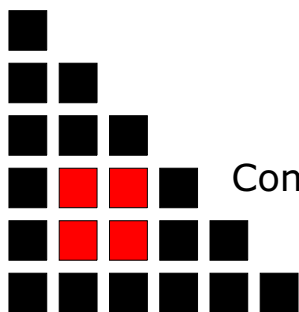


# City of Hartford HOUSING STUDY

November 2016

An analysis of the overall housing needs  
of the City of Hartford, SD



Community Partners Research, Inc.

Faribault, MN 55021

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# 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 Hartford 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 Hartford Area Development Corporation (HADC) to conduct a study of the housing needs and conditions in the City of Hartford. The Study is an update of the Hartford Comprehensive Housing Study that was conducted by Community Partners Research, Inc. in 2013.

## 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
- ▶ Review recommendations and findings from the 2013 Hartford Comprehensive Housing Study

## Methodology

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

- U.S. Census Bureau
- American Community Survey
- Records and data from the City of Hartford
- Records and data maintained by Minnehaha County
- South Dakota State Data Center
- Interviews with City officials, staff from the City and HADC
- Area and State housing agencies
- Interviews with developers and housing stakeholders
- Rental property surveys
- Housing condition survey
- Mobile home condition survey
- 2013 Hartford Comprehensive Housing Study

### **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.

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## **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 Hartford, Minnehaha County and the Sioux Falls Metropolitan Statistical Area (MSA). The MSA includes the four counties of Minnehaha, Lincoln, McCook and Turner.

For some data items, the 2010 Census represents the last reliable benchmark. 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 2014 American Community Survey data when it is viewed as reliable, but in some cases the 2010 Census has been used.

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 five-year survey data.

Additionally, Community Partners Research, Inc., has obtained information from Esri, a private company based in California that generates demographic and projection data. Esri estimates for 2016 and projections to 2021 are included. Esri estimates and projections are provided for Hartford, Minnehaha County and the Sioux Falls MSA.

## Population Data and Trends

In the table below, the 2016 estimates have been obtained from Esri. Other recent estimating sources, including the Census Bureau, are examined in the text that follows.

<b>Table 1 Population Trends - 1990 to 2016</b>						
	1990 Population	2000 Population	% Change 1990-2000	2010 Population	2016 Population	% Change 2010-2016
Hartford	1,262	1,844	46.1%	2,534	3,142	24.0%
Minnehaha Co.	123,809	148,281	19.8%	169,468	187,456	10.6%
MSA	153,500	187,093	21.9%	228,261	256,629	12.4%

Source: U.S. Census; Esri

- ▶ Esri’s 2016 population estimate for the City of Hartford shows 3,142 people living in the community. According to this source, the City has added 608 people from 2010 to 2016, or an average of just over 100 people per year.
- ▶ The Census Bureau has also released annual population estimates following the 2010 Census. For Hartford, the most recent estimate is effective on July 1, 2015. This estimate shows the City’s population at 3,025 people, up by 491 residents from the 2010 Census. On an annual average, this source shows the City adding approximately 98 people per year, very similar to Esri’s annual growth estimate.
- ▶ According to Esri, strong population growth has also continued to occur in Minnehaha County and the entire Sioux Falls MSA. From 2010 to 2016, Esri shows Minnehaha County adding nearly 18,000 people, or an average of approximately 3,000 per year. In the entire four-county MSA, Esri believes that nearly 28,400 people have been added, or an average of approximately 4,730 people per year.
- ▶ For all of Minnehaha County, the most recent Census Bureau estimate has an effective date of July 1, 2015. This estimate shows the County’s population at 185,197 people, up 15,729 residents from the 2010 Census, or an average of nearly 3,150 people per year, slightly higher than Esri’s annual growth estimate.

- ▶ The Census Bureau's 2015 estimate for the MSA was 248,062 people, up 19,801 residents from the 2010 Census. On an annual average basis, this equates to approximately 3,960 people per year, well below Esri's estimate which shows much greater average annual growth for the entire MSA.
- ▶ Although there are some differences between these two primary estimating sources, both show strong growth continuing to occur in the Sioux Falls metropolitan area. However, Esri does estimate a higher annual incremental growth estimated for the entire MSA.
- ▶ The strong population growth since 2010 continues a long-term pattern. According to the 2010 U.S. Census, the City of Hartford, Minnehaha County and the MSA all had significant population gains from 2000 to 2010. Hartford's population was 2,534 in 2010. This was a 690-person increase from 2000, which was a population gain of 37.4%.
- ▶ 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%.
- ▶ The MSA's population was 228,261 in 2010. This was a 41,168 person increase from 2000, which was a population gain of 22.0%.
- ▶ The most reliable information about racial and ethnic groups in Hartford exists in the 2010 Census. At that time, Hartford's population was primarily White and non-Hispanic/Latino. According to the 2010 Census, almost 97% of the City's residents identified their race as White, with the Native American population representing approximately 1.2% of the City total. Fewer than 1% of the City's residents were identified as Hispanic/Latino.
- ▶ According to the 2010 Census, no Hartford residents lived in group quarters.



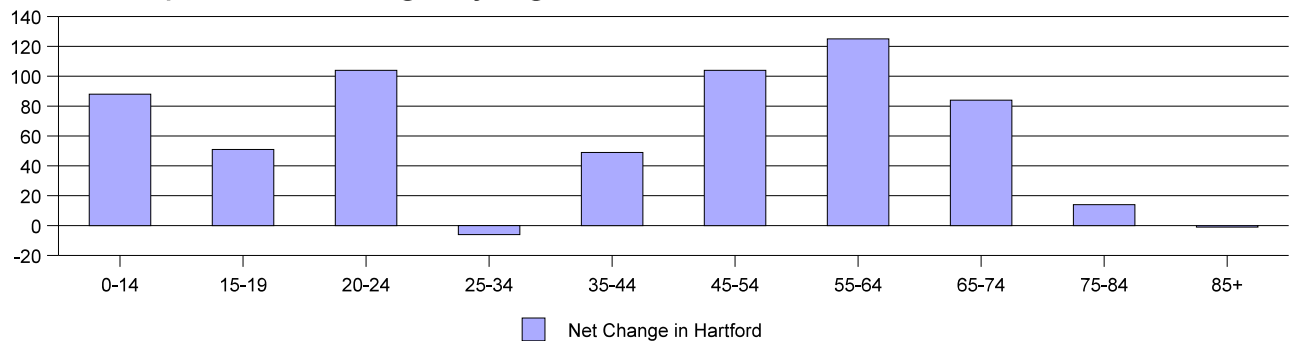
## Population by Age Trends: 2010 to 2016

Esri’s population estimates for 2016 can be compared to the 2010 Census for some analysis of the changing age patterns for Hartford. The following table compares population by age in 2010 and 2016, along with the numeric changes.

<b>Table 2 Population by Age - 2010 to 2016</b>			
Age	Hartford		
	2010	2016	Change
0-14	713	801	88
15-19	180	231	51
20-24	93	197	104
25-34	382	376	-6
35-44	384	433	49
45-54	340	444	104
55-64	231	356	125
65-74	120	204	84
75-84	57	71	14
85+	34	33	-1
<b>Total</b>	<b>2,534</b>	<b>3,146</b>	<b>612</b>

Source: U.S. Census, Esri

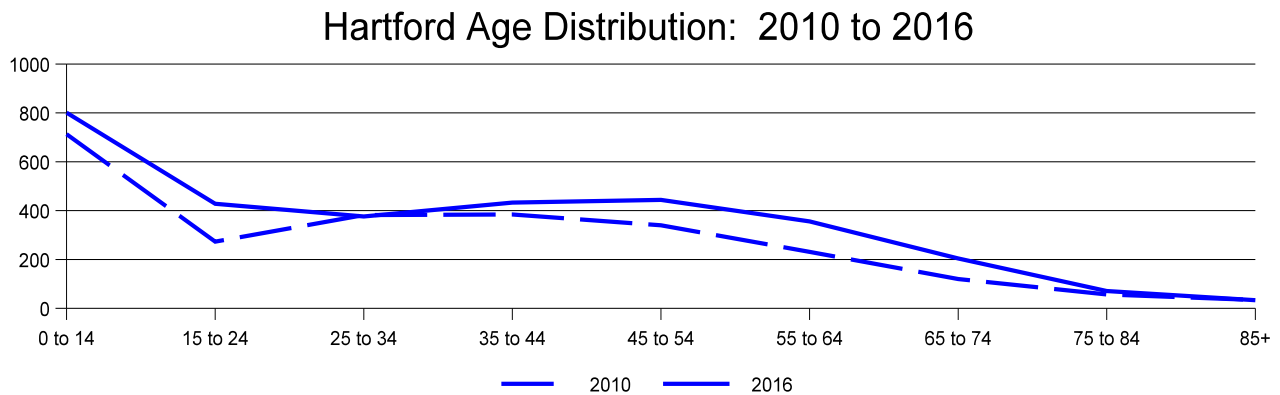
**Population Change by Age in Hartford Between 2010 and 2016**



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 Hartford.

Between 2010 and 2016, Hartford had a gain of 209 people in the age ranges between 55 and 74 years old. In 2016, nearly all of the baby boomers were within these age ranges.

The City of Hartford also had an increase of 243 people in the 0 to 24 age ranges, a gain of 153 people in the 35 to 54 age ranges and an increase of 14 people in the 75 to 84 age range. Hartford had a loss of six households in the 25 to 34 age range and a one-person loss in the 85 and older age range.



The aging trends present in 2016 can be traced back to the year 2010 to see the advancement of the baby boom generation over the current decade.

## Population Projections

The following table presents population projections using two different sources. The primary projections are taken from Esri, and extend to the year 2021.

The South Dakota State Data Center has issued preliminary population projections to the year 2020 for Minnehaha County. Projections also exist for the other counties that form the MSA.

<b>Table 3 Population Projections Through 2021</b>				
	2010 Population Census	2016 Esri Estimate	2021 Esri Projection	2020 Projection State Data Center
Hartford	2,534	3,142	3,614	N/A
Minnehaha Co.	169,468	182,425	198,704	190,105
MSA	228,261	256,629	282,923	266,405

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

- ▶ Esri’s 2016 estimate for Hartford shows a population gain of 608 people from 2010 to 2016. Esri projects that Hartford will gain an additional 472 people from 2016 to 2021.
- ▶ Esri’s 2016 estimate for Minnehaha County shows a population gain of 12,957 people from 2010 to 2016. Esri projects that Minnehaha County will gain an additional 16,279 people from 2016 to 2021.
- ▶ Esri’s 2016 estimate for the MSA shows a population gain of 28,368 people from 2010 to 2016. Esri projects that the MSA will gain an additional 26,294 people from 2016 to 2021.
- ▶ The 2020 State Data Center household projections for Minnehaha County and the MSA are significantly lower than Esri’s 2021 household projections for the two jurisdictions. The State Data Center’s projections do not appear to reflect the accelerated growth that has been occurring in the Sioux Falls area over the past few years.

## Household Data and Trends

<b>Table 4 Household Trends - 1990 to 2016</b>						
	1990 Census	2000 Census	% Change 1990-2000	2010 Census	2016 Esri	% Change 2010-2016
Hartford	450	661	46.9%	913	1,131	23.9%
Minnehaha Co.	46,805	57,996	23.9%	67,028	74,037	10.5%
MSA	58,619	72,492	23.7%	89,297	100,046	12.0%

Source: U.S. Census, Esri

- ▶ Esri’s 2016 estimate for Hartford shows 1,131 households, a gain of 218 households from 2010, or an increase of 23.9%. On an annual basis, this equates to approximately 36 households per year.
- ▶ Esri’s 2016 estimate for Minnehaha County is 74,037 households, which is a gain of 7,009 households from 2010, or an increase of 10.5%. On an annual basis, this estimate shows 1,168 households per year.
- ▶ Esri’s 2016 estimate for the MSA is 100,046 households, which is a gain of 10,749 households from 2010, or an increase of 12.0%. On an annual basis, this estimate shows 1,792 households per year.
- ▶ The strong household growth after 2010 is a continuation of long-term patterns for the Sioux Falls area. According to the 2010 U.S. Census, both Hartford and Minnehaha County gained a significant number of households from 2000 to 2010. Hartford had 913 households in 2010. This was an increase of 252 households from 2000, which was a household gain of 38.1%.
- ▶ 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%.
- ▶ The MSA had 89,297 households in 2010. This was a gain of 16,805 households from 2000, which was a household increase of 23.2%.
- ▶ Hartford, Minnehaha County and the MSA also experienced household gains during the 1990s, Hartford gained 211 households, Minnehaha County gained 11,191 households and the MSA gained 13,873 households from 1990 to 2000.

## Household by Age Trends: 2010 to 2016

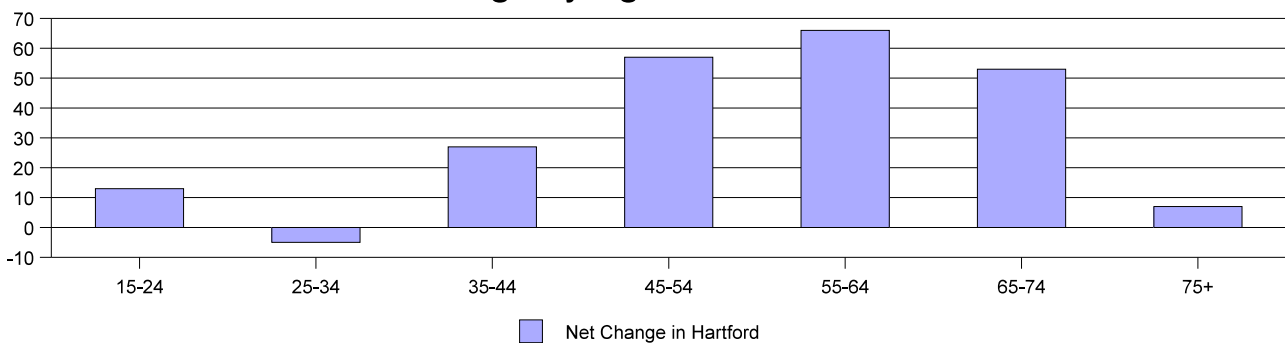
The 2010 Census and Esri 2016 estimates allow for some analysis of the changing age patterns in Hartford and the Sioux Falls MSA. The following table compares households by age of householder in 2010 and 2016, along with the numeric changes.

<b>Table 5 Households by Age - 2010 to 2016</b>						
Age	Hartford			Sioux Falls MSA		
	2010	2016	Change	2010	2016	Change
15-24	37	50	13	5,331	5,215	-116
25-34	199	194	-5	17,950	19,216	1,266
35-44	204	231	27	16,292	18,710	2,418
45-54	197	254	57	18,593	18,368	-225
55-64	127	193	66	14,661	17,825	3,164
65-74	76	129	53	8,022	11,326	3,304
75+	73	80	7	8,448	9,386	938
Total	913	1,131	218	89,297	100,046	10,749

Source: U.S. Census

Consistent with the population by age data presented earlier, the household patterns show much of the net change occurring in the baby boomer age groups. Hartford had an increase of 119 households in the 55 to 74 year age range.

**Household Change by Age Between 2010 and 2016**



Hartford had increases in all age ranges with the exception of the 25 to 34 age ranges which had a loss of five households. In addition to the household gains in the 55 to 74 age ranges, Hartford had a gain of 13 households in the 15 to 24 age range, a gain of 84 households in the 35 to 54 age ranges and a gain of seven households in the 75 and older age range.

The MSA had significant gains in most of the age ranges, however, there was a loss of households in the 15 to 24 and 45 to 54 age ranges.

## Average Household Size

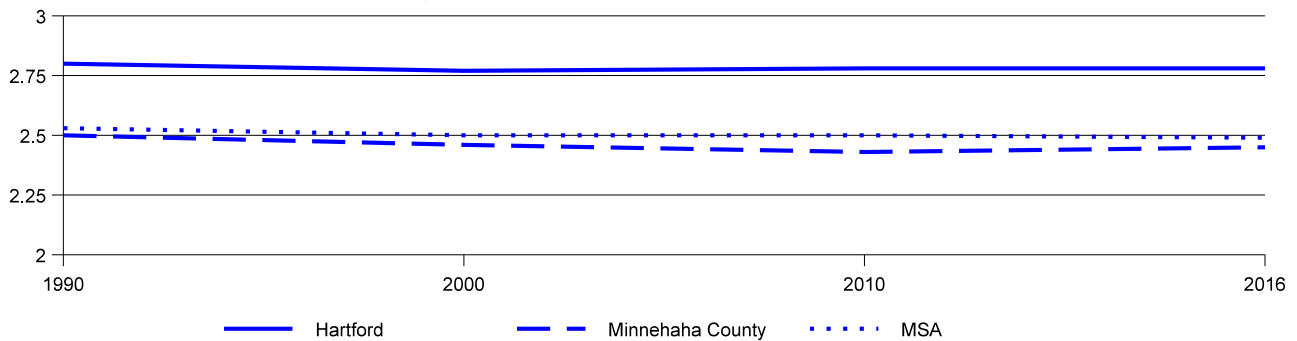
The following table provides decennial Census and Esri estimate information on average household size.

<b>Table 6 Average Number of Persons Per Household: 1990 to 2016</b>				
	1990 Census	2000 Census	2010 Census	2016 Esri
Hartford	2.80	2.77	2.78	2.78
Minnehaha County	2.50	2.46	2.43	2.45
MSA	2.53	2.50	2.50	2.49

Source: U.S. Census, Esri

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 Hartford decreased slightly from 1990 to 2016. Hartford’s average household size was 2.80 persons in 2000 and 2.78 persons in 2016.

Minnehaha County’s average household size decreased from 2.50 in 1990 to 2.45 in 2016. The MSA’s average household size has decreased from 2.53 in 1990 to 2.49 in 2016.

Although Hartford’s average household size has decreased slightly over the past 26 years, the City’s average household size in 2016 is very high in comparison to most similarly sized cities.

## Household Projections

The following table presents Esri’s 2016 household estimates and 2021 household projections for Hartford, Minnehaha County and the Sioux Falls MSA.

<b>Table 7 Household Projections Through 2016</b>			
	2010 Census	2016 Esri	2021 Esri
Hartford	913	1,131	1,299
Minnehaha County	67,028	74,037	80,615
MSA	89,297	100,046	110,107

Source: U.S. Census; Esri

- ▶ Esri estimates that Hartford added 218 households from 2010 to 2016 and Esri projects that Hartford will gain an additional 168 households from 2016 to 2021. Over the 5-year projection period this is average annual growth of approximately 34 households per year.
- ▶ Esri estimates that Minnehaha County added 7,009 households from 2010 to 2016 and Esri projects that Minnehaha County will gain an additional 6,578 households from 2016 to 2021.
- ▶ Esri estimates that the MSA added 10,749 households from 2010 to 2016 and Esri projects that the MSA will gain an additional 10,061 households from 2016 to 2021.

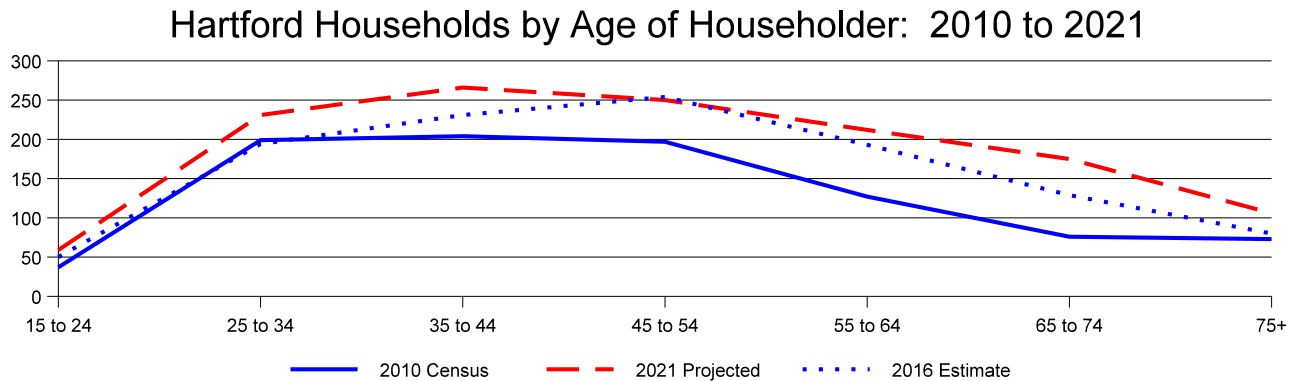


## Household by Age Projections: 2016 to 2021

Esri has released household by age-based projections to the year 2021. The following tables present Esri’s projections for Hartford and the MSA and the changes from 2016 to 2021.

<b>Table 8 Projected Households by Age - 2016 to 2021</b>						
Age	Hartford			MSA		
	2016 Estimate	2021 Projection	Change 2016 to 2021	2016 Estimate	2021 Projection	Change 2016 to 2021
15-24	50	59	9	5,331	5,619	404
25-34	194	231	37	17,950	19,974	758
35-44	231	266	35	16,292	22,169	3,459
45-54	254	250	-4	18,593	18,085	-283
55-64	193	212	19	14,661	18,909	1,084
65-74	129	175	46	8,022	14,396	3,070
75+	80	106	26	8,448	10,955	1,569
<b>Total</b>	<b>1,131</b>	<b>1,299</b>	<b>168</b>	<b>89,297</b>	<b>110,107</b>	<b>10,061</b>

Source: U.S. Census; Esri



Consistent with the age distribution data presented earlier, the movement of the “baby boom” generation through the aging cycle should generate much of the City of Hartford’s growth in households in the 55 to 74 age ranges. These projections expect an increase of 65 households in Hartford from 2016 to 2021 in the 55 to 74 year old age ranges.

Hartford is also expected to add 81 households in the 15 to 44 age ranges and 26 households in the 75 and older age range.

Esri's projections for Hartford from 2016 to 2021 expect a loss of four households in the 45 to 54 age range.

Esri projects that from 2016 to 2021, the MSA will gain 4,621 households in the age ranges 44 and younger, and will add 5,723 households in the 55 and older age ranges.

Esri projects that the MSA will have a loss of 283 households in the 45 to 54 age range from 2016 to 2021.

## 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 Hartford.

<b>Table 9 Hartford Household Composition - 2000 to 2010</b>			
	2000 Census	2010 Census	Change
Family Households			
Married Couple with own children	246	311	65
Single Parent with own children	75	87	12
Married Couple without own children	190	257	67
Family Householder without spouse	24	29	5
Total Families	535	684	149
Non-Family Households			
Single Person	105	183	78
Two or more persons	21	46	25
Total Non-Families	126	229	103

Source: U.S. Census

Between 2000 and 2010, Hartford experienced significant gains in the total number of family households. Most of the gain was due to an increase of married couples with and without children, although there were also slight gains in single parent households with children and family householders without spouses.

The City also had a significant increase in “non-family” households. This was primarily due to an increase in single person households, although, there was also an increase in the number of unrelated individuals living together.

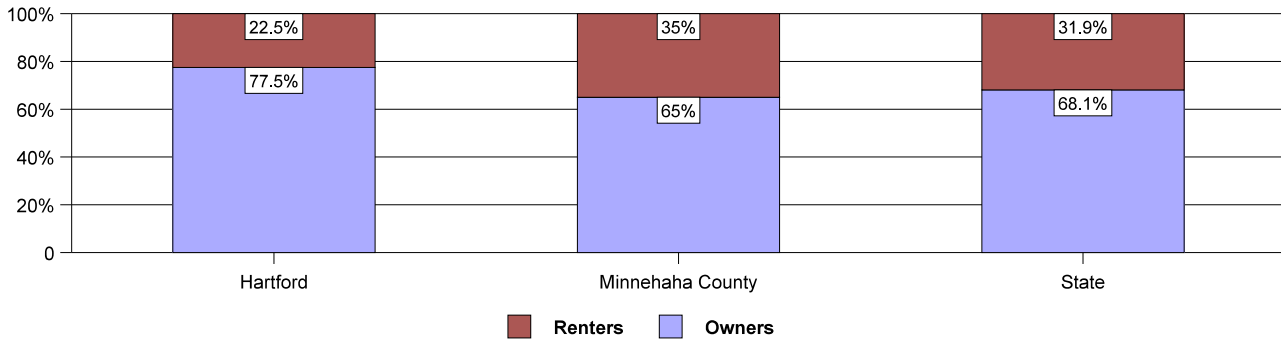
## Housing Tenure

The 2010 Census included the most reliable recent 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 Hartford and Minnehaha County.

<b>Table 10 Household Tenure - 2010</b>				
	Number of Owners	Percent of all Households	Number of Renters	Percent of all Households
Hartford	708	77.5%	205	22.5%
Minnehaha Co.	43,567	65.0%	23,461	35.0%
State	-	68.1%	-	31.9%

Source: U.S. Census

### Housing Tenure in 2010



According to the 2010 Census, the ownership tenure rate in the City of Hartford was 77.5%. Hartford’s rental tenure rate of 22.5% was substantially lower than the Statewide average of 31.9%. Minnehaha County’s ownership rate was 65.0%.

<b>Table 11 Households by Housing Tenure - 2000 to 2010</b>						
Tenure	Hartford			Minnehaha County		
	2000	2010	Change	2000	2010	Change
Owners	533/80.6%	708/77.5%	175	37,512/64.7%	43,567/65.0%	6,055
Renters	128/19.4%	205/22.5%	77	20,484/35.3%	23,461/35.0%	2,977
Total	661	913	252	57,996	67,028	9,032

Source: U.S. Census

Hartford's ownership tenure rate decreased over the last decade, from 80.6% in 2000 to 77.5% 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.

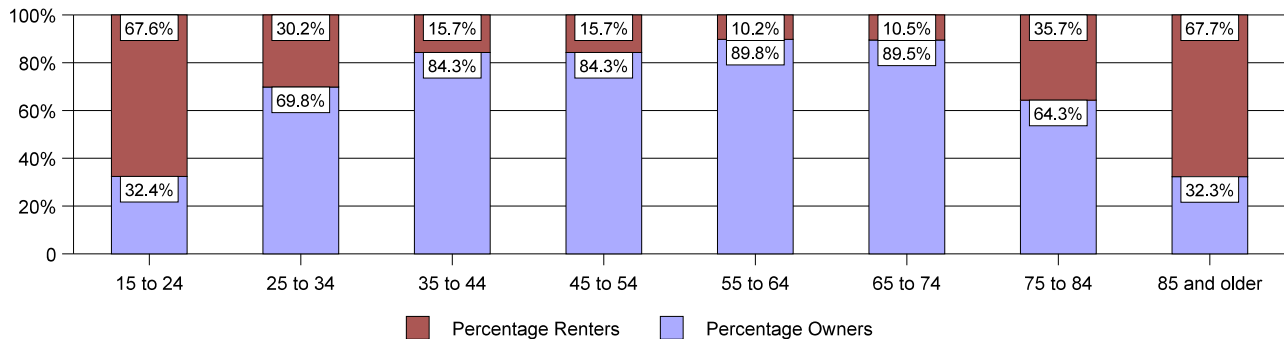
## Tenure by Age of Householder

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 Hartford.

<b>Table 12 Hartford Tenure by Age of Householder - 2010</b>				
Age	Owners		Renters	
	Number	Percent within age	Number	Percent within age
15-24	12	32.4%	25	67.6%
25-34	139	69.8%	60	30.2%
35-44	172	84.3%	32	15.7%
45-54	166	84.3%	31	15.7%
55-64	114	89.8%	13	10.2%
65-74	68	89.5%	8	10.5%
75-84	27	64.3%	15	35.7%
85+	10	32.3%	21	67.7%
Total	708	77.5%	205	22.5%

Source: U.S. Census

**Hartford Housing Tenure Patterns by Age in 2010**



Within the defined age ranges, typical tenure patterns were present, with households at the lowest and highest ends of the age spectrum showing greater preference for rental housing, while middle-aged adult households were primarily home owners. Approximately 68% of households age 24 and younger rented their unit, and approximately 68% of households age 85 and older were renters. Home ownership rates for each of the 10-year age cohorts between 35 and 74 years old were above 84%.

## Tenure by Household Size

The 2010 Census did provide 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 Hartford.

<b>Table 13 Hartford Tenure by Household Size - 2000 to 2010</b>						
Household Size	Owners			Renters		
	2000	2010	Change	2000	2010	Change
1-Person	66	89	23	39	94	55
2-Person	192	250	58	34	46	12
3-Person	99	113	14	30	30	0
4-Person	125	150	25	17	21	4
5-Person	34	77	43	5	10	5
6-Person	14	20	6	2	3	1
7-Persons+	3	9	6	1	1	0
Total	533	708	175	128	205	77

Source: U.S. Census

- ▶ From 2000 to 2010, there was a significant increase in the number of owner and renter households in Hartford. There was an increase of 23 one-person owner households and 58 two-person owner households. There was also an increase of 94 owner households with three or more people per household.
- ▶ There was a gain of 55 one-person renter households and 12 two-person households. There was also a gain of 10 renter households with four or more people from 2000 to 2010.
- ▶ Approximately 68% of the renter households in Hartford 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.

<b>Table 14 Median Household Income - 2010 to 2014</b>			
	2010 Median	2014 Median	% Change
Hartford	\$54,878	\$65,766	19.8%
Minnehaha County	\$51,799	\$53,391	3.7%
South Dakota	\$46,369	\$50,338	8.6%

Source: U.S. Census; 2011 ACS 5-year survey

<b>Table 15 Median Family Income - 2010 to 2014</b>			
	2010 Median	2014 Median	% Change
Hartford	\$69,375	\$81,719	17.8%
Minnehaha County	\$64,645	\$68,663	6.2%
South Dakota	\$58,958	\$64,636	9.6%

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

Information contained in the 2014 American Community Survey shows local income levels and income growth over the past decade. Both the median household income and the median family income for Hartford and Minnehaha County were above the respective medians for all of South Dakota.

Family household incomes tend to be much 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 Hartford could afford approximately \$1,644 per month for ownership or rental housing in 2014. A median income family could afford approximately \$2,043 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.

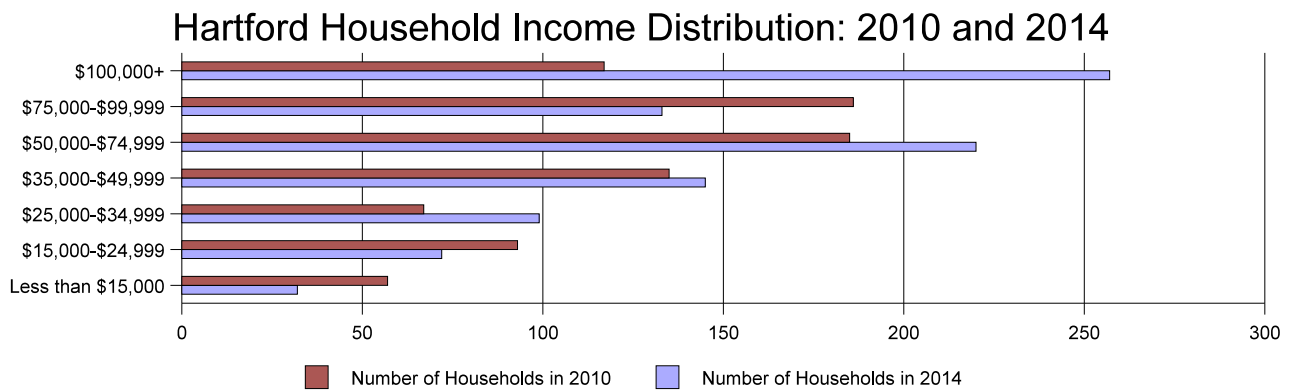


## Hartford Household Income Distribution

The 2014 American Community Survey household income estimates for the City of Hartford can be compared to the same distribution information from 2010 to 2014 examine changes that have occurred over the past decade.

<b>Table 16 Hartford Household Income Distribution - 2010 to 2014</b>			
Household Income	Number of Households 2010	Number of Households in 2014	Change 2010 to 2014
\$0 - \$14,999	57	32	-25
\$15,000 - \$24,999	93	72	-21
\$25,000 - \$34,999	67	99	32
\$35,000 - \$49,999	135	145	10
\$50,000 - \$74,999	185	220	35
\$75,000 - \$99,999	186	133	-53
\$100,000+	117	257	140
<b>Total</b>	<b>840</b>	<b>958</b>	<b>118</b>

Source: American Community Survey



Esri estimates that there are 1,131 households in Hartford in 2016. The 2014 American Community Survey estimated that there were 958 households in Hartford in 2014. Despite the two-year time difference in the effective dates of the estimates, it would appear that the American Community Survey has significantly underestimated the total number of households in the City. However, it is assumed that the distribution of incomes as displayed above would be relatively accurate in percentage terms.

According to income estimates contained in the 2014 American Community Survey, household incomes have improved in Hartford, especially in the highest income ranges. When compared to the 2010 income data, the net number of households with an income of \$50,000, or more, increased by 122 households. Conversely, there was a decrease of 46 households with incomes under \$25,000. However, in 2014 there were still 104 Hartford households with incomes under \$25,000, which is 10.9% of all the households in Hartford.

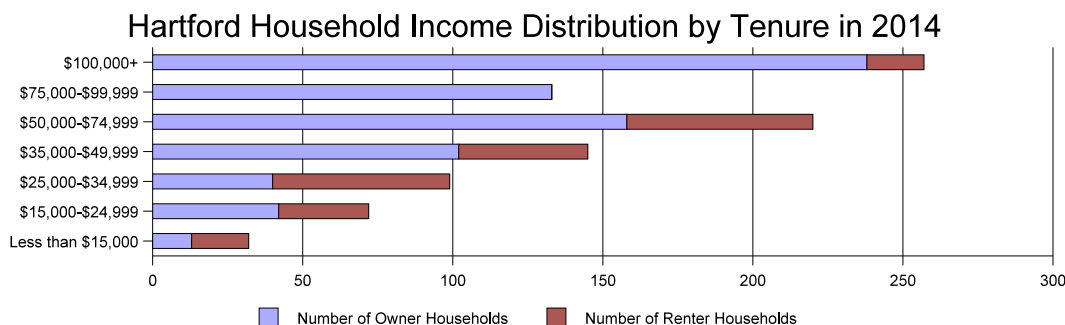
## Hartford Income Distribution by Housing Tenure

The 2014 American Community Survey provides an income estimate by owner and renter status. The following table examines income distribution within the City of Hartford. The American Community Survey is an estimate, based on limited sampling data, and there are some differences when compared to the 2010 Census and 2016 household estimates.

For total households, the 2014 American Community Survey reported 45 more households than the 2010 Census. However, based on Esri's household estimate for 2016, it appears that the 2014 American Community Survey has underestimated actual growth. The American Community Survey estimated 18 more owner households than the 2010 Census, and 27 more renter households. Based on more recent estimates, it is probable that the 2014 American Community Survey undercounted both owner and renter households in Hartford.

<b>Table 17 Hartford Household Income Distribution by Tenure - 2014</b>			
Household Income	Number of Owner Households	Number of Renter Households	Total Households
\$0 - \$14,999	13/40.6%	19/59.4%	32
\$15,000 - \$24,999	42/58.3%	30/41.7%	72
\$25,000 - \$34,999	40/40.4%	59/59.6%	99
\$35,000 - \$49,999	102/70.3%	43/29.7%	145
\$50,000 - \$74,999	158/71.8%	62/28.2%	220
\$75,000 - \$99,999	133/100%	0/0%	133
\$100,000+	238/92.6%	19/7.4%	257
<b>Total</b>	<b>726</b>	<b>232</b>	<b>958</b>

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 2014, approximately 47% of all renter households in Hartford 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.

Conversely, most owner households had a substantially higher income level. Approximately 73% 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.

## 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 Hartford. The American Community Survey appears to have undercounted the number of renter households in Hartford. However, the table is still a good indicator of gross rent as a percentage of household income in Hartford.

<b>Table 18 Gross Rent as a Percentage of Household Income: Hartford</b>			
Percent of Income for Housing	Households Age 64 and Younger	Households Age 65 and Older	Total
Less than 20%	80/40.8%	0/0%	80/34.5%
20% to 29.9%	25/12.7%	8/22.2%	33/14.2%
30% to 34.9%	30/15.3%	0/0%	30/12.9%
35% or more	54/27.6%	28/77.8%	82/35.3%
Not Computed	7/3.6%	0/0%	7/3.1%
Total	196/100%	36/100%	232/100%

Source: 2014 American Community Survey

According to the American Community Survey, approximately 48% of all renters in the City of Hartford were paying 30% or more of their income for rent. The large majority of these households were actually paying 35% or more of their income for housing. 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 Hartford it was primarily due to low income levels for renters. A majority of the renter households with a housing cost burden had an annual household income below \$25,000. 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 25% of all households with a rental cost burden. Households in the age ranges between 15 and 64 years old represented approximately 75% 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 Hartford that are paying different percentages of their gross household income for housing costs.

<b>Table 19 Ownership Costs as a Percentage of Income - Hartford</b>		
Percentage of Household Income for Housing Costs	Number of Owner Households 2014	Percent of All Owner Households 2014
0% to 19.9%	445	61.3%
20% to 29.9%	167	23.0%
30% to 34.9%	56	7.7%
35% or more	58	8.0%
Not Computed	0	0%
Total	726	100%

Source: 2014 ACS

Based on the Esri estimates, the 2014 American Community Survey underestimated the number of owner households in the City, however, this source still represents the best available information on income compared to housing costs.

Most owner-occupants, which would include households with and without a mortgage, reported paying less than 30% of their income for housing. However, approximately 16% of all home owners reported that they paid more than 30% of their income for housing. A slight majority of these households were paying more than 35% of income for housing costs.

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

## Building Permit Trends

Hartford has had a significant amount of new housing construction activity in recent years. The following table identifies the units that have been issued a building permit since the year 2000.

<b>Table 20 Hartford Housing Unit Construction Activity: 2000 to 2016*</b>					
Year	Single Family Detached	2 Unit	3 and 4 Unit	Multifamily 5+ Units	Total Units
2016*	19	2	4	28	53
2015	21	4	8	21	54
2014	16	0	4	6	26
2013	17	2	8	0	27
2012	14	2	0	16	32
2011	5	4	0	12	21
2010	8	6	3	32	49
2009	10	2	0	0	12
2008	16	8	0	0	24
2007	22	0	3	40	65
2006	17	4	0	16	37
2005	25	4	0	0	29
2004	28	0	0	0	28
2003	14	0	1	0	15
2002	19	2	0	4	25
2001	19	2	1	0	22
2000	17	0	0	0	17
<b>TOTAL</b>	<b>287</b>	<b>42</b>	<b>32</b>	<b>175</b>	<b>536</b>

Source: City of Hartford; Community Partners Research, Inc. \* 2016 is through September

Over the past 17 years, 536 new housing units have been constructed in Hartford, based on building permit issuance. A majority of these units are identified as single family homes or twin homes, however, 207 units have been added in multifamily development projects that primarily created rental housing.

The City has averaged approximately 32 new housing units annually over the past 17 years. Over the past four years, since the 2013 Hartford Housing Study, the City has averaged approximately 40 new housing units annually.

Unlike most smaller communities in South Dakota, Hartford has had ongoing production of multifamily rental units. From 2011 through September 2016, approximately 124 multi-family rental units have been constructed or are under construction in Hartford.

### **Occupancy Status of Housing Units - 2010**

<b>Table 21 Occupancy Status of Housing Units - 2010</b>						
	Occupied Units		Vacant Units			
	Owner	Renter	For Rent	For Sale	Seasonal Use	Other Vacant
Hartford	708	205	10	7	1	8
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 one unit in Hartford.
- ▶ There were 4,529 vacant housing units in Minnehaha County in 2010, including 26 units in Hartford.



## Existing Home Sales

This section examines houses that have been sold in City of Hartford in the past 12 months. The time period covered extends from August 1, 2015 through July 30, 2016. The sales figures were compiled by the Minnehaha County Equalization Office.

This table primarily reflects existing home sales. New construction sales activity would generally not be recorded in the data that was used for this analysis, although some of the sales were for houses built in 2015.

For comparison purposes, we have included information on houses sold in Baltic, Crooks, Colton, Dell Rapids and Garretson. Only single family detached houses were included. Structures listed as twin homes, town houses, condominiums, or manufactured homes were excluded from the following table.

It is important to note that the number of houses that have sold is limited, and may not be an accurate indicator of overall home values in each city. However, this sample does provide some insight into those units that are turning-over in a given year.

<b>Table 22 Median Value of Residential Sales</b>		
City	Number of Good Sales	Median Sale Price
Hartford	75	\$176,808
Baltic	35	\$154,850
Colton	15	\$109,900
Crooks	14	\$138,950
Dell Rapids	85	\$171,000
Garretson	16	\$133,450

Source: Minnehaha County Assessor; Community Partners Research, Inc.

- ▶ The sales in each city were considered to be “arms length” transactions, according to the County’s Director of Equalization. These were homes that were available on the open market.
- ▶ Over the 12-month period reviewed, there were 75 single family home sales in Hartford. The median sales price was \$176,808
- ▶ The highest valued sale in Hartford was for \$369,105 and the lowest valued sale was for \$34,900.

- ▶ A similar analysis had been completed for Hartford in 2012. At that time, the median value for recent sales had been \$147,500. When compared to the 2016 review, it would appear that home values have been rising in the past few years. However, there were fewer sales recorded in the 2012 sample, which could have impacted the median value.
- ▶ Based on recent sales, home values in Hartford are higher than in most of the other Minnehaha County communities that surround Sioux Falls. The sales median in Dell Rapids, at \$171,000, was only slightly lower than the median in Hartford. However, in each of the other cities, the median value derived from recent sales was less than \$155,000.
- ▶ An alternate home value estimate for Hartford exists in the 2014 American Community Survey. The estimated median value for owner-occupied houses was \$151,200. This estimate is well below the median price for recent home sales, but may once again reflect an escalation in house values in Hartford over the past few years.

## Home Sales by Price Range

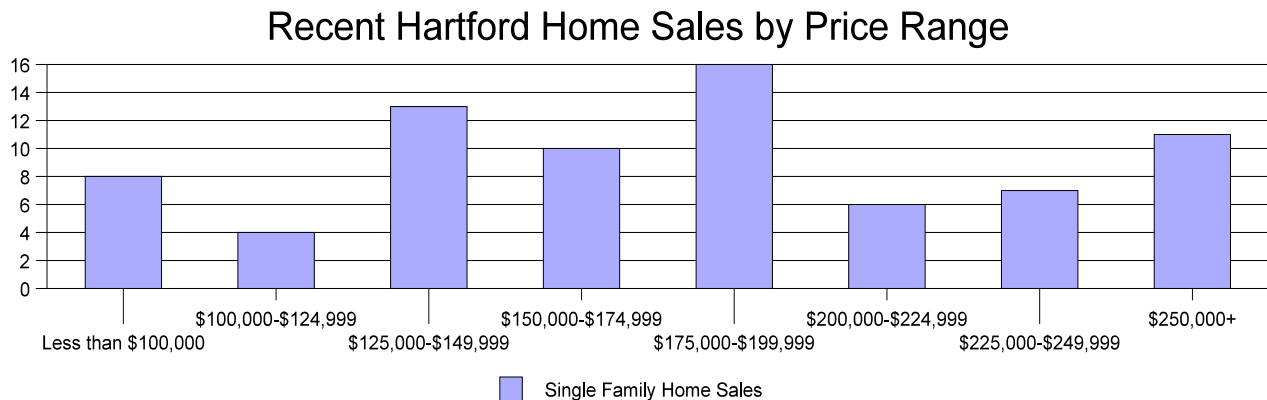
The following table looks at single family houses that sold in Hartford over the past 12 months within more defined price ranges.

<b>Table 23 Hartford Home Sales by Price Range</b>		
Sale Price	Number of Sales	Percent of Sales
Less than \$100,000	8	10.7%
\$100,000 - \$124,999	4	5.3%
\$125,000 - \$149,999	13	17.3%
\$150,000 - \$174,999	10	13.3%
\$175,000 - \$199,999	16	21.3%
\$200,000 - \$224,999	6	8.0%
\$225,000-\$249,999	7	9.3%
\$250,000 or more	11	14.7%
Total	75	100%

Source: Minnehaha County Equalization; Community Partners Research, Inc.

Home sales in Hartford over the past 12 months have primarily been in the moderate to higher price ranges, as reflected by the median sale price of approximately \$177,000. Overall, approximately 52% of the home sales were in the ranges between \$125,000 and \$200,000.

During this time, fewer than 16% of the sales were for less than \$125,000, and 32% of the sales were for \$200,000 or more. As stated previously, most of the recorded sales would be for existing homes, although some of the recent sales did reflect houses that were constructed in 2015.



## **Hartford Housing Condition**

Community Partners Research, Inc., representatives conducted a visual 'windshield' survey of 202 single family/duplex houses in two Hartford neighborhoods. The survey was conducted in 2013 and was not updated as part of the 2016 research.

The boundaries of the two neighborhoods are:

**Neighborhood No. 1:** South - Vandemark Ave., North - 2<sup>nd</sup> St.,  
East - 1<sup>st</sup> St. & Railroad St., West - Western Ave.

**Neighborhood No. 2:** South - 2<sup>nd</sup> St., North - 5<sup>th</sup> St.,  
East - Vandemark Ave., West - Western Ave.

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 24 Windshield Survey Condition Estimate - 2013**

	Sound	Minor Repair	Major Repair	Dilapidated	Total
Neighborhood #1	19/31.7%	18/30.0%	21/35.0%	2/3.3%	60
Neighborhood #2	67/47.2%	43/30.3%	29/20.4%	3/2.1%	142
Total	86/42.6%	61/30.2%	50/24.7%	5/2.5%	202

Source: Community Partners Research, Inc.

- ▶ Based on the visual housing condition completed as part of the 2013 Study, the existing housing stock in Hartford was in good condition. Approximately 30% of the houses in the two neighborhoods needed minor repair and 25% needed major repair at that time. Approximately 43% were sound, with no required improvements.
- ▶ Approximately five houses in the two neighborhoods were rated as dilapidated in 2013 and possibly beyond repair.

## Hartford Mobile Home Housing Condition

Community Partners Research, Inc. representatives conducted a visual 'windshield' survey of 36 mobile homes located in the Mobile Home Park in the City of Hartford. This survey was conducted in September 2016.

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 25 Windshield Survey Condition Estimate - 2016**

	Sound	Minor Repair	Major Repair	Dilapidated	Total
Mobile Homes	10/27.8%	12/33.3%	10/27.8%	4/11.1%	36

Source: Community Partners Research, Inc.

- ▶ The mobile homes in Hartford are in fair condition. Approximately 33% of the mobile homes need minor repair and 28% need major repair. Approximately 28% are sound, with no required improvements.
- ▶ Four mobile homes were dilapidated and possibly beyond repair.

## **Rental Housing Data**

### **Census Bureau Rental Inventory - Hartford**

According to the 2010 U.S. Census, there were 205 occupied rental units, and at least 12 unoccupied rental units in Hartford, for a total estimated rental inventory of approximately 217 units. The City's rental tenure rate, was only 22.5%, based on renter-occupancy households, well below the Statewide rate in 2010 of 31.9% rental.

At the time of the 2000 Census, Hartford had 128 occupied rental units, and at least four unoccupied rental units, for a total estimated rental inventory of approximately 132 units. The rental tenure rate in 2000 was 19.4%.

Based on a Census comparison, the City added 77 renter-occupancy households and approximately 85 rental units between 2000 and 2010. Based on building permit reports, there were building permits issued for 60 apartment/rental units in Hartford between 2000 and 2009, so the growth in the rental housing inventory was greater than the level of new multifamily units constructed, implying that some of the net gain in rental housing units was attributed to conversion, as housing that was previously used for owner-occupancy was probably converted to rental use.

### **Estimated Rental Inventory in Hartford in 2016**

As reported in the 2013 Hartford Housing Study, from 2010 through April 2013, Hartford had continued to add rental housing units through new construction. During this time period, approximately 60 rental units were added in the Deer Hollow Phase II, Pinecrest and Fifth Street Apartment projects.

From April 2013 to September 2016, an additional 64 rental units have been constructed or are currently under construction. All of the 64 units are market rate rentals. The new units include four additional units at Pinecrest Estates, Vista Crossing (20 units), Kellenberger Properties (4 units), Freedom Place (8 units) and one unit at 300 E. 2<sup>nd</sup> St. Additionally, two projects are under construction and will be completed in early 2017. These projects include the John Schwartzel Apartments (24 units) and an additional four units at Freedom Place.

With the units constructed and under construction after the Census, the estimated rental unit inventory has increased to approximately 344 to 349 units in 2016. Since occupancy rates are high in rental housing, it is probable that the rental tenure rate has increased to approximately 30% of all households.

## **Pending Rental Projects**

Our research identified one rental project in Hartford that is in the planning phase, a 16-unit market rate project (two 8-plexes). Additionally, several local developers and rental property owners have stated that they may construct additional rental units in the future.

## **Rental Housing Survey**

As part of this housing study, a telephone survey was conducted of multifamily projects in the City of Hartford, including the rental projects that are currently under construction. The survey was conducted during the month of September 2016.

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

Multiple attempts were made to contact each building. Information was tallied separately for different types of rental housing, including conventional market rate units, tax credit/moderate rent units, subsidized housing, and senior housing.

There were 266 rental units of all types that were contacted in the survey. This total would represent approximately 77% of the estimated total inventory of rental housing units in 2016. The units that were successfully contacted include:

- ▶ 161 conventional, market rate units
- ▶ 68 tax credit/moderate rent units
- ▶ 16 subsidized units for general occupancy
- ▶ 21 specialized senior living units including 10 for assisted living

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



## Market Rate Summary

Usable information was obtained from 12 different market rate rental projects. Combined, these projects had 161 conventional rental units. All of the units in the survey were multifamily buildings, with the exception of one unit in a duplex. The 161 unit total includes 28 units that are currently under construction.

### Unit Mix

We obtained unit size information on the 161 units from property owners/managers. The bedroom mix breakdown of the 161 units is as follows:

- ▶ Efficiency/Studio - 4 units (2.5%)
- ▶ One-bedroom - 26 units (16.1%)
- ▶ Two-bedroom - 77 units (47.8%)
- ▶ Three-bedroom - 54 units (33.6%)

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 were only two vacant units of the 133 units used in the occupancy calculation. This represents an overall vacancy rate of 1.5%. 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 most of the newest units in Hartford, tenants pay both gas and electric, which would include heat, general electrical, and hot water in addition to the monthly 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>
Efficiency/Studio	\$465
One-bedroom	\$540-\$950
Two-bedroom	\$675-\$1,150
Three-bedroom	\$1,110-\$1,375

## **Tax Credit/Moderate Rent Summary**

There are three rental projects in Hartford with a total 66 units that have either received an allocation of low income housing tax credits or federal HOME Program funding and provide options for more affordable rental housing.

In South Dakota, tax credits are awarded annually on a competitive basis. Two rental projects have received a tax credit award. Deer Hollow used tax credits for the construction of 24 town house-style units in 2008. A second phase of Deer Hollow opened in 2011, with 32 additional units. All units in Deer Hollow I and II serve households at or below 60% of the median income level, with some units set-aside for households at 40% or 50% of the median level.

Another rental project, Whispering Pines, used federal HOME Program funds. Ten of the 12 units in Whispering Pines are income-restricted, at either 50% or 80% of the median income level. The remaining two units do not have income restrictions.

### **Unit Mix**

The following breakdown is based on the specific information obtained from property owners/managers:

- ▶ Two-bedroom - 38 units (57.6%)
- ▶ Three-bedroom - 28 units (42.4%)

Tax credit housing is often oriented to working-age families, and most units tend to have two or more bedrooms.

### **Occupancy / Vacancy**

Within the tax credit/moderate rent segment there was only one vacant unit of the 66 used in the occupancy calculation. This represents an overall vacancy rate of 1.5%. The vacant unit was in Whispering Pines. Deer Hollow reported no vacancies.

### **Rental Rates**

The tax credit and HOME programs have maximum rent limits that are set as part of the financial assistance package. The rents in Deer Hollow are \$501 to \$590 for a two-bedroom unit and \$550 to \$700 for a three-bedroom unit. In Whispering Pines, the rent for two-bedroom units ranges from \$378 to \$550.

## **Subsidized Summary**

The research completed for this Study identified only one subsidized project in Hartford that provides rental opportunities for lower income households. Royal Apartments has 16 units available for general occupancy and is subsidized through USDA Rural Development. The 16 units include two one-bedroom units and 14 two-bedroom units.

The units in Royal Apartments have access to project-based rent assistance. These units can charge rent based on 30% of the tenant's household income. The manager reported no vacancies and a waiting list for units.

## **Subsidized Housing Gains/Losses**

Federal subsidy sources for low income rental housing have been very 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 research for this Study identified one project that has left its subsidy program in recent years. In 2011 the compliance contract for Hartford Manor expired, and the 12 units in this project converted to conventional market rate housing.

## **Tenant-Based Rent Assistance Vouchers**

There are also tenant-based rent assistance Vouchers available in the area. The Voucher Program is administered 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 September 2016 there were seven renter households receiving Voucher assistance in Hartford. 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 Program was very long in 2016, and the estimated waiting time was as long as four years. Unless a Hartford household had applied for assistance in the past, it is unlikely that any new applicants from the City would be expected to come to the top of the list anytime soon.

## **Senior Housing with Services Summary**

There is one project in Hartford that provides housing and services to senior renters. Leisure Living II has 21 rooms available. These can range from sleeping rooms with a private bathroom to two-room suites. There are no kitchens in these units. All meals are provided in a common dining area.

Ten of the rooms are licensed with the State as an Assisted Living Center, and residents receive a higher level of care and assistance with daily living tasks. The remaining units are registered with the State as a Residential Living Center. These residents receive meals, and light services such as weekly housekeeping and laundry, and they may contract for additional services, if needed.

This project will accept up to five residents with Medicaid Waivers assistance in the assisted living units. Due to the reimbursement rate, many assisted living facilities are private-pay only, or they limit the number of Medicaid residents. The willingness to accept Medicaid does attract some residents to Hartford.

At the time of the rental survey, there were vacancies in the assisted living and lighter services rooms. However, the staff person indicated that they are often at full occupancy. Housing for older seniors can have a high rate of turnover.

The rent and fees are based on the type of room and the level of services provided.

**Table 26 Hartford Multifamily Rental Housing Inventory**

Name	Number of Units /Bedroom Mix	Rent	Vacancy/ Wait List	Tenant Mix	Comments
<b>Market Rate</b>					
Fifth Street Apartments 203-205 E 5 <sup>th</sup> St	<u>12 - 3 Bedroom</u> 12 Total Units	\$950 +heat, electric	No vacant units	Mix of tenants	Two 2-level apartment buildings with 4 units and 8 units per building that opened for occupancy in 2012. Rent includes water, sewer and garbage, with tenants paying other utilities. Amenities include in-unit laundry, dishwasher, garage parking, and patio/deck. Units have 1206 sq ft and 2 bathrooms. Manager reports no vacancies.
Hartford Manor 202 W 2 <sup>nd</sup> St	4 - Efficiencies <u>8 - 1 Bedroom</u> 12 Total Units	\$465 \$540	No vacant units	Mix of tenants	Two rental buildings constructed in 1970 and originally HUD-subsidized, but the contract expired in 2011 and the units converted to conventional housing. Rent includes utilities. Owner reports full occupancy.
Heather Gardens Apartments 302 E 2 <sup>nd</sup> St	<u>4 - 2 Bedroom</u> 4 Total Units	\$550 +heat, electric	No vacant units	Mix of tenants	Four-plex constructed in 1978. Tenants pay gas and electric in addition to rent. Amenities include coin laundry and garage. The owner reports no vacancies. Owner reports that most tenants are long-term with limited turnover.
300 E. 2 <sup>nd</sup> St	<u>1 - 2 Bedroom</u> 1 Total Unit	\$875 + all utilities	No vacant units	General occupancy	The unit at 300 E. 2 <sup>nd</sup> St. is one half of a new twin home. The owner lives in the other half. The tenant pays \$875 plus utilities.
Pinecrest Estates 204-305 Topaz Place	<u>20 - 3 Bedroom</u> 20 Total Units	\$1,000 +heat, electric	No vacant units	General occupancy	Five 4-plexes that were constructed in 2012 and 2013. Tenants pay gas and electric in addition to rent. Amenities include attached garage and in-unit laundry. Units have 1,275 sq ft and two bathrooms.

**Table 26 Hartford Multifamily Rental Housing Inventory**

Name	Number of Units /Bedroom Mix	Rent	Vacancy/ Wait List	Tenant Mix	Comments
<b>Market Rate</b>					
Thompson Apartments 205-207 N Eastern Ave	2 - 1 Bedroom <u>14 - 2 Bedroom</u> 16 Total Units	\$550 \$675 +electric	No vacant units	Mostly working age tenants, primarily commuters	Two eight-unit apartment buildings constructed in 1971 and 1973. Rent includes heat but tenants pay electric. Amenities include off-street parking and coin laundry. No vacancies at time of survey, however, two units are not being rented at this time due to renovation.
West Oaks Estates 906-911 N Oaks Ave	4 - 1 Bedroom 26 - 2 Bedroom <u>2 - 3 Bedroom</u> 32 Total Units	\$750 \$850 \$1,100 +heat, electric	1 vacancy	General occupancy	Two 2-level apartment buildings constructed in 2006 and 2007. Rent includes water, sewer and garbage, with tenants paying other utilities. Garages available for extra fee. Amenities include in-unit laundry, patio/deck and community room. One-bedrooms have 925 sq ft and 1 bathroom, 2-bedrooms have 1,080 sq ft and 2 bathrooms and 3-bedrooms have 1,200 sq ft and 2 bathrooms. Manager reported one vacancy.
Vista Crossing	8 - 1 Bedroom <u>12 - 2 Bedroom</u> 20 Total Units	\$825-\$840 \$995	1 vacancy	General occupancy	Vista Crossing is a 20-unit market rate rental project constructed in 2015. The 20 units include eight one-bedroom and 12 two-bedroom units. The one bedroom units have one bath and the two-bedroom units have two baths. Rent includes water, sewer, garbage and one garage stall. The project and the units have 'state of the art' amenities. The project is still in the initial lease-up phase and has one vacant one-bedroom unit.
Hendrickson Apartments	<u>4 -2 Bedroom</u> 4 Total Units	\$675-\$750	No vacancies	General occupancy	Hendrickson Apartments includes four market rate rental units. The project was constructed in 2003. All four units are two bedroom. Rent includes water and sewer. The owner reports no vacancies and the units are almost always fully occupied.

**Table 26 Hartford Multifamily Rental Housing Inventory**

Name	Number of Units /Bedroom Mix	Rent	Vacancy/ Wait List	Tenant Mix	Comments
<b>Market Rate</b>					
Kellenberger Properties	<u>4 - 3 Bedroom</u> 4 Total Units	\$1,100 + utilities	No vacancies	General occupancy	Kellenberger Properties is a four-unit general occupancy market rate rental project constructed in 2014. All four units have three bedrooms and high quality amenities. Rent is \$1,100 plus utilities. The owner reports no vacancies.
John Schwartzel Apartments	4 - 1 Bedroom 16 - 2 Bedroom <u>4 - 3 Bedroom</u> 24 Total Units	\$610 \$865-\$885 \$985-\$1,025	Project is in the construction phase	General occupancy	This project is currently under construction. The project will include two 12-unit buildings. One building will have four one-bedroom, four two-bedroom and four three-bedroom units. The second building will have all two bedroom units. The listed rents are preliminary. Tenants will also pay heat and electricity. Each unit will have a one-car garage. The owner estimates the project will be completed early 2017.
Freedom Place Apartments	<u>12 - 3 Bedroom</u> 12 Total Units	\$1,095 + plus gas & electricity	No vacancies 4 units are under construction	General occupancy	Freedom Place Apartments is a 12-unit market rate general occupancy project. The 12 units are in three 4-plexes. Two buildings with eight units opened for occupancy in the Summer, 2016, and are fully occupied. One 4-plex is under construction and will be completed early, 2017. The units have two baths and double garages. Rent is \$1,095 plus gas and electricity. The manager reports no vacancies in the completed units. Four units are under construction and aren't available for rent.



**Table 26 Hartford Multifamily Rental Housing Inventory**

Name	Number of Units /Bedroom Mix	Rent	Vacancy/ Wait List	Tenant Mix	Comments
<b>Tax Credit/Moderate Rent</b>					
Deer Hollow 701-917 Ruud Ln	12 - 2 Bedroom <u>12 - 3 Bedroom</u> 24 Total Units	\$501-\$590 \$550-\$700 +heat, electric	No vacancies, waiting list	All units serve households below 40%, 50% or 60% of median income	Tax credit rental project constructed in 2 phases with phase 1 opened in 2008. Three buildings with 8 town house-style units per building. Rent includes water, sewer and garbage, with tenants paying other utilities. Amenities include garage, in-unit laundry, play ground and community room. Two-bedrooms have 1,026 to 1,058 sq ft with either 1 or 2 bathrooms and 3-bedrooms have 1,344 to 1,497 sq ft with 2 bathrooms. Manager reports no vacancies and there is a waiting list.
Deer Hollow II 701-917 Ruud Ln	16 - 2 Bedroom <u>16 - 3 Bedroom</u> 32 Total Units	\$501-\$590 \$550-\$700 +heat, electric	No vacancies, waiting list	All units serve households below 40%, 50% or 60% of median income	Tax credit rental project constructed in 2 phases with phase 2 opened in 2011. Four buildings with 8 town house-style units per building. Rent includes water, sewer and garbage, with tenants paying other utilities. Amenities include garage, in-unit laundry, play ground and community room. Two-bedrooms have 1026 to 1,058 sq ft with either 1 or 2 bathrooms and 3-bedrooms have 1,344 to 1,497 sq ft with 2 bathrooms.
Whispering Pines Apartments 307 E 9 <sup>th</sup> St	2 - 2 Bdrm 50% 8 - 2 Bdrm 80% <u>2 - 2 Bedroom</u> 12 Total Units	\$378 \$483 \$550 +heat, electric	1 vacant unit	2 units @ 50% of median, 8 units @ 80% of median and 2 units market rate	Mixed-income rental project constructed with HOME funds. Two units serve households at or below 50% of median, and 8 units at 80% of median, with 2 units having no income limits. Manager reports a mix of tenants, including working-age commuters to Sioux Falls. Manager reports one vacancy.

**Table 26 Hartford Multifamily Rental Housing Inventory**

Name	Number of Units /Bedroom Mix	Rent	Vacancy/ Wait List	Tenant Mix	Comments
<b>Subsidized</b>					
Royal Apartments 507 N Oaks Ave 203 W 6 <sup>th</sup> St	2 - 1 Bedroom 14 - 2 Bedroom 16 Total Units	\$ \$ 30% of income	No vacancies, waiting list	General occupancy	Two 2-level apartment buildings with 8 units each subsidized through USDA Rural Development and constructed in mid-1970s. Project offers general occupancy housing and tenants have access to project-based rent assistance that allows rent based on 30% of income, up to market rents listed. No vacancies and a waiting list is used to fill turnover units.
<b>Senior Housing with Services</b>					
Leisure Living II 305 W 5 <sup>th</sup> St	21 - rooms 21 Total Units with 10 licensed as Assisted Living Center	Varies based on services	Some available units	Senior Assisted Living Center/ Residential Living Center	Senior housing project with 21 rooms that are registered as a Residential Living Center, but 10 of the rooms are also licensed as an Assisted Living Center. The project approximately 15 years old. All tenants receive a basic services package that includes three meals, housekeeping and laundry, and then more intensive services are available to assisted living residents. Rooms have private bathrooms. Manager reports that facility had openings at the time of the survey, but they are often full and sometimes have a waiting list. Facility accepts Medicaid for up to 5 assisted living residents, which can attract people from Sioux Falls or other areas.

Source: Community Partners Research, Inc.

## Net 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 2010 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 household growth of more than 6% and have been ordered by the numeric household growth that occurred over the 10-year period.

<b>Table 27 Household Growth by Jurisdiction: 2010 to 2015</b>				
City	2010 Census	2015 Esri Estimate	Numeric Growth	Percentage Growth
Sioux Falls	61,707	66,193	4,486	7.3%
Brandon	3,118	3,554	436	14.0%
Harrisburg	1,423	1,760	337	23.7%
Tea	1,254	1,524	270	21.5%
Hartford	913	1,068	155	17.0%
Dell Rapids	1,388	1,472	84	6.3%
Crooks	431	459	28	6.5%
Worthing	325	361	36	11.1%
MSA	83,677	98,124	14,447	17.3%

Source: US Census; Esri

Between the Census in 2010 and 2015, Brandon captured the largest numeric share of household growth for any single jurisdiction outside of Sioux Falls, and had growth of 436 households. Harrisburg and Tea, both located in Lincoln County, added 337 and 270 net households, respectively. Hartford's addition of 155 households was the next highest gain.

Hartford had the third highest percentage household growth at 17.0%. Harrisburg and Tea had the highest percentage gains at 23.7% and 21.5% respectively.

## **MSA Housing Unit Construction Activity: 2004 to 2015**

The U.S. Census Bureau collects building permit issuance information from individual cities, towns and townships. Annual housing construction summary information is available for the combined jurisdictions that form the Sioux Falls MSA. This represents a four-county area of Minnehaha, Lincoln, McCook and Turner Counties.

It is important to note that the Census Bureau's annual totals may differ from other information provided within this section, which was collected directly from individual cities. However, the Census Bureau reports do provide some perspective on housing construction within the larger MSA. Census Bureau annual totals for the City of Hartford are also provided for comparison.

Housing construction activity in Hartford has represented a relatively small share of all activity in the Sioux Falls MSA in recent years. However, from 2010 to 2015, unit construction in Hartford represented 2.0% of all MSA activity.

From 2010 to 2015, rental development projects in Hartford accounted for approximately 2.5% of the new rental unit construction in the MSA. For single family detached housing units, Hartford represented nearly 1.3% of all construction in the MSA.

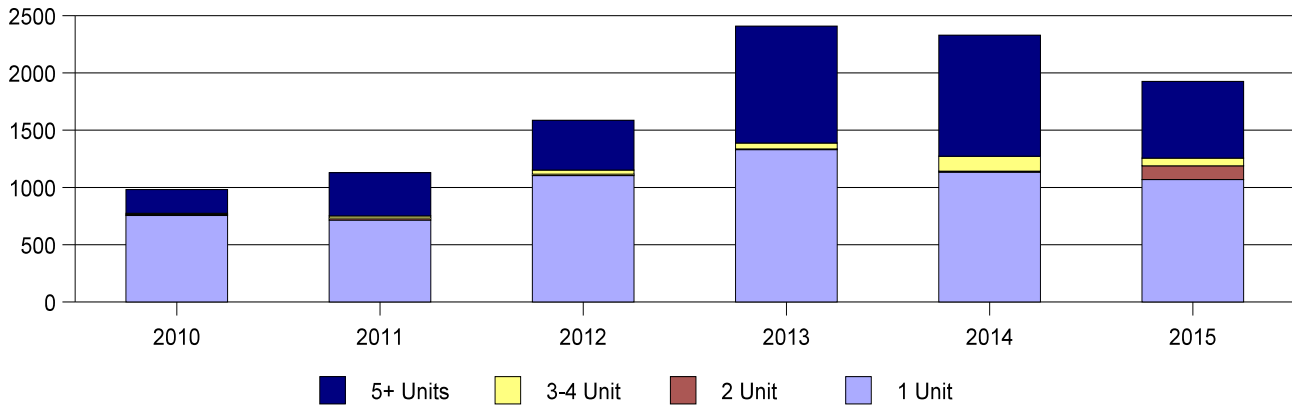
Although multifamily unit construction could represent different types of housing, including condominiums or cooperatively owned housing, it is assumed that the large majority of multifamily units are intended for renter-occupancy. The multifamily unit totals over the entire 9-year period show that Hartford captured more than 2.8% of all construction activity in the MSA. However, in four of the last nine years there was no multifamily construction in Hartford.

**Table 28 Hartford and MSA Housing Unit Construction Activity - 2004 to 2015**

Year	City of Hartford					Sioux Falls MSA				
	Single Family	Two Family	3 to 4 Family	Multifamily	Total	Single Family	Two Family	3 to 4 Family	Multifamily	Total
2015	21	4	8	21	54	1,069	120	67	670	1,926
2014	16	0	4	6	26	1,134	8	131	1,057	2,330
2013	17	2	8	0	27	1,330	6	52	1,021	2,409
2012	14	2	0	16	32	1,104	12	36	435	1,587
2011	5	4	0	12	21	716	16	19	378	1,129
2010	8	6	3	32	49	755	8	111	207	1,081
2009	10	2	0	0	12	962	24	99	492	1,577
2008	16	8	0	0	24	940	84	143	699	1,866
2007	22	0	3	40	65	1,517	96	148	621	2,382
2006	17	4	0	16	37	1,646	38	175	464	2,323
2005	25	4	0	0	29	1,869	22	95	309	2,295
2004	28	0	0	0	28	1,909	20	52	467	2,448
Total	199	36	26	143	404	14,855	450	1,112	6,828	23,245

Source: City of Hartford; U.S. Census Bureau; Community Partners Research, Inc.

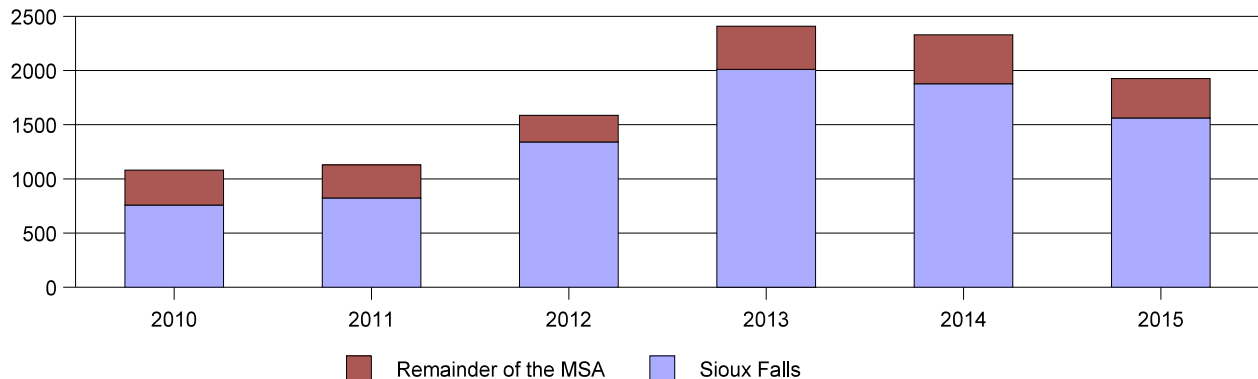
### MSA Annual Housing Unit Construction: 2010 to 2015



According to Census Bureau reports, the year 2013 represented the highest year for new housing unit production in the MSA over the six-year period reviewed. The total production in 2014, was only slightly lower, as both years had more than 2,300 total units that were permitted in the entire MSA. In 2013 and 2014, there was above-average production of both multifamily (5+ unit) structures and single family units.

As the primary jurisdiction in the MSA, the City of Sioux Falls accounts for a large majority of the units constructed annually. Over the time period reviewed, Sioux Falls has represented between 70% and 84% of all MSA construction activity, and in most recent years, the City’s share has been 80% or higher, according to the Census Bureau.

### Sioux Falls/MSA Annual Housing Unit Construction: 2010 to 2015



## **Relative Property Tax Rates for Owner-Occupied Houses**

The smaller cities that surround Sioux Falls can be compared to determine the relative property tax rates that would apply to an owner-occupied home. In the following table, the property tax amount that would be payable in 2016 has been presented for each community. This is a total tax rate, including city, county and school district levies. It is based on the rate for a non-agricultural, owner-occupied house.

An assessed value of \$200,000 has been used for this comparison. There may be differences in assessments between communities, or between counties, but the State Department of Revenue does attempt to keep valuation practices similar statewide. This is achieved through a State calculated adjustment to the assessed market value on a county-by-county basis.

For Minnehaha and Lincoln Counties, this represents a downward adjustment for the assessed property value, which is then multiplied by the effective mill rate for the jurisdiction. The end result is that the actual property tax payment is lower than if calculated from a home value of \$200,000. This county-level adjustment from the State does change from year-to-year.

In the table below, the adjusted taxable property value has been used to determine taxes payable. In Minnehaha County, the adjustment was 91.3% of assessed value. In Lincoln County, the adjustment was 95.5% of assessed value. The cities used for this comparison are all in Minnehaha or Lincoln Counties.

In addition to the 2016 payable tax amount, a ranking column has been provided, with "1" representing the highest tax amount.

<b>Table 29 Property Taxes Payable in 2016 on a \$200,000 House</b>		
City	2016 Taxes Payable	Rank (1=Highest Tax)
Hartford	\$3,852	3
Brandon	\$3,404	8
Harrisburg	\$3,453	7
Tea	\$4,286	1
Dell Rapids	\$3,521	6
Lennox	\$4,195	2
Baltic	\$3,308	9
Garretson	\$3,586	5
Crooks	\$3,023	10
Worthing	\$3,791	4
Sioux Falls	\$3,168 to \$3,833	N/A

Source: Minnehaha County; Lincoln County; Community Partners Research, Inc.

There is some variation in the annual property tax payments that would be made on a house with taxable value of \$200,000. Part of this variation is due to differences in the total mill rate, and part is due to the State’s differing value adjustment factors between Counties.

For payable 2016, the highest tax rates would be in the Cities of Tea and Lennox, both in Lincoln County. For a home with a County assessed value of \$200,000, the taxes paid in 2016 would have been approximately \$4,200 or higher in Tea and Lennox. These were the only comparison cities with a property tax above \$4,000 in 2016.

Hartford had the third highest payable tax amount of the 10 communities reviewed, at \$3,852 in 2016. This was the highest tax amount for the comparison cities located in Minnehaha County.

For payable 2016, the mill rate in Hartford was 21.096. In Tea, the mill rate was 22.442, and in Lennox, the mill rate was 21.965. These were the only three cities that had a mill rate of 20.0 or higher among the 10 communities reviewed.



The lowest property tax amount of the 10 comparison communities was in Crooks, where the mill rate was 16.553.

The tax rates that apply in Sioux Falls vary by location, depending on the County and the school district. The estimated taxes payable range from a low of approximately \$3,168, to a high of approximately \$3,833. The upper end of the tax range in Sioux Falls is very similar to taxes paid in Hartford.

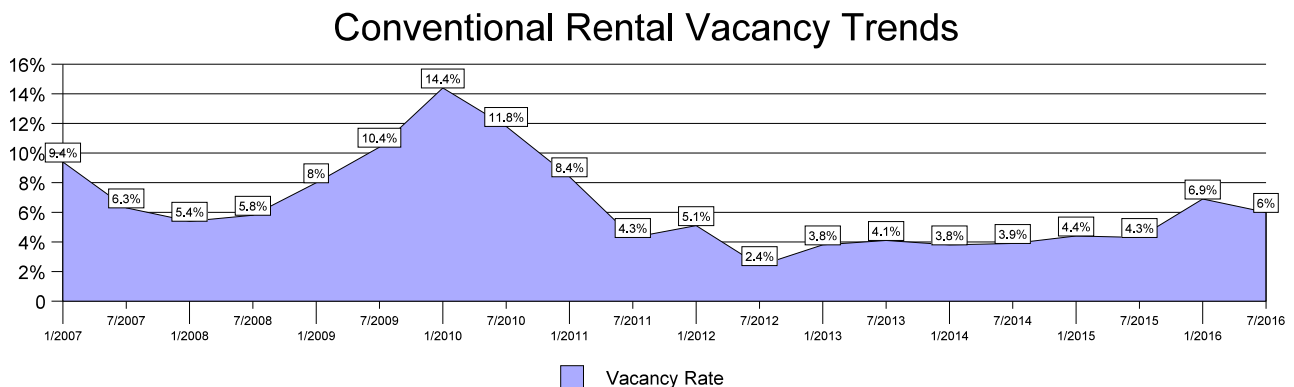
It is not known how significant property tax rates may be to prospective home buyers, unless comparative information is made available by a real estate agent or the property seller. However, there may be a public perception that exists that certain communities are "high tax" or "low tax", and this may influence location decisions for some potential buyers.

It is also important to recognize that tax rates for 2016 may not reflect future changes that could occur. For example, higher rates in some communities may be a reflection of recent upgrades in infrastructure or school buildings, while cities with lower current rates may need to invest in public improvements in the future.

## 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 2007 to provide a 10-year history.

The most recently completed vacancy survey was on July 15, 2016. This survey found a 5.95% vacancy rate in conventional market rate housing. The survey included 11,353 conventional units and found 675 vacancies. Although this was an area-wide survey, including communities such as Hartford 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.



Although the vacancy rate for the most recent report in July was lower than the January 2016 survey, the vacancy is still higher than the recent past. Since July of 2011, the conventional housing vacancy rate has generally been below 5%, but moved higher in 2016. There has been a substantial amount of new multifamily housing activity in the past few years, especially in the City of Sioux Falls, and this increased supply of units appears to have impacted the vacancy rate.

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. Although the last two surveys for the Sioux Falls area show a vacancy rate above 5%, it has not approached the levels achieved in 2009 and 2010, when the conventional housing vacancy rate moved above 10%.

People interviewed in past studies in the area have cited the cyclical nature of rental production that has often been evident in the past, especially 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.

Although the vacancy rates in the 2016 surveys have risen above a desired level, the market has shown the ability to “self-correct” rather quickly, as evident between 2010 and 2011. The City of Sioux Falls and the entire MSA have continued to add households at a very rapid rate, creating annual demand for rental units.

While past history would suggest that rental unit construction will slow as vacancy rates rise, it is important to realize that unit construction in Sioux Falls since 2013 has been well above the annual recent average, and that this above-average construction has been sustained for multiple years. Year-to-date permitting in 2016 of multifamily housing in Sioux Falls has not shown any evidence of decreased construction. However, the vacancy rate had only risen above 5% in the January 2016 survey, and it is probable that much of the 2016 construction activity was already advancing through the planning process by that time. A more telling indicator will be advance planning for 2017 projects.

### **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. The income-based units include moderate rent properties constructed through the tax credit program and federally subsidized low income housing.

In most of the recent surveys, the vacancy rate in moderate rent tax credit housing has tended to be above the conventional rate. In the July 2016, survey, tax credit units had a vacancy rate of 6.29%, above the conventional housing vacancy rate of 5.95%.

Federally-subsidized housing, listed in the reports as “HUD units”, have tended to maintain a low rate of vacancy over time. In the most recent report, the vacancy rate for HUD units was 1.99%, the only specific market sector with a vacancy rate below 5%.

### **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.

Including Brandon, Harrisburg and other outlying areas within a 20-mile radius of Sioux Falls, the July 2016 survey collected information from only 215 conventional market rate units, with a vacancy rate of 8.37%. However, the small sample size may not be a good indicator of vacancy rates in the surrounding small communities.

There were 459 moderate rent tax credit units surveyed outside of Sioux Falls and the vacancy rate was 8.50%. There were only 40 HUD units surveyed outside of Sioux Falls, with a vacancy rate of 5%.

## 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.

<b>Table 30 Conventional Housing Average Rental Rates - July 2016</b>				
Unit Type	Conventional Rentals		Tax Credit Rentals	
	Outlying Areas	Sioux Falls Region	Outlying Areas	Sioux Falls Region
Studio	\$425	\$509	N/A	\$581
1-Bedroom	\$561	\$659	N/A	\$575
2-Bedroom	\$627	\$794	\$658	\$643
3-Bedroom	\$1,044	\$1,018	\$760	\$770
4-Bedroom	N/A	\$1,187	N/A	\$882

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.

## **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.

The largest employers in Hartford include:

- ▶ West Central School District
- ▶ Impact Enterprise
- ▶ Jubilee Foods
- ▶ Central Valley Golf Club
- ▶ Pizza Ranch
- ▶ Tammen Oil
- ▶ City of Hartford
- ▶ Hartford Steak Company
- ▶ Central States Manufacturing

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.

<b>Table 31 Sioux Falls MSA Annual Labor Statistics: 2010 to 2016</b>						
Year	Labor Force	Employed	Unemployed	Unemployment Rate - MSA	Unemployment Rate - SD	Unemployment Rate - US
2010	133,561	127,213	6,348	4.8%	5.0%	9.6%
2011	134,202	128,434	5,768	4.3%	4.7%	8.9%
2012	136,528	131,346	5,182	3.8%	4.3%	8.1%
2013	139,202	134,790	4,412	3.2%	3.8%	7.4%
2014	142,079	137,967	4,112	2.9%	3.4%	6.2%
2015	144,580	140,775	3,805	2.6%	3.4%	5.5%

Source: South Dakota Department of Labor; Community Partners Research, Inc.

The Sioux Falls MSA continues to be strong for labor force and job growth. Over the time period from 2010 through 2015, the size of the resident labor force increased by more than 11,000 people, or an increase of 8.3%. The employed resident work force increased by nearly 13,600 people during this same time, for an increase of 10.7%. The MSA’s unemployment rate continued to decrease, and by 2015, the unemployment rate for the Sioux Falls MSA was the third lowest of all metropolitan areas in the U.S.

## Employment and Wages by Industry

The following table shows the annual employment and average annual wages in 2015, the last full year of data. This information is for all of the Sioux Falls MSA.

<b>Table 32 MSA Average Annual Wages - 2015</b>		
Industry	2015 Employment	Average Annual Wage
Total All Industry	145,977	\$44,876

Source: South Dakota Department of Labor

The average annual wage for all industry in 2015 was \$44,876 for the Sioux Falls MSA.

## Commuting Patterns of Hartford Residents

Some 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 Hartford. The first table examines City residents that traveled to work and excludes people that work at home.

<b>Table 33 Commuting Times for Residents - 2014</b>		
	Hartford	
Travel Time	Number	Percent
Less than 10 minutes	209	14.8%
10 to 19 minutes	267	19.0%
20 to 34 minutes	815	57.9%
35 minutes +	117	8.3%
Total	1,408	100%

Source: 2014 American Community Survey

The large majority of Hartford’s residents were leaving the City for their primary employment. Fewer than 15% of residents were traveling less than 10 minutes, the time typically required for a locally-based job. Nearly 58% were traveling between 20 and 34 minutes, consistent with employment in Sioux Falls. Only 8.3% of City residents were traveling 35 minutes or more.

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

<b>Table 34 Commuting Times for Hartford Workers - 2014</b>		
	Hartford	
Travel Time	Number	Percent
Less than 10 minutes	237	49.9%
10 to 19 minutes	112	23.6%
20 to 29 minutes	78	16.4%
30 minutes +	48	10.1%
Total	475	100%

Source: 2014 American Community Survey



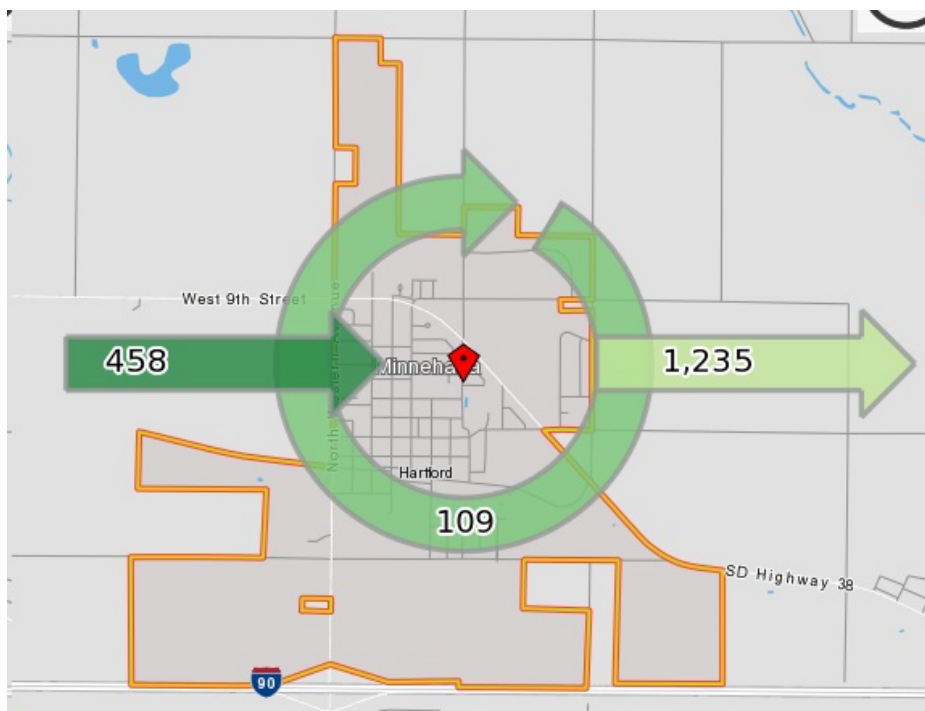
Most of the people that were employed within the City of Hartford in 2014 lived either within the community, or within the immediate area. Overall, more than 73% of city-based workers had a travel time of 19 minutes or less to their primary job. However, approximately 10% of workers did commute for 30 minutes or more to work in Hartford.

## Census On the Map

The Census Bureau also produces commuter reports through its Center for Economic Studies division. This information is based on reports for the year 2014 and provides a further breakdown of worker movement.

According to the report for Hartford, there were 567 people that were employed within the City in 2014. Only 19.2% of these city-based employees also lived in Hartford. The remaining 80.8% of employees lived outside the City and commuted in for their job.

On the Map can also be used to track worker outflow patterns from the City. Overall, there were 1,344 Hartford residents that were employed. Only 109 of these City residents worked inside the community, while 1,235 traveled to other locations. Only 8% of the City's employed residents both lived and worked in Hartford.



## **Findings on Growth Trends**

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

Esri estimates that from 2010 to 2016, Hartford gained 608 people, Minnehaha County gained 17,988 people and the MSA gained 28,368 people. This has continued a long-term pattern of growth that dates back to at least 1990, the demographic time period reviewed in this Study. From 1990 to 2000, Hartford's population increased by 582 people, Minnehaha County's population increased by 24,472 people and the MSA's population increased by 33,593. From 2000 to 2010, Hartford's population increased by 690 people, Minnehaha County's population increased by 21,187 people and the MSA's population increased by 41,168 people.

Esri estimates that from 2010 to 2016, Hartford gained 218 households, Minnehaha County gained 7,009 households and the MSA gained 10,749 households. This also has continued the pattern of strong growth. The City of Hartford gained 211 households from 1990 to 2000 and gained 252 households from 2000 to 2010. Minnehaha County gained 11,191 households from 1990 to 2000 and gained 9,032 households from 2000 to 2010. The MSA gained 13,873 households from 1990 to 2000 and gained 16,805 households from 2000 to 2010.

## **Findings on Projected Growth**

Esri's projections for Hartford, Minnehaha County and the MSA reflect the patterns of recent decades. Esri projects that from 2016 to 2021, Hartford will gain 472 people and 168 households. Minnehaha County will gain 16,279 people and 6,578 households and the MSA will gain 26,294 people and 10,061 households.

## **Strengths for Housing Development**

The following strengths of the community were identified in the Hartford 2013 Comprehensive Housing Study and through additional statistical data and local interviews, research and on-site review of the local housing stock that have been undertaken as part of the study update.

- ▶ **Hartford is located near Sioux Falls, which is a regional center for the area** - Hartford is approximately 10 miles from Sioux Falls. Sioux Falls provides employment opportunities, retail/service options, government services, health and professional services, and cultural amenities to a large surrounding trade area. Many households prefer to live near, but not in a regional center.
- ▶ **Increasingly diverse housing stock** - The City has a good mix of housing options, including rental housing units for both lower income and market rate households. The City also has town houses, twin homes, and a senior with services facility.
- ▶ **Median home price** - Hartford's median priced home is approximately \$176,808. This matches well with new homes, which is an incentive for new home construction.
- ▶ **Adequate land for development** - The City has adequate land available for residential development.
- ▶ **Population and household growth for the City** - Since 1990, the City has sustained strong population and household growth and the City is projected to continue to grow in the future.
- ▶ **Sioux Falls MSA market** - The MSA has had substantial population growth, household growth and new housing construction for many years. Hartford continues to capture a portion of this market.
- ▶ **Active housing developers in the City** - Hartford has housing developers that are willing to invest in housing projects in the community. Developers have been active in subdivision development, rental housing, attached ownership housing and single family development.
- ▶ **School system** - The City has an excellent public K-12 school system.

- ▶ **Infrastructure** - The City's public utilities and infrastructure are in good condition and can facilitate future expansion.
- ▶ **Park/trail system** - The City has developed attractive parks and recreational opportunities that make the community a desirable place to live.
- ▶ **Commercial development** - Hartford's commercial districts are adequate to meet daily needs and new commercial development is ongoing.
- ▶ **Available lots** - The City currently has available lots for housing of all types.
- ▶ **Hartford Area Development Corporation** - The Hartford Area Development Corporation is very active in promoting industrial, commercial and housing development.
- ▶ **Hartford Chamber of Commerce** - A Chamber of Commerce has been established in Hartford and began operations in January of 2013.
- ▶ **Sioux Falls Growth Pattern** - Several large commercial and industrial projects are in the planning or construction phases in northwest Sioux Falls. Growth to the northwest of Sioux Falls has the potential to benefit residential development in Hartford.

## **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 Hartford.

- ▶ **Proximity to Sioux Falls** - Although it is a strength to be located in close proximity to Sioux Falls, it is also a barrier as Hartford must compete with Sioux Falls, which offers attractive residential opportunities and other amenities and services.
- ▶ **Age and condition of the housing stock** - While some of the existing stock is affordable, older housing may be in need of improvements to meet expectations of potential buyers.
- ▶ **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.
- ▶ **Limited commercial options** - Hartford has commercial and retail opportunities to meet daily needs, however, it has limited other retail and commercial options.

## **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 Hartford. They are based on the following strategies:

- ▶ **Focus heavily on the preservation, maintenance and improvement of the housing stock that already exists** - While significant housing construction will occur in coming years, most 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 Hartford 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 Hartford.

## Summary of Hartford Growth Projections by Age

The Demographic section of this Study presented Hartford projection information on anticipated changes by age group from 2016 to 2021. This information can be informative in determining the housing changes that may be needed due to age patterns of the area population. The projects were provided by Esri.

Growth is projected in all but one age range. The largest growth to the year 2016 will occur among people in the 65 to 74 age range. This would largely reflect the aging “baby boomers”, most of whom will be age 65 or older by the year 2021. From 2016 to 2021, Hartford is projected to gain 46 households in the 65 to 74 year old age ranges.

Also, the 15 to 44 age ranges are projected to have significant gains with a combined increase of 81 households. Additionally, the 55 to 64 age range is projected to gain 19 households and the oldest age range, 75 and older, is expected to gain 26 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 Hartford 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 2016 to 2021</u>
15 to 24	9
25 to 34	37
35 to 44	35
45 to 54	-4
55 to 64	19
65 to 74	46
75 and older	<u>26</u>
Total	168



## **Findings on Unit Demand by Type of Housing**

Based on the household by age projections presented earlier, the changing age composition of Hartford'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 an increase of nine households in the 15 to 24 age range through the year 2021. Past tenure patterns indicate that as many as 68% of these households in Hartford will rent their housing. A small gain 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 an increase in this age cohort of 37 households by 2021. Within this age range households often move from rental to ownership housing. The ownership rate among these households in Hartford was nearly 70% in 2010. An increase in the number of households within this age range will mean additional demand for both first-time home buyer and rental opportunities.

**35 to 44 Years Old** - This 10-year age cohort has a projected gain of 35 households between 2016 and 2021 in Hartford. In the past, this age group has had a high rate of home ownership in Hartford, at approximately 84%. 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. Demand from this age cohort would have some impact on overall demand for owner-occupied housing.

**45 to 54 Years Old** - By 2021, this age cohort will represent 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 Hartford, the projections show a loss of four households in this range. This age group historically has had a high rate of home ownership, approximately 84% in Hartford in 2010, and will often look for trade-up housing opportunities. With slight household losses in this age group, the demand for trade-up housing from this age range will remain stable.

***55 to 64 Years Old*** - This age range is part of the baby boom generation. The projections show an expected increase of 19 additional households in this 10-year age range by the year 2021. This age range has traditionally had a high rate of home ownership in Hartford, at approximately 90% 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 Hartford within this age range, with the projections showing an increase of 46 households by the year 2021. 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 90% of households in this age range owned their housing in Hartford. Once again, preferences for age-appropriate units should increase from household growth within this age cohort.

***75 Years and Older*** - A gain of 26 households is projected among seniors. Historic home ownership rates in this age group vary from 64% for younger seniors age 75 to 84 to approximately 32% for older seniors over the age of 85. Seniors in this age range often seek senior housing with services options.

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 Hartford 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:

<b>Findings and Recommendations for the City of Hartford</b>	
<b>Rental Housing Development</b>	
1.	Develop 70 to 80 market rate rental units
2.	Consider the development of 16 to 20 additional tax credit units
3.	Develop 12 to 14 additional subsidized units
4.	Monitor the need for additional senior housing with services units
5.	Develop a second mixed-use commercial/housing project
6.	Continue to utilize the Housing Choice Voucher Program
<b>Home Ownership</b>	
7.	Utilize and promote all programs that assist with home ownership
8.	Develop a purchase/rehabilitation program
<b>New Construction</b>	
9.	Monitor lot availability and development
10.	Promote townhouse and twin home development
11.	Strategies to encourage continued residential lot sales and new home construction in Hartford
12.	Coordinate with agencies/nonprofits that develop affordable housing

<b>Findings and Recommendations for the City of Hartford</b>	
<b>Housing Rehabilitation</b>	
13.	Promote rental housing rehabilitation programs
14.	Promote owner-occupied housing rehabilitation programs
<b>Other Housing Initiatives</b>	
15.	Encourage employer involvement in housing programs
16.	Acquire and demolish dilapidated structures
17.	Develop mobile home park improvement programs
18.	Create a plan and continue coordination among housing agencies
19.	Promote commercial rehabilitation and development
20.	Develop home ownership and new construction marketing programs
21.	Competition with other jurisdictions

# **Hartford - Recommendations Rental Housing Development**

# Rental Housing Development

## Overview

The City of Hartford has been successful in attracting new rental housing construction activity from 2010 to 2016. Many comparably-sized communities in South Dakota have had very little development success in the rental segment.

Over the past seven years, 124 units have been constructed or are under construction in Hartford. Of the total 124 rental units constructed over the past seven years, 92 units are conventional market rate housing and 32 units are moderate rent tax credit units.

Hartford's share of rental new units for the entire Sioux Falls MSA over the past seven years from 2010 to 2016 has been approximately 1.7%.

With the rental housing construction in Hartford from 2010 to 2016, approximately 29% of all households in Hartford are renter households, compared to a Statewide rental tenure rate of approximately 32%. In 2010, 22.5% of the City's households were renter households.

Demand for new rental housing in Hartford is generated from three factors:

- ▶ Growth from new households
- ▶ Replacement of lost units
- ▶ Pent-up demand from existing households

Household projections for Hartford expect significant household growth, although a majority of this growth will result in demand for owner-occupied housing. From 2016 to 2021, it is projected that there will be approximately a 168-household gain in Hartford. Approximately 30% of these households will be rental households, thus, there will be growth-generated demand for approximately 50 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 one to two rental units per year from 2016 to 2021. As a result, approximately five to 10 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 to owner-occupancy.

Pent-up demand also exists. As part of this study, a rental survey was conducted. There were 266 rental units that were contacted and surveyed. The survey found a 1.5% vacancy rate in the general occupancy market rate units, a 1.5% vacancy rate in the moderate rent tax credit units, and no vacancies in the City’s only subsidized project. The senior with services project reported several ongoing vacancies. Based on low rates of vacancy in certain segments, we identified pent-up demand for market rate units, tax credit/moderate rent units and subsidized units in Hartford.

These three demand generators, after factoring current vacancy rates, show a need for 98 to 114 rental units in Hartford 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	70-80 units
▶	Tax Credit/Moderate Rent	16-20 units
▶	Subsidized	12-14 units
▶	Senior with Services	0 units
	Total	<u>98-114 units</u>

The 98 to 114 rental units are projected to be 1.9% to 2.2% of the total rental units that will potentially be constructed in the Sioux Falls MSA from 2016 to 2021. Of the 70 to 80 market rate rental units that we are recommending, 28 units are currently under construction and an additional 12 units are in the planning phase.

For 98 to 114 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 Hartford must continue to develop amenities that make Hartford an attractive residential option for households.

**1. Develop 70 to 80 general occupancy market rate rental units**

**Findings:** Approximately 75% of the rental housing in the City of Hartford 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. Compared to other similar sized cities, Hartford’s percentage of market rate rental housing is low.

The entire rental inventory in the City included approximately 329 total units in 2016. We believe that approximately 245 of these units are best described as market rate rental housing.

Of the 133 market rate rental units we surveyed, we found only two vacancies for a vacancy rate of 1.5%, which is 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 Hartford. The prevailing gross rent range is \$540 to \$950 for a one-bedroom unit, \$675 to \$1,150 for a two-bedroom unit and \$1,100 to \$1,375 for a three-bedroom unit.

Since 2010, 96 market rate rental units have been constructed or are currently in the construction phase. In 2013, the Hartford Housing Study recommended the construction of 40 to 60 market rate rental units. Since the Study, 64 market rate units have been constructed or are under construction.

**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 36 market rate rental units over the next five years from 2016 to 2021, in addition to the 28 market rate units that are currently under construction and the 16 units that are in the planning phase. Therefore, our total unit recommendation is 70 to 80 units.

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.

Town home 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 the 2013 Housing Study have included town home-style units that have been constructed in phases and a high quality 20-unit mixed use apartment building.

There are two market rate rental segments in Hartford. 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 Hartford and may have an interest in continuing to develop rental housing in Hartford.

We would recommend the development of 70 to 80 rental units over the next five years, with a unit mix and rent levels as follows:

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

<u>Unit Type</u>	<u>No. of Units</u>	<u>Size/Sq. Ft.</u>	<u>Rent</u>
One Bedroom	8-10	700 - 800	\$700 - \$950
Two Bedroom	42-46	900 - 1,050	\$750 - \$1,300
Three Bedroom	<u>20-24</u>	1,100 - 1,250	\$900 - \$1,400
Total	70-80		

**Note:** The recommended rents are gross rents including all utilities. The rents are quoted in 2016 dollars. Also, the recommendation includes the 28 market rate units currently under construction and the 16 units in the planning phase.

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 - \$675
- ▶ 2 bedroom - \$811
- ▶ 3 bedroom - \$1,098
- ▶ 4 bedroom - \$1,296

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

**Findings:** Although Hartford has a 66-unit tax credit project, Deer Hollow and Deer Hollow II, and a 12-unit moderate rent project funded through HOME, Whispering Pines, we see unmet need for more affordable/moderate rent units. Federal low income housing tax credits are the most available development financing 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.

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. Tax credit units have also been constructed outside Sioux Falls, including projects in Hartford, Brandon, Tea, and Harrisburg.

Due in part to the ongoing production of tax credit housing in the Sioux Falls MSA, there has been some level of unit vacancy. In the July 2016 survey completed by the Multi-Housing Association, the vacancy rate in tax credit housing was at 6.29%, up from 5.78% in January 2016.

Most of the renter households currently residing in Hartford are in the moderate to lower income ranges. According to the renter income distribution contained in the American Community Survey, approximately 55% 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 50 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 Hartford during the next five years based on the following:

- ▶ The 2013 Hartford Housing Study recommended the development of 16 to 24 additional tax credit/moderate rent units in Hartford. No tax credit/moderate rent units have been constructed since the 2013 Study.
- ▶ The City of Hartford currently has 68 tax credit/moderate rent units. There was only one vacant unit at the time of the survey and the managers reported that the units are usually fully occupied.
- ▶ Hartford is projected to add up to 50 new renter households from 2016 to 2021. Past history indicates that most of these households will be in a moderate to lower income ranges.
- ▶ The median income for all renter households in 2014 was \$37,000. Approximately 50% of all renter households are within the income range 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.
- ▶ Approximately 40% of the renter households in Hartford are paying over 30% of their income for rent. A significant majority of these households are actually paying over 35% of their income for rent.
- ▶ Hartford 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 north and west portions of Sioux Falls are experiencing substantial commercial and industrial growth. This growth is creating jobs and a demand for housing. Hartford 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/moderate 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 /or 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. Develop 12 to 14 additional subsidized rental housing units**

**Findings:** The term subsidized rental housing, as used in this Study, refers to rental units that have been constructed to serve low and moderate income people. In nearly all cases, subsidized housing has utilized federal resources that provide a “deep subsidy”, allowing very low income people access to the housing at an affordable price.

The research completed for this Study found only one project, Royal Apartments, that offers subsidized housing with rent based on income. Royal Apartments has 16 total units, with two one-bedroom and 14 two-bedroom apartments. This project reported full occupancy at the time of the rental survey, and the existence of a waiting list. The manager indicated that many tenants do not work in Hartford but commute to Sioux Falls for employment.

There had been another federally subsidized project in Hartford but its subsidy contract ended. In 2011 the compliance contract for Hartford Manor expired, and the 12 units in this project converted to conventional market rate housing. Even though this project now provides market rate housing, the rent structure still remains very low, with one-bedroom rents at \$465 per month and two-bedroom rents at \$540, including utilities.

There are additional “deep subsidy” resources available to Hartford residents through the tenant-based Housing Choice Voucher Program, but it does not appear that this resource is being used by many households. The Vouchers allow tenants to pay 30% of income for housing in suitable private-market rental units. The Voucher Program for the MSA is administered by the Sioux Falls Housing and Redevelopment Commission. Only seven Hartford households were using a Voucher in September 2016.

Approximately 4.6% of the City of Hartford's rental housing stock is in the subsidized category. While the percentage of subsidized housing is very small in Hartford, the City still does have a large inventory of income-based housing if the tax credit units and the deep subsidy units are combined. Overall, approximately 26% of the City's total rental stock has some form of income limits and/or rent restrictions in place in 2016.

Despite the number of income-based rental options that do exist, the 2014 American Community survey estimated that approximately 48% of all renters in the City were paying 30% or more of their income for rent. The large majority of these households were actually paying 35% or more of their income for housing. Most of the households with a severe rent burden had low annual incomes, and would be under the income limits for subsidized housing. Older adult households, age 65 and above, accounted for 25% of the households with a rental cost burden, so working-age households were the group that was experiencing the greatest housing cost burden.

**Recommendation:** Based on the cost burden data contained in the American Community Survey, we would recommend that the City look to expand the supply of deep subsidy rental housing for lower income renters. Over the next five years, we would recommend that the City attempt to construct 12 to 14 units that achieve a rent level that would be affordable to very low income households earning less than \$20,000 per year. The 2013 Housing Study recommended the development of 10 to 15 subsidized rental units. No subsidized units have been constructed since the 2013 Study.

This recommendation represents a modest goal, since substantially more low income households exist in the City with a cost burden. The lower end of this range does not even replace the subsidized units that were lost when Hartford Manor ended its subsidy contract. However, over the past few decades, very few federal subsidy sources have been available for the construction of "deep subsidy" rental housing. The actual number of units that can be developed will be dependent upon access to financial resources.

In the opinion of the analysts, the highest priority would be to create general occupancy units for families and younger households. The rent burden statistics cited above show that more than 86% of the cost burdened households are age 64 and younger, with most of these households between 25 and 64 years old.

Another important community strategy will be to prevent the future loss of the only remaining project-based subsidized housing, Royal Apartments. It may be appropriate for public or nonprofit housing agencies to become involved in attempts to preserve subsidized housing resources. In some cases, private developers have utilized housing tax credits for preservation and rehabilitation of older subsidized projects that were at risk of being lost.

Expanded promotion of Housing Choice Vouchers may also be appropriate. Although Vouchers are tenant-based, and may not remain in the City if the tenant moves, the Voucher can eliminate a severe rent burden by allowing the household to apply only 30% of income for gross rent.

#### **4. Monitor the need for additional specialized senior housing with services units**

**Findings:** Senior housing that also provides some level of services for residents can exist in a wide range of different options. Under South Dakota law, the Department of Health is required to license the more service-intensive forms of senior housing, including Skilled Nursing Facilities and Assisted Living Centers. Lower-service forms of senior housing, referred to as Residential Living Centers by the State, are required to register with the Department of Health, but are not licensed and subject to the more stringent requirements, such as inspections, that apply to more service-intensive housing.

Hartford currently has a senior housing complex that is registered as a Residential Living Center, but also includes 10 beds that are licensed as an Assisted Living Center. Leisure Living II has 21 total rooms that can offer both higher-service and lighter-services housing for seniors.

Based on past research in other South Dakota communities, a change in licensing for assisted living beds can be accomplished quickly. Because a fee is paid, it is often advantageous for the facility to only license beds as needed. Therefore, it is probable that the 10 assisted living beds in Leisure Living II could be increased if demand were to grow. Conversely, beds could be de-licensed and used for lighter services housing, based on demand.

At the time of the research for this Study, there were some unoccupied rooms in Hartford, although the actual number was not disclosed. Staff indicated that they are at times fully occupied. Projects catering to older seniors can experience high rates of turnover. It can also be difficult to attract new residents during the winter months.

In 2016, there are 104 older senior citizens, age 75 and above, that are living in Hartford. Presumably, as many as 20 of these older seniors are actually residing in Leisure Living II. To fill the 21 available rooms, a local capture rate of 20% is required.

Like other housing options in Hartford, it appears that some of the residents have come from outside the City, including some older seniors that had previously lived in Sioux Falls. One of the reasons that Sioux Falls residents may move to Hartford is the acceptance of Medicaid Waivers assistance in up to five of the 10 assisted living rooms. Because of a low reimbursement rate, many assisted living projects are unwilling to accept Medicaid Waivers, or restrict the number of participating tenants. This is especially true in larger communities, such as Sioux Falls, where most assisted living units are available to private-pay residents.

Looking forward, the projections used for this Study expect the population of older senior citizens to continue to increase in Hartford. Most of the near-term growth will occur in the near-senior and younger senior age ranges, between 55 and 74 years old, as the leading edge of the baby boom generation begins turning 65 in the next few years. After the year 2020, there should be stronger growth in the population of older senior citizens in Hartford

**Recommendation:** The City has a relatively large supply of specialized senior housing, based on the local population of older senior citizens in Hartford. Like other forms of housing, Hartford can be impacted by demand that is created in the large Sioux Falls MSA. However, in the opinion of the analysts, attracting older seniors in need of services is less likely than attracting younger households that are willing to commute. Older seniors will generally want to locate closer to services and medical facilities as they age. For this reason, we would recommend that the need for any further development of specialized senior housing be monitored, and that any future expansions be based on evidence of locally-generated demand.

A portion of the residents of Leisure Living II probably came from Sioux Falls and more distant locations. In some cases, this may have been for financial reasons, including the ability to use Medicaid Waivers assistance. However, any newly constructed units in Hartford would generally face the same financial constraints as a new facility in Sioux Falls. It is therefore doubtful that any significant competitive advantage in pricing could be achieved through new construction in Hartford.

Similar to other recommendations contained in this Study, it is very possible that a developer may propose additional senior units in Hartford in the future. It is not the intent of Community Partners Research, Inc., to discourage future projects. But it is probable that any newly constructed units would primarily address demand that may exist in the larger region, and not from senior citizens that are already residing in Hartford.

## **5. Develop a second Mixed-Use Commercial/Housing Project**

**Findings:** New mixed use projects have been developed in several cities comparable to the size of Hartford. 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.

The 2013 Housing Study recommended a mixed-use project. In 2015, a mixed-use project, Vista Crossing, was developed in Hartford. The project has commercial spaces on the first floor and 20 rental units on the upper floors. The project has been successful and is an asset to the community.

The City of Hartford has three active commercial areas. A mixed-use rental housing/commercial project could complement the City's ongoing efforts to maintain vibrant commercial areas. Also, there should be sensitivity to the timing of the project and type of commercial tenants the project will have, to assure the project is an asset to the commercial areas.

**Recommendation:** We recommend the development of a second mixed-use building in one of Hartford's commercial areas. There are several potential sites in each area for a mixed-use project.

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 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 three 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 TIF or other local funds and 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 48% of Hartford households are paying more than 30% of their income for rent.

The Housing Choice Voucher Program is administered in Hartford by the Sioux Falls Housing and Redevelopment Commission. In September 2016, there were seven renter households receiving voucher assistance in Hartford. The waiting list for the Voucher Program is more than four years.

**Recommendation:** From a practical standpoint, the Housing Choice Voucher Program is the single best way that Hartford 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 over 30% of their income for rent, apply for a Housing Choice Voucher.

# **Hartford - 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 of existing homes in Hartford based on recent sales is estimated to be \$176,808. With approximately 50% of the homes in Hartford valued less than \$178,808, Hartford has a limited market for first time home buyers and households seeking moderately priced homes.

Our analysis of demographic trends for Hartford shows projected strong population growth from 2016 to 2021 in the 55 to 74 age ranges, with a gain of 65 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 ranges within this group look for lower maintenance housing options, such as twin homes or town house developments.

The number of Hartford households in the 35 to 44 age range is expected to increase by 35 households from 2016 to 2021. 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.

The 25 to 34 age range is projected to increase by 37 households from 2016 to 2021. Households in this age range are typically first-time home buyers.

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 Hartford 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. Hartford 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 Hartford 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 USDA Rural Development, the South Dakota Housing Development Authority, and the Federal Home Loan Bank.

## **8. Develop a Purchase/Rehabilitation Program**

**Findings:** Hartford has a large stock of older, lower valued homes, some of which need repairs. Our analysis of recent sales activity indicates that some of the homes in Hartford 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 Hartford 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.

# **Hartford - New Housing Construction**

## **New Housing Construction**

**Findings:** The City of Hartford has experienced significant single family owner-occupied housing construction. Based on city records, from 2010 to September 2016, 120 units in single family houses and twin homes have been constructed in the City of Hartford, which is an average of approximately 17 units per year. Since the 2013 Housing Study, an average of 21 single family units have been constructed annually.

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

Overall household projections for Hartford indicate good demand for owner-occupied housing construction. Hartford is projected to gain 65 households in the 55 to 74 age ranges from 2016 to 2021. 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 25 to 44 year old ranges are expected to gain 72 households through 2021. Many of the households in these age ranges are first time home buyers, trade-up buyers or new home builders.

It is our opinion that if the City, local housing agencies and developers are proactive, 24 to 30 owner-occupied housing units should be constructed in Hartford 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 housing units, such as twin homes and town houses.

The breakdown of our projection of 24 to 30 new owner-occupied housing units annually over the next five years is as follows:

▶ Higher & moderate-price homes	7-8 homes
▶ Affordable homes	10-12 homes
▶ Homes on infill lots	1-2 homes
▶ Twin homes/town homes	<u>6-8 units</u>
Total	24-30 homes/units

In the past few years, Hartford’s market share of the new single family construction has generally been below 2% of the MSA total. To achieve the recommendation above, the City would need to capture between 2.1% and 2.6% of all projected single family housing construction in the Sioux Falls MSA.

## **9. Monitor 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 Hartford. Currently, there are four active residential subdivisions in Hartford including South Main, Kelly Point Addition, Western Meadows and Cresswood Estates. There are approximately 80 single family lots currently available in these four subdivisions that are improved and are actively listed for sale or will be improved and for sale within a short timeframe.

Cresswood Estates has three lots for sale and has land for future development. Western Meadows has 19 lots for sale and also has land available for future development. Kelly Point will have 19 available lots, which will include existing lots and lots in two cul-de-sacs that will be developed. South Main has recently developed additional lots and approximately 40 lots are available.

Additionally, a new subdivision, Turtle Creek Highlands, is planning to break ground in the Spring, 2017. The development will have four phases. The first phase will have approximately 40 lots.

There are also several miscellaneous infill lots scattered around the city that we did not attempt to count. We also do not know the availability of some of these infill lots. Also, we are promoting the acquisition and demolition of dilapidated houses. Some of the cleared lots may be sites for new construction.

**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 24 to 30 new owner-occupied housing units will be constructed per year, the City should have approximately 60 to 75 residential lots available to meet the expected demand. Part of this demand would be for attached unit construction.

The City currently has an adequate number of lots to meet near-term construction demand. There are approximately 80 lots that are available or in the development pipeline, as well as a new subdivision in the planning stage. Developers have shown the ability create lots in a timely manner as dictated by demand. There are also infill lots available in the community.

It is our opinion that the existing subdivisions can accommodate the homes that will be constructed in Hartford over the next several years. However, our opinion is based on the assumption that the available lots are quality lots that are competitively-priced. Additionally, we are assuming that the new lots in the planning phases will proceed and provide new lot options for buyers.



We would recommend that the City and developers continue to monitor the number of lots that are available to assure there is an adequate number on an ongoing basis and that lots are available for homes in a variety of price ranges. It appears that there could potentially be a future shortage of lots for twin homes and town homes and for higher priced homes. The City and developers should assure that lots continue to be available for these housing options.

## **10. Promote town house and twin home development**

**Findings:** Hartford has experienced limited owner-occupied attached housing development from 2010 to 2016. Many communities over the past decade have seen attached housing take an increasingly large share of new construction. In cities the size of Hartford, 20% to 25% of the housing starts are typically twin homes/townhomes. Over the past seven years, approximately 17% of the owner-occupied housing units constructed in Hartford have been twin homes/town homes.

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 that in the 55 to 74 age ranges there were 322 households in Hartford in 2016. These age ranges are projected to increase by 55 households from 2016 to 2021. The Sioux Falls MSA 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. There are also young families seeking affordable twin homes/town homes.

**Recommendation:** It is our projection that approximately six to eight of Hartford's new owner single family units per year should be twin homes or town houses over the next five years, which is an approximate total of 30 to 40 units during the five-year period. This is approximately 25% of the annual projected single family housing construction total in Hartford. It should be noted that twin home/town home development has been impacted by the downturn in the housing economy, and full recovery of this segment of the market may not occur until later in the five-year time period.

A developer has purchased land and plans to construct twin homes and/or town homes on the parcel. The new subdivision, Turtle Creek Highlands, also has plans to develop twin home/town home lots.

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.

## **11. Strategies to encourage continued residential lot sales and new home construction in Hartford**

**Findings:** Over the past four years, Hartford has averaged 20 new single family housing units annually. To continue new single family housing construction at its current rate and to potentially increase new construction, we are recommending several strategies.

**Recommendation:** We recommend that the City of Hartford, the Hartford Area Development Corporation, developers, builders, realtors and other housing stakeholders continue to coordinate efforts to promote lot development, lot sales and housing development.

Our recommendations to continue to promote lot sales and housing development include:

- ▶ ***Continue the momentum*** - There are a substantial number of housing units constructed annually in the City. There are currently an adequate number of developers, builders, buyers and buildable lots in the City. The City has a working formula for new home construction and the City should maintain its momentum.
- ▶ ***Continue competitive pricing*** - There are lots available in communities throughout the region. To continue to attract new home construction in Hartford, lots should remain competitively priced with other lot options in the area.

- ▶ **User-Friendly** - The lot purchase and home building 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. The entire process must be as 'user friendly' as possible to encourage home construction.
- ▶ **Long-term planning** - The City of Hartford and Hartford developers should continue long-term development planning to assure lots are available to meet demand for all types of new housing.
- ▶ **Continue to promote spec home construction** - Spec houses 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.
- ▶ **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 continue to be available for twin home/town home development.
- ▶ **Range of house prices** - Lots should be available to as wide a range of home sizes and prices as possible, without compromising the subdivisions. This broadens the lot buyer market. Also, smaller infill lots with fewer amenities could be marketed for affordable homes.
- ▶ **Marketing** - The City of Hartford, the Hartford Area Development Corporation and the Hartford Chamber of Commerce will need to continue a comprehensive marketing strategy to sell available lots. All stakeholders including developers, realtors, financial institutions, builders, employers, etc. should continue to be included in marketing strategies. In addition to marketing the lots, the City of Hartford and its amenities should be marketed.
- ▶ **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 construct a minimum number of homes within a defined time period. 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.

**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 that participate in this program assist each other with constructing affordable new homes.

Also, Sioux Falls Habitat for Humanity is willing work with a Hartford group to construct homes in Hartford. Other local and regional housing agencies and nonprofits may also have the capacity to construct affordable housing in Hartford. These sources can help generate new homes for lower income families in Hartford.

**Recommendation:** We recommend that the City coordinate with housing agencies and nonprofit organizations that help to produce housing units for lower income ownership. The City may be able to contribute to affordable housing construction through land donations, TIF, grant writing, or project coordination activities.

# **Hartford - Housing Rehabilitation**

## **Housing Rehabilitation**

**Findings:** Hartford 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 Hartford had approximately 217 rental units in 2010. These rental units are in multi-family projects, small rental buildings, duplexes, single family homes and mobile homes. Many 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:** Hartford 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.

This recommendation was included in the 2013 Comprehensive Housing Study and Community Partners Research, Inc., continues to recommend rental housing rehabilitation in Hartford.

#### **14. Promote owner-occupied housing rehabilitation programs**

**Findings:** The affordability of the existing housing stock in Hartford 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.

In 2013, Community Partners Research, Inc., conducted a housing condition survey and rated 202 single family homes in two of the City's oldest neighborhoods. That survey was not updated in 2016. The 2013 survey had found that 61 homes that needed minor repairs and 50 homes that needed major repairs. Without rehabilitation assistance, there is the potential that the affordable housing stock will shrink in Hartford.

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 continue to recommend that Hartford 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 and the Federal Home Loan Bank, are potential funding sources. Hartford should continue to coordinate with the Inter-Lake's Community Action Partnership to assure Hartford households have access to housing rehabilitation funds.

# **Hartford - Other Housing Initiatives**



## **15. Encourage employer involvement in housing**

**Findings:** The City of Hartford has several employers. The connection between economic development and housing availability has become an increasingly important issue as low area unemployment rates dictate the need to attract new workers into the community.

Although the jobs being created may have good wages for the area, many jobs do not pay wages sufficient for workers to buy or improve their housing. Housing for new employees is a concern for employers. It may be advantageous for employers to become involved in housing.

**Recommendation:** We continue to recommend an ongoing effort to involve employers as partners in addressing Hartford's housing needs. Several funding sources have finance programs that include employers. Additionally, the funding agencies often view funding applications favorably that include employers in the problem solving process.

Employer involvement can include direct assistance to their employees such as a grant, loan, forgivable loan, deferred loan, down payment assistance, loan guarantee, etc. In many cases, employers do not wish to provide assistance to specific employees, but are willing to contribute to an overall city project.

## **16. Acquire and demolish dilapidated structures**

**Findings:** The 2013 housing condition survey of two neighborhoods identified five homes that are dilapidated and too deteriorated to rehabilitate. The survey also identified 50 homes as needing major repair (several of these homes may be too dilapidated to rehabilitate upon a more detailed inspection). There are also homes in other Hartford neighborhoods that may be dilapidated and beyond repair. A dilapidated house was recently demolished and a spec home is being constructed on the cleared site.

**Recommendation:** We recommend that Hartford 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. Additionally, the demolition of dilapidated rental structures will upgrade the communities' rental housing stock.

We also recommend that the City of Hartford maintain an inventory of structures that may be candidates for future acquisition. An inventory of in-fill lots for future development should also be maintained.

## **17. Develop mobile home park improvement programs**

**Findings:** The mobile home park in the City of Hartford has approximately 36 mobile homes. In September 2016, Community Partners Research, Inc., conducted a condition survey of the mobile homes in the park. No similar condition survey was completed in 2013.

The 2016 condition survey identified 12 mobile homes that need minor repair, 10 mobile homes that need major repair and four mobile homes that are dilapidated and beyond repair.

**Recommendation:** Addressing the issues created by substandard mobile homes is not easily solved. Some communities have rehabilitated older units, but this is difficult to accomplish because of the type of construction of mobile homes, and it is rarely cost effective.

Some communities have established programs that provide for the purchase and removal of substandard mobile home units, provided a newer unit is purchased to replace the acquired dwelling. While this approach can work well in upgrading the stock, it can be expensive, especially if there are a large number of homes in poor condition.

It may be appropriate for the City to initiate programs to improve the quality of mobile homes, even if these programs can only address a few units per year. Some of the innovative programs that have been used in other communities to address mobile home conditions and mobile home park issues include:

- ▶ **Operation Safe Mobile Home Park** - Owners of substandard mobile homes are given the option of voluntarily selling their substandard mobile home to the City or a local housing agency for a fixed minimum price. The mobile homes are then removed from the park and demolished/salvaged. The owner can then use the funds from the sale to help purchase a new home. Mobile home dealerships have sometimes participated by buying the salvaged homes.
- ▶ **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 their sale. All identified safety hazards must be corrected before the unit is sold and/or occupied.

- ▶ ***Cooperative/Land Trust*** - Some mobile home parks have created a cooperative or a land trust which enables the home owners to own the mobile home park land and facilities. This ownership often creates pride which results in a clean, safe park atmosphere.
- ▶ ***Age of mobile/manufactured homes*** - Some cities have adopted regulations that mobile/manufactured homes older than a designated age cannot be moved into the City and mobile/manufactured homes that are not new must be inspected prior to being moved into the City.

### **18. Create a plan and continue coordination among housing agencies**

**Findings:** Hartford needs staff resources to plan and implement many of the housing recommendations advanced in this Study. Hartford 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:** Hartford is fortunate to have access to several agencies that can address housing needs. It is our recommendation that the City continue to 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.

## **19. Promote Commercial Rehabilitation and Development**

**Findings:** The City of Hartford's Downtown commercial district is in good condition, and several commercial buildings have been renovated, however, there are several substandard commercial buildings in downtown Hartford. The City also has two other commercial areas with newer buildings.

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 Hartford and the Hartford Area Development Corporation continue to work with commercial property and business owners to rehabilitate their buildings. Also, new businesses should continue to be encouraged to locate in one of Hartford's commercial areas.

## **20. Develop home ownership and new construction marketing programs**

**Findings:** 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 Hartford and the Hartford Area Development Corporation have been very active in promoting and marketing housing. We recommend that the City and Hartford Area Development Corporation work with developers, builders and other stakeholders and continue to do the following:

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

- ▶ Work closely with employers (Hartford and Sioux Falls MSA) to provide employees (especially new employees) with housing opportunities in Hartford
- ▶ Work with housing agencies to provide down payment assistance, low interest loans, home owner education and home owner counseling programs
- ▶ Consider an annual Housing Fair that provides information on lots, builders, finance programs, etc. Developers, builders, lenders, realtors, public agencies and local businesses could participate
- ▶ Work with developers and builders to make the construction of a new home a very user friendly process

## **21. Competition with Other Jurisdictions**

**Findings:** During the interview process for the 2013 Housing Study and this Housing Study Update, several individuals expressed concern regarding the City of Hartford'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 Hartford's household growth and new housing starts over the past several years has been very competitive with other cities in the Region.

**Recommendation:** Although Hartford 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 the City a "full service" community
- ▶ Continue to provide attractive lots at an affordable price 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
- ▶ Continue to develop new housing choices that serve life-cycle housing needs, such as new rental housing, twin homes, town homes, etc.

- ▶ Publicize and market Hartford throughout the Region and among Sioux Falls and Hartford employees
- ▶ Communication with Hartford and Sioux Falls employees to assure they are aware of the housing opportunities in Hartford
- ▶ Develop a coordinated plan with stakeholders and area housing agencies

## **Hartford in Comparison to Other Cities**

As part of the research for this Study, Hartford has been compared to other communities in the Sioux Falls Metropolitan Statistical Area (MSA), including Brandon, Crooks, Dell Rapids, Harrisburg, 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, 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 Hartford 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 Change 2000 to 2015**

<b>Table 35 Comparison of Population Change - 2000 to 2015</b>			
City	Numeric Change 2000 to 2015	Percentage Change 2000 to 2015	Rank 1 = Highest % Growth
Hartford	1,087	58.9%	5
Dell Rapids	844	28.3%	7
Brandon	4,198	73.7%	3
Harrisburg	4,031	420.7%	1
Tea	2,854	163.8%	2
Crooks	473	55.1%	6
Worthing	379	64.8%	4
Sioux Falls	44,223	35.7%	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.

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



## Household Change 2000 to 2015

<b>Table 36 Comparison of Household Change - 2000 to 2015</b>			
City	Numeric Change 2000 to 2015	Percentage Change 2000 to 2015	Rank 1 = Highest % Growth
Hartford	407	66.6%	5
Dell Rapids	345	30.6%	7
Brandon	1,645	86.2%	3
Harrisburg	1,445	458.7%	1
Tea	934	158.3%	2
Crooks	177	62.8%	6
Worthing	155	75.2%	4
Sioux Falls	18,167	36.5%	N/A

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

The City of Hartford ranked 5th among the comparison cities for household growth from 2000 to 2015.

Harrisburg, Tea and Brandon had the highest percentage of 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

<b>Table 37 Comparison of Median Age in 2015</b>		
City	Median Age - 2015 ESRI	Rank 1 = Lowest Median Age
Hartford	34.0	5
Dell Rapids	35.6	7
Brandon	34.3	6
Harrisburg	29.0	1
Tea	29.1	2
Crooks	33.6	4
Worthing	32.7	3
Sioux Falls	34.7	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.

Harrisburg and Tea had the youngest medians, and Dell Rapids and Brandon had the oldest medians. Hartford’s median age was 34.0 and ranked as the 5<sup>th</sup> youngest among the comparison cities.

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

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

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

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

## Median Household Income in 2014

<b>Table 39 Comparison of Estimated Median Household Income in 2014</b>		
City	Median Income - 2014 ACS	Rank 1 = Highest Median Income
Hartford	\$65,766	6
Dell Rapids	\$55,921	7
Brandon	\$69,792	3
Harrisburg	\$67,303	4
Tea	\$74,556	2
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 Hartford had the 6<sup>th</sup> lowest median household income, its median household income of \$65,766 is much higher than South Dakota’s household median income of \$50,338.

## Median Home Value in 2014

<b>Table 40 Comparison of Estimated Median Home Values in 2014</b>		
City	Median Owner-Occupied Home Value - 2014 ACS	Rank 1 = Highest Median Value
Hartford	\$151,200	5
Dell Rapids	\$140,000	6
Brandon	\$175,300	1
Harrisburg	\$172,400	2
Tea	\$166,500	3
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.

Hartford’s median home value ranked 5<sup>th</sup> among comparison communities, with a median of \$151,200. 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**

<b>Table 41 Comparison of Estimated Median Ownership Costs in 2014</b>		
City	Median Percentage of Household Income Applied to Home Ownership Costs - 2014 ACS	Rank 1 = Lowest Median Percentage
Hartford	18.2%	2
Dell Rapids	21.2%	6
Brandon	18.6%	4
Harrisburg	22.9%	7
Tea	19.7%	5
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% and Hartford had the 2<sup>nd</sup> lowest median percentage of income at 18.2%.

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

<b>Table 42 Comparison of Estimated Median Gross Rent in 2014</b>		
City	Median Gross Rent - 2014 ACS	Rank 1 = Highest Median Rent
Hartford	\$790	3
Dell Rapids	\$658	7
Brandon	\$831	2
Harrisburg	\$693	5
Tea	\$747	4
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.

Hartford’s median gross rent was the third highest of the comparison cities, at \$790 per month.

The highest median gross rent levels were in Crooks, at \$1,156 per month and Brandon at \$831 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

<b>Table 43 Comparison of Estimated Median Renter Costs in 2014</b>		
City	Median Percentage of Household Income Applied to Gross Rent - 2014 ACS	Rank 1 = Lowest Median Percentage
Hartford	29.9%	5
Dell Rapids	22.7%	2
Brandon	25.6%	4
Harrisburg	22.9%	3
Tea	31.8%	6
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. However, Hartford was slightly below 30% of income at 29.9%.

Worthing had the most affordable rental housing, with 18.8% of income required for monthly rent.



## Median Renter Household Income in 2014

<b>Table 44 Comparison of Estimated Median Renter Income in 2014</b>		
City	Median Income - 2014 ACS	Rank 1 = Highest Median Income
Hartford	\$37,000	3
Dell Rapids	\$30,986	6
Brandon	\$41,146	2
Harrisburg	\$35,606	5
Tea	\$28,801	7
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.

Hartford ranked as the third highest renter median income, at \$37,000.

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

## Median Owner-Occupancy Household Income in 2014

<b>Table 45 Comparison of Estimated Owner Household Income in 2014</b>		
City	Median Income - 2014 ACS	Rank 1 = Highest Median Income
Hartford	\$78,214	4
Dell Rapids	\$62,156	7
Brandon	\$81,034	3
Harrisburg	\$72,697	5
Tea	\$82,024	2
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.

Hartford had the fourth highest median income for owner-occupants at \$78,214, which was significantly above 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

<b>Table 46 Median Year of Construction for Owner-Occupied Housing</b>		
City	Median Year Built - 2014 ACS	Rank 1 = Newest Median
Hartford	1992	4T
Dell Rapids	1969	5
Brandon	1995	3
Harrisburg	2003	1
Tea	2000	2
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.

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.

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.

## Median Year Built: Renter-Occupancy Housing

<b>Table 47 Median Year of Construction for Renter-Occupied Housing</b>		
City	Median Year Built - 2014 ACS	Rank 1 = Newest Median
Hartford	1989	4
Dell Rapids	1994	3
Brandon	2002	2
Harrisburg	1987	6
Tea	2004	1
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, Hartford had the fourth-newest median age of the comparison communities. The median year of construction for renter-occupied units was 1989.

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:

### **Hartford Area Development Corporation**

125 North Main  
P.O. Box 102  
Hartford, SD 57033  
(605) 528-3338  
Contact: Jesse Fonkert  
[jesse.fonkert@hartfordsd.us](mailto:jesse.fonkert@hartfordsd.us)

### **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