes the construction of spec homes, builders that are readily available to build custom homes and City regulations that are fair and reasonable.

- ▶ ***Spec home development*** - Although spec home construction is a risk, there are also financial risks associated with holding unsold lots. Also, spec houses could potentially attract a buyer that is not interested in going through the home building process, but instead wants a turnkey unit. A spec home can also serve as a model, allowing potential home buyers to examine specific floor plans and features in the home before committing to buy. In an attempt to spur spec home construction, some communities have formed partnerships with private home builders to share the financial risks. For example, some subdivision owners have been willing to defer the payment for the lot until the spec home is sold. Another builder incentive is to delay any water/sewer hookup fees and building permit fees until the home is sold. A more aggressive approach is to become directly involved in helping cover the payments on a home builder's construction loan, if the house does not sell within a reasonable period of time. A community risk pool would need to be established for this type of activity. These types of approaches would somewhat reduce the builder's risk, by lowering the upfront development costs.

- ▶ ***Range of house prices*** - Lots in the community should be available to as wide a range of home sizes and prices as possible, without compromising the subdivision(s). This broadens the lot buyer market.

- ▶ ***Lot availability for twin home/town home development*** - It is our opinion that there will be a demand for twin homes/town homes over the next five years. Lots should be available for twin home/town home lot development.

- ▶ ***Marketing*** - The City of Dell Rapids, the Dell Rapids Economic Development Corporation, the Dell Rapids Chamber of Commerce, employers, realtors, builders and developers should create a comprehensive marketing strategy to sell available lots. In addition to marketing the lots, the City of Dell Rapids and its amenities should be promoted.

11. Promote town house and twin home development

Findings: Dell Rapids has had a limited number of twin homes constructed since 2000. Eight twin homes (16 units) were constructed from 2000 to 2015. We do not know if these units are for owner or renter-occupancy. Many communities over the past decade have seen attached housing take an increasingly large share of new construction. In cities the size of Dell Rapids, 20% to 25% of the housing starts are typically twin homes/townhomes.

Attached housing provides desirable alternatives for empty nesters and seniors to move out of their single family homes, thus, making traditional single family homes available for families. It is estimated in 2015 there were approximately 405 households in the 55 to 74 age ranges. From 2015 to 2020, these age ranges are projected to gain an additional 55 households. Minnehaha County is also projected to have large increases in these age ranges. It is important for the City to offer a range of life-cycle housing options as many of these households will be seeking to downsize into low maintenance housing options.

Recommendation: It is our projection that approximately two to three of Dell Rapids's new owner single family units per year should be twin homes or town houses over the next five years, which is a total of 10 to 15 units during the five-year period. This is approximately 12% to 15% of the annual projected single family housing construction total in Dell Rapids.

We recommend a twin home/town home development and for the development to be successful, the following should be considered:

- ▶ Senior friendly home designs
- ▶ Maintenance, lawn care, snow removal, etc. all covered by an Association
- ▶ Cluster development of a significant number of homes which provides security
- ▶ Homes at a price that is acceptable to the market

The public sector's role in any owner-occupancy attached housing development may be limited, as the private sector can often meet this housing need if a demand exists. The City's role should include assuring that adequate land is available for development and that zoning allows for attached housing development.

12. Coordinate with agencies/nonprofits that develop affordable housing

Findings: With the difficulty of producing new housing units that are affordable to lower income people, it is important to take advantage of opportunities presented by housing agencies, nonprofit groups and organizations. Inter-Lakes Community Action Partnership has a Mutual Self Help Program. Households who participate in this program assist each other with constructing affordable new homes. Also, Sioux Falls Habitat for Humanity is willing will work with a Dell Rapids group to construct homes in Dell Rapids. Other local and regional housing agencies and nonprofits may also have the capacity to construct affordable housing in Dell Rapids. These sources can help generate new homes for lower income families in Dell Rapids.

Recommendation: We recommend that the City coordinate with housing agencies, nonprofit organizations and private developers to help produce housing units for moderate income home ownership. The City may be able to contribute to the project through land donations, tax increment financing (TIF), grant writing, or project coordination activities.

Dell Rapids - Housing Rehabilitation

Housing Rehabilitation

Findings: Dell Rapids has an asset in its existing housing stock. Existing units, both now and into the future, will represent the majority of the affordable housing opportunities. Existing units generally sell at a discount to their replacement value. Units that are not maintained and improved may slip into disrepair and be lost from the housing stock. Efforts and investment in housing rehabilitation activities will be critical to offering affordable housing opportunities and in preventing the deterioration of existing neighborhoods.

Housing options for households will largely be met by the existing, more affordable housing stock. As this existing stock ages, more maintenance and repair are required. Without rehabilitation assistance, the affordable stock will shrink, creating an even more difficult affordability situation.

The following specific recommendations are made to address the housing rehabilitation needs.

13. Promote rental housing rehabilitation programs

Findings: Based on the U.S. Census data, the City of Dell Rapids had approximately 448 rental units in 2010. These rental units are in multi-family projects, small rental buildings, duplexes, single family homes, mixed-use buildings and mobile homes. Some of these rental structures could benefit from rehabilitation as many of the rental structures are more than 25 years old and some rental units are in poor condition.

The rehabilitation of older rental units can be one of the most effective ways to produce decent, safe and sanitary affordable housing. However, it is often difficult for rental property owners to rehabilitate and maintain their rental properties while keeping the rents affordable for the tenants.

Recommendation: Dell Rapids and local housing agencies should seek funds that can be dedicated to the rehabilitation of rental units. For a rental rehabilitation program to be workable and successful, the funds should to the extent possible, allow for program design flexibility.

Potential funding sources include USDA Rural Development, the Federal Home Loan Bank, the South Dakota Housing Development Authority, and local funds.

14. Promote owner-occupied housing rehabilitation programs

Findings: The affordability of the existing housing stock in Dell Rapids will continue to be the major attraction for families that are seeking housing in the area. Investment in owner-occupied housing rehabilitation activities will be critical to offering affordable housing opportunities.

Our Dell Rapids housing condition survey rated the 328 single family homes in four of the City's oldest neighborhoods. The survey found that 101 homes need minor repairs and 52 homes need major repairs. Without rehabilitation assistance, there is the potential that the affordable housing stock will shrink in Dell Rapids.

Inter-Lakes Community Action Partnership currently has several housing programs to assist area households with the rehabilitation of their homes, including the Weatherization Program, the Self Help Rehabilitation Program and programs utilizing Home and CHIP funds.

Recommendation: We recommend that Dell Rapids and area housing agencies continue to seek local, state and federal funds to assist in financing housing rehabilitation. USDA Rural Development, the South Dakota Housing Development Authority, the Federal Home Loan Bank and Grow South Dakota are potential funding sources. Dell Rapids should coordinate with the Inter-Lake's Community Action Partnership to assure Dell Rapids households have access to housing rehabilitation funds.

Dell Rapids - Other Housing Initiatives

15. Acquire and demolish dilapidated structures

Findings: Our housing condition survey of four of the City of Dell Rapids' oldest neighborhood identified only two homes that were dilapidated and too deteriorated to rehabilitate. However, we also identified 52 homes in four neighborhoods as needing major repair and some of these homes may be too dilapidated to rehabilitate upon a more detailed inspection. There may also be homes in other Dell Rapids neighborhoods that may be dilapidated and beyond repair. To improve the quality of the housing stock and to maintain the appearance of the City, dilapidated structures should be demolished.

Recommendation: We recommend that Dell Rapids continue to demolish severely dilapidated structures. The City is enhanced when blighted and dilapidated structures are removed. Also, some of the cleared lots can possibly be utilized for the construction of new affordable housing units.

Also, Dell Rapids and the Dell Rapids Economic Development Corporation should work with Minnehaha County to acquire and demolish any tax forfeited properties that may exist in Dell Rapids that are dilapidated and beyond repair.

16. Create a plan and continue coordination among housing agencies

Findings: Dell Rapids needs staff resources to plan and implement many of the housing recommendations advanced in this Study. Dell Rapids has access to Inter-Lakes Community Action Partnership, the South Eastern Council of Governments, Sioux Falls Habitat for Humanity, the South Eastern Development Foundation, the Sioux Falls Housing and Redevelopment Commission, USDA Rural Development and the South Dakota Housing Development Authority. These agencies all have experience with housing and community development programs.

Recommendation: Dell Rapids is fortunate to have access to several agencies that can address housing needs. It is our recommendation that the City work with the housing agencies to prioritize the recommendations of this Study and to develop a plan to comprehensively address the City's housing needs. The plan should include strategies, time lines and the responsibilities of each agency. While there has traditionally been a degree of staff interaction between these agencies, it will be important that a coordinated approach be used to prioritize and assign responsibility for housing programs. This approach will reduce duplication, provide coordination and cooperation among agencies and will effectively utilize scarce resources.

It will also be important for the City to look for opportunities to work cooperatively with other area cities to address housing issues. With limited staff capacity, cooperative efforts may be the only way to accomplish certain projects. Cooperative efforts will not only make housing projects more practical, but they will often be more cost-effective and competitive.

17. Promote Commercial Rehabilitation and Development

Findings: The City of Dell Rapids has a strong and vibrant commercial district. The existing commercial buildings are generally in good condition. Several commercial buildings have architectural significance and some buildings have been renovated. However, there are also some substandard and vacant commercial buildings in Dell Rapids.

When households are selecting a city to purchase a home in, they often determine if the city's commercial sector is sufficient to serve their daily needs. A viable commercial district is an important factor in their decision making process.

Recommendation: We recommend that the City of Dell Rapids and the Dell Rapids Economic Development Corporation work with commercial property and business owners to rehabilitate and/or expand their buildings and businesses. Also, new businesses should continue to be encouraged to locate in Dell Rapids.

The City of Dell Rapids and the Dell Rapids Economic Development Corporation should seek funding to assist property owners with rehabilitating their commercial buildings. In the recommendation that follows we have discussed strategies that can be used for downtown redevelopment.

18. Strategies for Downtown Redevelopment

Findings: Based on our research and interviews, we have made the following observations:

- ▶ Downtown Dell Rapids has buildings that have been renovated and have high quality housing and/or commercial space. There are also buildings that have not been maintained and are substandard or dilapidated.
- ▶ There is a market for downtown housing units.
- ▶ Some of the downtown buildings have unique architecture and/or were constructed with local quarry rock.

- ▶ There are upper floor renovation/conversion opportunities downtown.
- ▶ Downtown Dell Rapids has the potential to be a recreational/tourist destination for the Region.

Recommendation: We are recommending the following actions for Downtown Dell Rapids:

- ▶ Interview downtown property owners to develop a database and to determine their future plans (expanding, selling, renovations, etc.)
- ▶ Develop an overall plan for the downtown (potential new business, address parking needs, develop an overall theme, etc.)
- ▶ Develop a mini-plan for each downtown property and each downtown block. This may include:
 - ▶ Commercial building rehab and renovations
 - ▶ Facade work
 - ▶ Upper floor rental unit conversions or rehab
 - ▶ Building demolition
 - ▶ New construction
 - ▶ Recruitment of new businesses
- ▶ Identify funding source
 - ▶ Property owner funds
 - ▶ City funds
 - ▶ Federal Home Loan Bank
 - ▶ Historic tax credits
 - ▶ Special tax districts
 - ▶ Tax increment financing
 - ▶ Tax abatement
- ▶ Work with stakeholders to identify roles, secure funding, develop and implement programs and projects
 - ▶ Property owners
 - ▶ City of Dell Rapids
 - ▶ Dell Rapids Economic Development Corporation
 - ▶ Chamber of Commerce
 - ▶ South Eastern Council of Governments

19. Time of Sale/Rent Mobile Home Inspection Program

Findings: Dell Rapids has approximately 16 mobile homes on lots scattered throughout the City. Of the 16 mobile homes surveyed, four were sound with no required improvements, six needed minor rehabilitation and six needed major rehabilitation. No mobile homes were determined to be dilapidated and beyond repair.

Recommendation: Some cities have developed a Time of Sale Inspection Program. This inspection program is designed to provide safe living conditions through the identification and elimination of basic life/safety hazards in older mobile homes. Mobile homes are subject to inspection prior to being sold or rented. All identified safety hazards must be corrected before the unit is sold or rented and occupied.

20. Develop home ownership and new construction marketing programs

Findings: With the downturn in the housing economy, the competition among cities for households looking to buy or build a home had been greater than past years.

However, as the economy continues to improve, cities that invest in marketing have an advantage. Opportunities to buy or construct a home are sometimes limited because of the lack of information and awareness of financing and incentive programs, homes and lots on the market, local builders, etc. This is especially evident for new households moving into the area. The home buying/home building process can be very intimidating for first-time buyers and builders. It is important for the home buying or home building process to be user-friendly.

Recommendation: The City of Dell Rapids, the Dell Rapids Economic Development Corporation, realtors, developers and builders have been active in promoting and marketing housing, and we recommend the continuation or initiation of the following activities:

- ▶ Determine the City's strengths and competitive advantages and heavily promote them
- ▶ Continue to create marketing materials that can be distributed regionally (including the internet, TV, radio, newspapers, etc.)

- ▶ Work closely with local employers to provide employees (especially new employees) with housing opportunities in Dell Rapids
- ▶ Work with housing agencies to provide down payment assistance, low interest loans, home owner education and home owner counseling programs
- ▶ Continue to work with builders and developers to make the construction of a new home a very user friendly process

21. Competition with Other Jurisdictions

Findings: During the interview process, several individuals expressed concern regarding the City of Dell Rapids's ability to compete for new development with Sioux Falls and other smaller cities in the region. It is our opinion that the City of Dell Rapids' household growth and new housing starts over the past several years has been competitive with other cities in the region.

Recommendation: Although Dell Rapids is competing well with other jurisdictions in the region, the City can enhance its position as a viable location for new households. We recommend the following:

- ▶ Continue to work on the creation of jobs and the development of retail, service and recreational opportunities that make a "full service" community
- ▶ Continue to provide attractive lots at competitive prices for a variety of home sizes, styles and price ranges
- ▶ Provide financing mechanisms for households to build new homes, purchase existing homes and to rehabilitate older homes
- ▶ Preserve the quality of existing neighborhoods through the rehabilitation of substandard housing and the demolition of dilapidated structures that are beyond repair
- ▶ Develop new housing choices that serve life-cycle housing needs, such as new rental housing, twin homes, etc.
- ▶ Publicize and market Dell Rapids throughout the Region and among Sioux Falls and Dell Rapids employees
- ▶ Develop a coordinated plan with area housing agencies
- ▶ Continue downtown redevelopment and commercial development

Dell Rapids in Comparison to Other Cities

As part of the research for this Study, Dell Rapids has been compared to other communities in the Sioux Falls Metropolitan Statistical Area (MSA), including Brandon, Crooks, Harrisburg, Hartford, Tea and Worthing. Although the City of Sioux Falls and the State of South Dakota have been included for comparison, they have not been used when ranking communities, based on their substantially larger size.

There are sources of comparative data from standardized sources. For demographic items such as population and household growth, the decennial U.S. Census has been used.

Another data source for recent demographic estimates is Esri, Inc., a private data reporting service. Esri's 2015 estimates for cities and towns in South Dakota are available from a website maintained by the Governor's Office of Economic Development.

For information on household income, housing costs and age of housing, the best source is the Census Bureau's American Community Survey, which collects sample data within each community and then generates estimates from these samples. In smaller communities, there can be a significant margin of error in these estimates, depending upon the specific variable being examined. However, the same methodology would be used in each city, so a standardized process is being followed.

American Community Survey data can be estimated from different samples. Estimates for larger communities, such as Sioux Falls, may be based on one-year or three-year surveys. In the demographic section for Dell Rapids that was presented earlier, the 5-year American Community Survey estimates were used, based on surveys conducted between 2010 and 2014. For consistency, the following comparisons are all based on five-year surveys within each community.

Population Growth from 2000 to 2015

Table 35 Comparison of Population Growth - 2000 to 2015			
City	Numeric Growth 2000 to 2015	Percentage Growth 2000 to 2015	Rank 1 = Highest % Growth
Dell Rapids	844	28.3%	7
Brandon	4,198	73.7%	3
Harrisburg	4,031	420.7%	1
Tea	2,854	163.8%	2
Hartford	1,087	58.9%	5
Crooks	473	55.1%	6
Worthing	379	64.8%	4
Sioux Falls	10,332	6.7%	N/A

Source: U.S. Census; Esri; Community Partners Research, Inc.

The table above provides data on the number and percentage of population growth of the comparison cities from 2000 to 2015.

Harrisburg, Tea and Brandon had the highest rate of population growth. These cities are suburbs of Sioux Falls and experienced a significant percentage of the growth in the Sioux Falls MSA.

Dell Rapids, Crooks, Worthing and Hartford had the lowest percentage growth among the comparison cities, but still had significant growth from 2000 to 2015.

Household Growth from 2000 to 2015

Table 36 Comparison of Household Growth - 2000 to 2015			
City	Numeric Growth 2000 to 2015	Percentage Growth 2000 to 2015	Rank 1 = Highest % Growth
Dell Rapids	345	30.6%	7
Brandon	1,645	86.2%	3
Harrisburg	1,445	458.7%	1
Tea	934	158.3%	2
Hartford	407	66.6%	5
Crooks	177	62.8%	6
Worthing	155	75.2%	4
Sioux Falls	16,462	33.1%	N/A

Source: U.S. Census; Esri; Community Partners Research, Inc.

The City of Dell Rapids ranked last among the comparison cities for percentage household growth from 2000 to 2015, although the City did add a substantial number of households during this time period.

Harrisburg, Tea and Brandon had the highest percentage growth from 2000 to 2015.

All of the comparison cities added a significant number of households over the past 15 years.

Median Age in 2015

Table 37 Comparison of Median Age in 2015		
City	Median Age - 2015 Esri	Rank 1 = Lowest Median Age
Dell Rapids	35.6	7
Brandon	34.3	6
Harrisburg	29.0	1
Tea	29.1	2
Hartford	34.0	5
Crooks	33.6	4
Worthing	32.7	3
Sioux Falls	34.5	N/A

Source: U.S. Census; Community Partners Research, Inc., Esri

Esri has calculated the median age for each city. A higher median age is typically an indicator of both an older population, and fewer children within a community.

Tea and Harrisburg had the youngest median ages, and Dell Rapids and Brandon had the oldest medians.

All of the comparison communities had a median age between 29 and 36 years old, which is low compared to most South Dakota cities.

Average Household Size in 2015

Table 38 Comparison of Average Household Size in 2015		
City	Average Household Size 2015 Esri	Rank 1 = Highest Median Size
Dell Rapids	2.56	7
Brandon	2.78	4
Harrisburg	2.83	2
Tea	3.02	1
Hartford	2.74	5
Crooks	2.77	3
Worthing	2.67	6
Sioux Falls	2.39	N/A

Source: Esri; Community Partners Research, Inc.

Esri has calculated an average household size for each City. Tea, Harrisburg and Crooks had the largest average household sizes. Dell Rapids, Worthing and Hartford had the lowest average household sizes.

Similar to median age, a small average household size generally indicates an aging population, with many people living alone, as well as fewer children in the community. However, all of the cities had a relatively large average household size, especially when compared to other communities in the State.

Median Household Income in 2014

Table 39 Comparison of Estimated Median Household Income in 2014		
City	Median Income - 2014 ACS	Rank 1 = Highest Median Income
Dell Rapids	\$55,921	7
Brandon	\$69,792	3
Harrisburg	\$67,303	4
Tea	\$74,556	2
Hartford	\$65,766	6
Crooks	\$82,574	1
Worthing	\$66,111	5
Sioux Falls	\$52,607	N/A
South Dakota	\$50,338	N/A

Source: 2014 American Community Survey; Community Partners Research, Inc.

The American Community Survey issues estimates for the median income level for all households in each city. The most recent estimates are for 2014.

Crooks, Tea and Brandon had the highest median household incomes.

Dell Rapids, Hartford and Worthing had the lowest median household incomes in 2014. Although Dell Rapids had the lowest median household income, its median household income of \$55,921 is higher than South Dakota’s median household income of \$50,338.

Median Home Value in 2014

Table 40 Comparison of Estimated Median Home Values in 2014		
City	Median Owner-Occupied Home Value - 2014 ACS	Rank 1 = Highest Median Value
Dell Rapids	\$140,000	6
Brandon	\$175,300	1
Harrisburg	\$172,400	2
Tea	\$166,500	3
Hartford	\$151,200	5
Crooks	\$157,300	4
Worthing	\$118,600	7
Sioux Falls	\$155,200	N/A
South Dakota	\$135,700	N/A

Source: 2014 American Community Survey; Community Partners Research, Inc.

The 2014 American Community Survey contains an estimated median value for owner-occupied houses in each city.

Dell Rapids’s median home value ranked 6th among comparison communities, with a median of \$140,000. Values will often reflect the age, condition and quality of the unit, as well as demand.

The Cities of Brandon and Harrisburg had the highest median home values, at \$175,300 and \$172,400, respectively.

The lowest median value was in Worthing, at \$118,600. Worthing was the only comparison city with a median value below the State of South Dakota’s median value of \$135,700.

Percentage of Income Required for Home Ownership in 2014

Table 41 Comparison of Estimated Median Ownership Costs in 2014		
City	Median Percentage of Household Income Applied to Home Ownership Costs - 2014 ACS	Rank 1 = Lowest Median Percentage
Dell Rapids	21.2%	6
Brandon	18.6%	4
Harrisburg	22.9%	7
Tea	19.7%	5
Hartford	18.2%	2
Crooks	17.6%	1
Worthing	18.5%	3
Sioux Falls	18.7%	N/A
South Dakota	17.3%	N/A

Source: 2014 American Community Survey; Community Partners Research, Inc.

The American Community Survey collects information on household incomes as well as housing costs. An estimate is made of the median percentage of household income that is required for ownership costs.

Harrisburg and Dell Rapids had the highest median percentage of income required for ownership, at 22.9% and 21.2%, respectively.

Crooks had the lowest median percentage of income that was required for ownership at 17.6%.

All of the cities had a higher median percentage of income required for ownership than the State of South Dakota’s median of 17.3%.

Median Gross Rent in 2014

Table 42 Comparison of Estimated Median Gross Rent in 2014		
City	Median Gross Rent - 2014 ACS	Rank 1 = Highest Median Rent
Dell Rapids	\$658	7
Brandon	\$831	2
Harrisburg	\$693	5
Tea	\$747	4
Hartford	\$790	3
Crooks	\$1,156	1
Worthing	\$667	6
Sioux Falls	\$713	N/A
South Dakota	\$648	N/A

Source: 2014 American Community Survey; Community Partners Research, Inc.

The 2014 American Community Survey contains an estimated median for gross rent (rent plus tenant-paid utilities) in each city.

Dell Rapids' median gross rent was lowest of the comparison cities, at \$658 per month, followed by Worthing and Harrisburg.

The highest median gross rent levels were in Crooks, at \$1,156 per month, Brandon at \$831 per month and Hartford at \$790 per month. Crooks has a limited number of rental units, thus, a small number of units were included in the survey. Therefore, the median rent may not be accurate.

South Dakota's median gross rent of \$648 was lower than any of the City's median gross rents.

Percentage of Income Needed for Rental Costs in 2014

Table 43 Comparison of Estimated Median Renter Costs in 2014		
City	Median Percentage of Household Income Applied to Gross Rent - 2014 ACS	Rank 1 = Lowest Median Percentage
Dell Rapids	22.7%	2
Brandon	25.6%	4
Harrisburg	22.9%	3
Tea	31.8%	6
Hartford	29.9%	5
Crooks	38.1%	7
Worthing	18.8%	1
Sioux Falls	26.7%	N/A
South Dakota	26.2%	N/A

Source: 2014 American Community Survey; Community Partners Research, Inc.

The American Community Survey collects information on household incomes as well as rental housing costs. An estimate is made of the median percentage of household income that is required for monthly rent. The goal of most affordable housing programs is to achieve a rent that requires less than 30% of household income. Two comparison cities, Crooks and Tea required the median household to pay more than 30% of income for rental housing. Hartford was slightly below 30% of income at 29.9%.

Dell Rapids was the second lowest of the comparison communities, with less income required for rental housing than all of the other comparison communities with the exception of Worthing. In Dell Rapids, the median percentage of household income that was applied to housing costs was 22.7% in 2014. Worthing had the most affordable rental housing, with 18.8% of income required for monthly rent.

Median Renter Household Income in 2014

Table 44 Comparison of Estimated Median Renter Income in 2014		
City	Median Income - 2014 ACS	Rank 1 = Highest Median Income
Dell Rapids	\$30,986	6
Brandon	\$41,146	2
Harrisburg	\$35,606	5
Tea	\$28,801	7
Hartford	\$37,000	3
Crooks	\$36,528	4
Worthing	\$50,833	1
Sioux Falls	\$31,700	N/A
South Dakota	\$29,541	N/A

Source: 2014 American Community Survey; Community Partners Research, Inc.

The American Community Survey issues estimates for the median income for all households in each city, based on owner or renter status. The most recent estimates are for 2014.

Dell Rapids ranked as the sixth lowest renter median income, at \$30,986. Tea had the lowest median renter income at \$28,801.

Worthing and Brandon had the highest median renter household incomes of the comparison cities.

Median Owner-Occupancy Household Income in 2014

Table 45 Comparison of Estimated Owner Household Income in 2014		
City	Median Income - 2014 ACS	Rank 1 = Highest Median Income
Dell Rapids	\$62,156	7
Brandon	\$81,034	3
Harrisburg	\$72,697	5
Tea	\$82,024	2
Hartford	\$78,214	4
Crooks	\$84,412	1
Worthing	\$68,667	6
Sioux Falls	\$73,045	N/A
South Dakota	\$63,903	N/A

Source: 2014 American Community Survey; Community Partners Research, Inc.

The American Community Survey issues estimates for the median income for all households in each city based on housing tenure. The most recent estimates are for 2014.

Dell Rapids had the lowest median income for owner-occupants at \$62,156, which is slightly lower than South Dakota’s median owner-occupancy income of \$63,903.

Crooks had the highest median owner household income of the comparison cities, with a median income of \$84,412.

All of the comparison cities had a median owner household income above \$62,000 in 2014.

Median Year Built: Owner-Occupancy Housing

Table 46 Median Year of Construction for Owner-Occupied Housing		
City	Median Year Built - 2014 ACS	Rank 1 = Newest Median
Dell Rapids	1969	5
Brandon	1995	3
Harrisburg	2003	1
Tea	2000	2
Hartford	1992	4T
Crooks	1992	4T
Worthing	1992	4T
Sioux Falls	1986	N/A
South Dakota	1975	N/A

Source: 2014 American Community Survey; Community Partners Research, Inc.

The American Community Survey issues estimates for the median year of construction for owned and rented housing units.

Dell Rapids had the oldest housing among the comparison cities. The median year of construction for owner-occupied units was 1969, which was significantly older than the other comparison cities.

Harrisburg had the newest housing stock, with a median year of construction at 2003 for owner-occupied units. Tea had the second newest owner-occupied housing stock, with 2000 as the median year of construction.

Hartford, Crooks and Worthing all had a median year built of 1992. The State of South Dakota’s median year built was 1975.

Median Year Built: Renter-Occupancy Housing

Table 47 Median Year of Construction for Renter-Occupied Housing		
City	Median Year Built - 2014 ACS	Rank 1 = Newest Median
Dell Rapids	1994	3
Brandon	2002	2
Harrisburg	1987	6
Tea	2004	1
Hartford	1989	4
Crooks	1988	5
Worthing	1980	7
Sioux Falls	1980	N/A
South Dakota	1975	N/A

Source: 2014 American Community Survey; Community Partners Research, Inc.

The American Community Survey issues estimates for the median year of construction for owned and rented housing units.

For rental housing, Dell Rapids had the third-newest median age of the comparison communities. The median year of construction for renter-occupied units was 1994.

Tea had the newest rental housing, with a median year of construction at 2004 for renter-occupied units.

Worthing had the oldest housing stock with 1980 as the median year of construction for rental units.

South Dakota’s rental housing stock’s median age was 1975, which is lower than all of the comparison cities.

Housing Agencies and Resources

The following local and state agencies administer programs or provide funds for housing programs and projects:

InterLakes Community Action Partnership
505 North Western Avenue
Sioux Falls, SD 57104
(605)334-2808
Contact: Dana Whitehouse

South Eastern Development Foundation
500 North Western Avenue, Suite 100
Sioux Falls, SD 57104
(605) 367-5390
Contact: Lynne Keller Forbes, Executive Director

South Eastern Council of Governments
500 North Western Avenue, Suite 100
Sioux Falls, SD 57104
(605) 367-5390
Contact: Lynne Keller Forbes, Executive Director

Habitat for Humanity Greater Sioux Falls
721 East Amidon Street
Sioux Falls, SD 57117
(605) 332-5962
Contact: Sue Olson, Director

Affordable Housing Solutions
630 South Minnesota Avenue
Sioux Falls, SD 57117
(605) 332-0704
Contact: Shireen Ranschau, Executive Director

South Dakota Housing Development Authority
221 South Central Avenue
Pierre, SD 57501
(605) 773-3181
Contact: Mark Lauseng, Executive Director