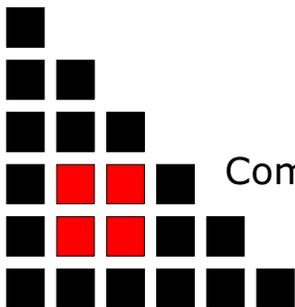


City of Pierre HOUSING STUDY

December 2012

An analysis of the overall housing needs
of the City of Pierre and the surrounding area



Community Partners Research, Inc.

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List of Sections

	<u>Page</u>
Introduction	2
Demographic and Projection Data	4
Existing Housing Data	31
Rental Housing Inventory	46
Senior Housing with Services Inventory	72
Employment and Local Economic Trends Analysis	87
Findings and Recommendations	93
Rental Housing Recommendations	103
Home Ownership and Single Family Housing	120
Housing Rehabilitation	132
Other Housing Issues	138

Introduction

Overview

Community Partners Research, Inc., was hired by the Pierre Economic Development Corporation (PEDCO) to complete a comprehensive study of housing market conditions in Pierre and the surrounding area.

Methodology

A variety of resources were utilized to obtain information for the Housing Study. Community Partners Research, Inc., collected and analyzed data from September 2012 to November 2012. Data sources included:

- U.S. Census Bureau
- Demographic data from the State Data Center
- Records and data from the City
- Records and data maintained by Hughes County
- Data from the SD Department of Labor
- Data provided by the Multiple Listing Service
- Interviews with elected officials and staff from the City
- Interviews with community leaders
- Interviews with people familiar with the area's housing conditions including bankers, realtors, property managers, and developers
- Area housing agencies
- Rental property owner surveys
- Housing condition survey

Limitations

This Housing Study represents an analysis performed with the data available at the time of the research. Any findings 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 findings and conclusions contained in this Study.

In 2012, when the primary research for this Study was being completed, a number of issues were negatively impacting national housing markets. Some of these issues are identified below. Many of these issues represent a significant departure from past conditions, and have the potential to alter traditional supply and demand calculations for housing.

In most cases, this Study has not attempted to project future economic conditions, but instead has relied on past patterns and practices. It is important to note that these are often national issues, which may or may not be present in Pierre.

- ▶ High National Rates of Delinquency and Foreclosure - The last few years have witnessed a significant increase in the number of delinquent mortgages and foreclosures. As a result, there has been an above-average level of housing turnover, caused by both “short sales” and bank sales. Additionally, some households have been removed from the home buying market due to poor credit histories.
- ▶ Mortgage Market Liquidity - In response to rising delinquency and foreclosure rates, the mortgage market has been altered, with both primary and secondary mortgage lenders changing their standards and the availability of credit. The federal government was forced to take over Fannie Mae and Freddie Mac to help keep home mortgages available.
- ▶ National Retreat in Home Prices - After many years of steady gains, the median value of single family homes has dropped in most major markets in recent years. This has multiple effects, including discouraging potential buyers until conditions stabilize.
- ▶ Oversupply of Housing - Strong housing market conditions earlier in the last decade resulted in above-average activity in the housing development markets, including both housing units and residential lots. In areas where an oversupply of inventory exists, this has resulted in downward pressure on prices.
- ▶ Economic Recession - The economy of the United States was in a period of recession. This reduced consumer demand in many areas, including housing. Although the recession has technically ended, recovery remains slow.

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Section Table of Contents

	Page
Demographic Data Overview	5
MiSA Map	6
Population Data and Trends	7
Group Quarters Population Data	8
Population by Age Trends: 2000 to 2010	9
Population Projections	11
Household Data and Trends	12
Household by Age Trends: 2000 to 2010	13
Average Household Size	15
Household Projections	16
Household Projections by Age	17
Households by Type	19
Housing Tenure	20
Tenure by Age	22
Tenure by Household Size	23
2010 Income Data	24
MiSA Household Income Distribution	26
Pierre Income Distribution by Tenure	27
2010 Estimated Income and Housing Costs - Renters	29
2010 Estimated Income and Housing Costs - Owners	30

Demographic Data Overview

Sources of Data

The following pages contain demographic data obtained from a variety of local, state and national sources. At the time that research was completed for this Study, the 2010 Census information was available. However, the 2010 Census was more limited in scope than in the past. As a result, some of the demographic variables, such as income and housing cost information, were not available.

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

The frequency of American Community Survey estimates vary depending on the size of the jurisdiction. For most jurisdictions in South Dakota, the 2010 estimates were derived from sampling that was done over a five-year period, between 2006 and 2010. Unless otherwise noted, the American Community Survey estimates are based on the five-year survey data.

Market Area Designations

The Cities of Pierre and Fort Pierre serve as a regional center for a number of surrounding counties. In addition to demographic information for the City, an aggregated area that includes both Pierre and Fort Pierre has also been used.

Discussions with economic development staff identified a trade area that included all or part of many neighboring counties, extending both east and west of the Missouri River. There are also a number of Native American Tribal Reservations that look to Pierre for certain services and housing opportunities. However, a more compact trade area has been used in the demographic analysis that includes all of Hughes and Stanley Counties. These two Counties form a Micropolitan Statistical Area (MiSA) as defined by the Office of Management and Budget (OMB). The two-County MiSA serves as a primary market area for housing in Pierre, and is referred to in this Study as the MiSA.

Pierre Micropolitan Statistical Area

- Legend:**
- Boundaries**
- State
 - County
 - Place
- Features**
- Major Road
 - Street
 - Stream/Waterbody
- Your Selections**
- Your Selections
- Items in grey text are not visible at this zoom level



Population Data and Trends

Table 1 Population Trends - 1980 to 2010						
	1980 Population	1990 Population	2000 Population	% Change 1990-2000	2010 Population	% Change 2000-2010
Pierre	11,973	12,906	13,876	7.5%	13,646	-1.7%
Pierre/Ft. Pierre	13,762	14,760	15,867	7.5%	15,724	-0.9%
Pierre MiSA	16,753	17,270	19,253	11.5%	19,988	3.8%

Source: U.S. Census

According to the 2010 Census, Pierre had a net population loss of 230 residents between 2000 and 2010, for a percentage decrease of 1.7%. The City did add 870 people between 1990 and 2000, but much of this increase was attributed to a large increase of group quarter’s residents, many in correctional facilities.

When Pierre and Fort Pierre are combined, the population loss was less than 1%, as Fort Pierre added 87 residents during the last decade.

Although Pierre had a net loss in population, the area immediately around the City continued to grow. The Pierre MiSA, an aggregation of Hughes and Stanley Counties, added 735 people, as rural subdivisions grew in popularity and became a preferred location for many area residents. The Pierre MiSA has had a sustained pattern of population growth since at least 1980, adding 3,235 people over the past three decades.

While the Pierre MiSA has continued to grow, the rate of growth has changed over time. In the 1990s, the area had a population increase of nearly 2,000 people, or 11.5%. Between 2000 and 2010, the population increase of 735 people was a percentage increase of less than 4%.

In August, the first post-Census population estimates were released by the Census Bureau. These estimates show Pierre adding 214 people between 2010 and 2011, Fort Pierre adding 57 people and the Pierre MiSA adding 306 people, or only 35 people outside of Pierre/Fort Pierre.

Pierre’s population is primarily White and non-Hispanic. At the time of the 2010 Census, approximately 85% of the City’s residents identified themselves as White for race, with the Native American population representing nearly 11% of the City total. Fewer than 2% of the City’s residents were identified as Hispanic/Latino. In 2000, nearly 9% of the City’s population was Native American, and 1.2% was of Hispanic/Latino ethnicity.

Group Quarters Population Data

Approximately 5.7% of the people in Pierre reside in “group quarters” instead of households. The following table displays changes in this population subset over the past 20 years.

Table 2 Group Quarters Populations in Pierre: 1980 to 2010				
	1980 Census	1990 Census	2000 Census	2010 Census
Pierre	349	237	775	772

Source: U.S. Census

According to the 2010 Census, Pierre had 772 people living in group quarters housing. In Pierre, this represented three primary groups. Adults living in correctional facilities represented nearly 69% of all the group quarter’s total, or 529 people. People living in skilled nursing facilities represented approximately 20% of the group quarter’s total, with 152 people. The remaining group quarter’s residents were living in noninstitutionalized facilities, which were largely unspecified, except for 19 students living in some form of student housing.

While the City’s group quarters population remained very stable over the last decade, there was a large increase in the 1990s. It appears that a large correctional facility for adults was opened or expanded in the 1990s, which added a substantial number of institutional residents.

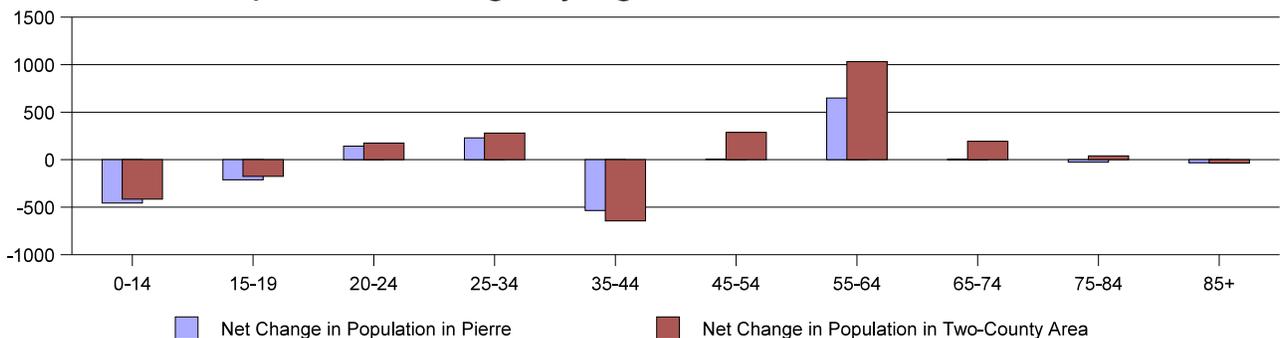
The City’s second largest group quarters population has decreased in size over the past 10 years. In 2000, there were 323 people living in skilled nursing facilities, compared to only 152 in 2010. While it is possible that the nursing home population did decrease over the ten-year period, it may also reflect a classification difference for some residents. In 1990, Pierre had 176 people living in nursing homes, a relatively similar number to 2010. The nursing home total in 2000 may have included some people that were identified as correctional facility residents in 2010.

Population by Age Trends: 2000 to 2010

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

Table 3 Population by Age - 2000 to 2010						
Age	City of Pierre			Pierre MiSA		
	2000	2010	Change	2000	2010	Change
0-14	3,071	2,615	-456	4,343	3,928	-415
15-19	1,023	811	-212	1,433	1,257	-176
20-24	583	726	+143	779	954	+175
25-34	1,716	1,945	+229	2,331	2,611	+280
35-44	2,248	1,713	-535	3,168	2,523	-645
45-54	2,076	2,083	+7	2,882	3,169	+287
55-64	1,204	1,853	+649	1,760	2,792	+1,032
65-74	913	916	+3	1,280	1,473	+193
75-84	680	654	-26	857	897	+40
85+	362	330	-32	420	384	-36
Total	13,876	13,646	-230	19,253	19,988	+735

Population Change by Age Between 2000 and 2010



Source: U.S. Census

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

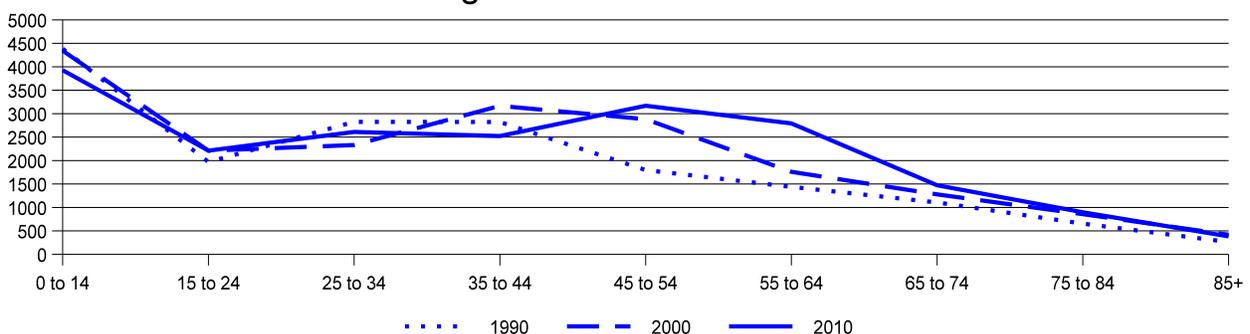
Between 2000 and 2010, Pierre had a net gain of 656 people in the age ranges between 45 and 64 years old. In 2010, nearly all of the baby boomers were within these age ranges. The aging of the baby boomers, as reflected in the numeric net gain in the 55 to 64 year old age group, was the largest change within any of the defined age cohorts.

Pierre also had relatively strong net growth in the younger adult age groups between 20 and 35 years old. This 15-year age grouping added more than 370 people during the decade. However, growth in these younger adult groups could not compensate for the large decrease in the 35 to 44 year old range, or in the population loss of children age 19 and younger. Overall, the City had a decrease of 831 residents age 44 or younger.

The City also had a net loss of senior citizens, age 65 and older. Although the younger senior group remained stable in size, there was a decrease of 58 older senior citizens, age 75 and older.

The City of Pierre represents more than 68% of the total population of the Pierre MiSA, so many of the same patterns are reflected in the larger, aggregated area. However, in the jurisdictions outside of Pierre there was actually some growth in the number of children, age 19 and younger. There was even stronger growth in the baby boomer age ranges, between 45 and 64 years old. There was also stronger growth in the senior age groups, especially in the number of younger seniors, age 65 to 74. Overall, the number of older seniors remained relatively stable, with some net growth outside of Pierre compensating for the reduction within the City.

MiSA Age Distribution: 1990 to 2010



The aging trends present in Pierre in 2010 can be traced back over the previous decades to see the movement of the baby boom generation.

Population Projections

The following table presents population projections using two different sources. The South Dakota State Data Center has issued preliminary population projections at the County level. These projections were issued in 2012, and reflect the new data presented in the 2010 Census. The following table shows the medium series Data Center projections for the two-county MiSA.

The other set of projections has been calculated by Community Partners Research, and these are based on past patterns of population change. The 20-year growth trend is based on the rate of change between 1990 and 2010, using the 1990 and 2010 Census. The 10-year growth trend uses the same methodology, but calculates an annual growth rate from 2000 to 2010.

Table 4 Population Projections Through 2015				
	2010 Population Census	2015 Projection from 10-year trend	2015 Projection from 20-year trend	2015 Projection State Data Center Extrapolation
Pierre	13,646	13,533	13,842	N/A
Pierre/Ft. Pierre	15,724	15,653	15,981	N/A
MiSA	19,988	20,370	20,774	20,686

Source: U.S. Census; Community Partners Research, Inc.; State Data Center

There is some variation in the Community Partners Research projections depending on the time period reviewed. Over the last 10 years, the City of Pierre lost population, after adding people in the 1990s. While the Pierre MiSA added population in both decades, the rate of growth in the 1990s was faster than in the 2000s. As a result, forecasts based on longer-term trends show a more optimistic growth pattern for the future.

For Pierre and Fort Pierre, the best available projection would point to a probable gain of approximately 40 to 51 additional residents per year through the year 2015. It should be noted that this projection is well below the recently released estimate from the Census Bureau, which showed Pierre adding more than 200 new residents in the single year between 2010 and 2011.

The projections for the Pierre MiSA would expect annual growth with a range of 76 to 157 people in an average year. Once again, this would be well below the single-year estimate from the Census Bureau, which showed the two Counties adding a combined 306 people between 2010 and 2011.

The State Data Center’s new population projection for the MiSA is consistent with the range projected by Community Partners Research.

Household Data and Trends

Table 5 Household Trends - 1980 to 2010						
	1980 Households	1990 Households	2000 Households	% Change 1990-2000	2010 Households	% Change 2000-2010
Pierre	4,447	5,063	5,567	10.0%	5,778	3.8%
Pierre/Ft. Pierre	5,059	5,752	6,377	10.9%	6,671	4.6%
Two-County	6,042	6,701	7,623	13.8%	8,294	8.8%

Source: U.S. Census

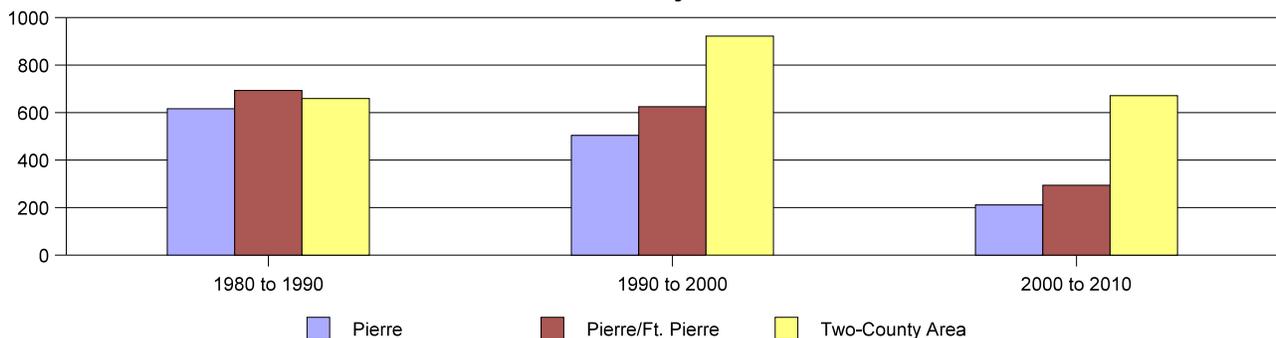
According to the 2010 Census, Pierre added 211 households between 2000 and 2010. This represented household growth of 3.8% for the decade.

Over the past 30 years, Pierre has continually added households, but the rate of growth within the City has steadily decreased. In the 1980s, the household level increased by nearly 14%, followed by an increase of 10% in the 1990s. After 2000, much of the household growth occurred outside the City limits, rather than within Pierre. Despite the slowdown in the growth rate over time, Pierre still added more than 1,300 households over the past 30 years.

The entire Pierre MiSA added 671 total households between 2000 and 2010, with more than 56% of these households being outside of the Cities of Pierre and Fort Pierre.

While the Pierre MiSA has consistently added households, the pace of growth was slower in the most recent decade. In the 1980s, the household count increased by nearly 11%, followed by growth of nearly 14% in the 1990s. Between 2000 and 2010 the number of households in the entire area increased by nearly 9%.

Net Growth of Households by Decade: 1980 to 2010



Household by Age Trends: 2000 to 2010

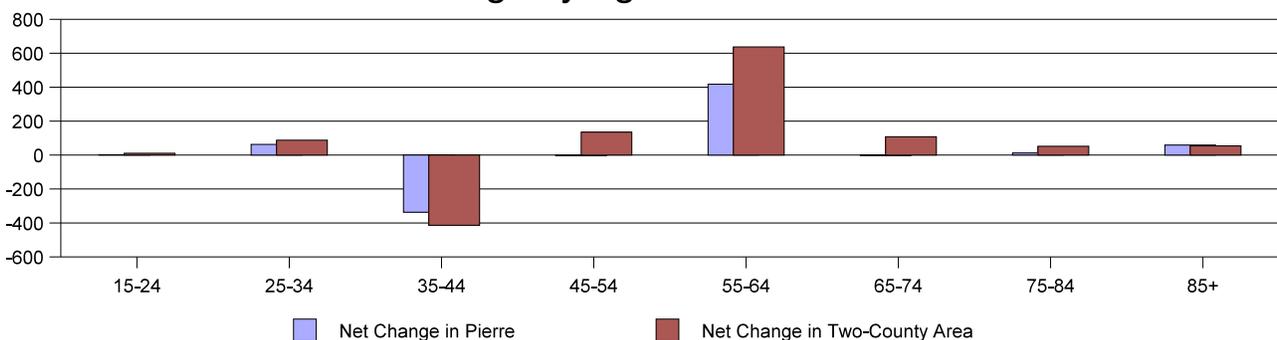
The 2010 Census allows for some analysis of the area’s changing age patterns. The following table compares households by age of householder in 2000 and 2010, along with the numeric changes.

Table 6 Households by Age of Householder - 2000 to 2010						
Age	City of Pierre			Pierre MiSA		
	2000	2010	Change	2000	2010	Change
15-24	293	295	+2	357	368	+11
25-34	904	967	+63	1,199	1,287	+88
35-44	1,261	924	-337	1,759	1,345	-414
45-54	1,209	1,205	-4	1,671	1,806	+135
55-64	721	1,139	+418	1,044	1,681	+637
65-74	584	582	-2	823	931	+108
75-84	440	452	+12	569	621	+52
85+	155	214	+59	201	255	+54
Total	5,567	5,778	+211	7,623	8,294	+671

Source: U.S. Census

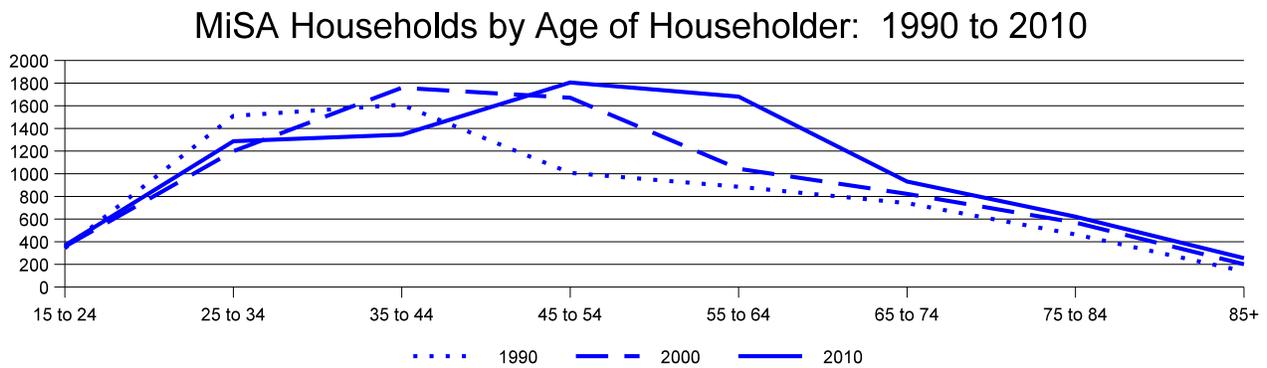
Consistent with the population by age data presented earlier, the household patterns show most of the net change occurring in the baby boomer age groups. For both Pierre and the Pierre MiSA, the largest net growth in households occurred in the 10-year age group between 55 and 64 years old. For the entire Pierre MiSA there were 637 net households added in the 55 to 64 year age range, with most of these households living in Pierre.

Household Change by Age Between 2000 and 2010



The movement of the baby boomers through the aging cycle also resulted in a net reduction in households age 35 to 44 years old, as the age group immediately younger was much smaller in size and they could not replace the advancing baby boomers. For both Pierre and the Pierre MiSA there was an overall net decrease in the number of households age 44 and younger. For the entire Pierre MiSA, there were 315 fewer households in 2010 than in the year 2000, in the age groups less than 45 years old.

For the larger Pierre MiSA there was an overall increase in the number of senior-headed households, including a net gain of more than 100 young senior households, age 65 to 74, and more than 100 older senior households, age 75 and above. The growth of younger senior households occurred outside of Pierre, as the City had a small net loss of households in the 65 to 74 year old age range.



As with the longer-term patterns for population, it is possible to track the progression of the baby boomer households over the past 30 years, using Census information for households by the age of householder.

Average Household Size

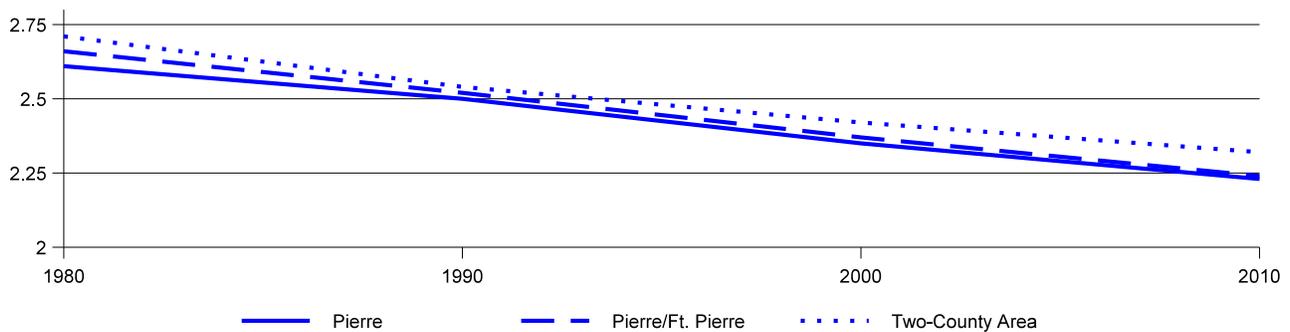
The following table provides decennial Census information on average household size.

Table 7 Average Number of Persons Per Household: 1990 to 2010				
	1980 Census	1990 Census	2000 Census	2010 Census
Pierre	2.61	2.50	2.35	2.23
Pierre/Ft. Pierre	2.66	2.52	2.37	2.24
Pierre MiSA	2.71	2.54	2.42	2.32

Source: U.S. Census

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 the area has continued to decrease over the past three decades. In Pierre, the average household size has decreased 2.61 persons per household in 1980 to 2.23 persons in 2010. This same pattern was evident in the Pierre MiSA, although the Counties still have consistently maintained a larger average household size than Pierre.

Household Projections

The following table presents household projections using two different calculation methods. Both of these calculations have been generated by Community Partners Research, and are based on the rate of change that was present between 2000 and 2010, and between 1990 and 2010.

Table 8 Household Projections Through 2015			
	2010 Census	2015 Projection from 10-year trend	2015 Projection from 20-year trend
Pierre	5,778	5,887	5,982
Pierre/Ft. Pierre	6,671	6,825	6,937
Pierre MiSA	8,294	8,659	8,787

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

As stated earlier, Pierre and the surrounding area have experienced a slowing rate of growth when compared to prior decades. As a result, the trend-based projections created by Community Partners Research from longer-term patterns show a larger household forecast than those based on shorter-term trends.

The historical trend-based calculations expect Pierre to add between 109 and 207 households over the five-year projection period. On an average basis, this would be 22 to 41 additional households per year. Although this forecast is through the year 2015, the annual average is also a good indicator of growth potential for the years immediately after 2015.

Although longer-term patterns do support growth of up to 41 households annually in Pierre, it is important to recognize that recent conditions have not been consistent with growth at or near this level. With the exception of 2009, when 52 new units were permitted, the City has not added 40 or more new housing units in a single year after 2005.

For the two-city aggregation of Pierre and Fort Pierre, the average annual growth forecast ranges between 31 and 53 households per year. For the entire Pierre MiSA, total projected growth over the five-year period is 365 to 493 households. When the Pierre/Fort Pierre contribution is removed, the remaining jurisdictions would add between 42 and 46 households in an average year over the five-year time period. Although the growth rate within Pierre has varied in recent decades, growth for the entire Pierre MiSA has been at a more steady pace.

Household by Age Projections: 2010 to 2015

With the release of the 2010 Census, a new benchmark has been established for age-related statistics for the Pierre Area. In the following table, Community Partners Research has generated age-based household projections for the two-county MISA to the year 2015.

The first set of age-based projections have been extrapolated from preliminary population forecasts that have just been issued by the South Dakota State Data Center. They have been converted into households using past calculations on the average household size that has existed within specific age ranges.

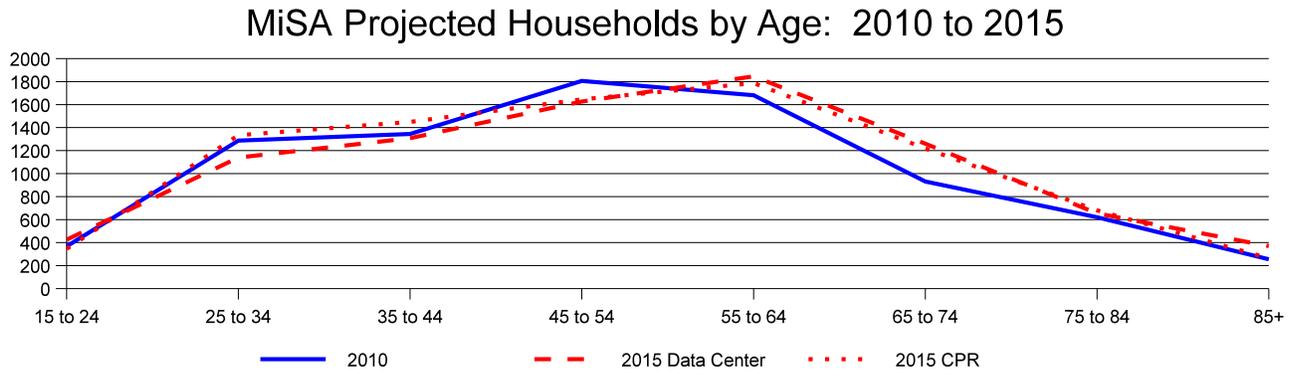
The second set of projections was created by Community Partners Research by trending forward past retention rates within defined age cohorts, and assuming that these past patterns are a reasonable predictor of future age-based population changes.

Both sets of projections assume that historical patterns will continue into the near-future, especially related to household formation and household size within specific age groups. If the area can grow at a rate that is faster than past patterns would suggest, then more people would migrate into the area, and traditional age-based forecasts could be altered.

Table 9 Pierre MiSA Projected Households by Age - 2010 to 2015					
Age Range	2010 Census	Extrapolated from State Data Center		Community Partner Research	
		2015 Projection	Change from 2010	2015 Projection	Change from 2010
15-24	368	425	+57	346	-22
25-34	1,287	1,139	-148	1,334	+47
35-44	1,345	1,308	-37	1,449	+104
45-54	1,806	1,626	-180	1,645	-161
55-64	1,681	1,846	+165	1,787	+106
65-74	931	1,260	+329	1,219	+288
75-84	621	654	+33	680	+59
85+	255	370	+115	264	+9
Total	8,294	8628	+334	8,724	+430

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

While the two projection methods do yield some differences for the age-based forecasts, in general terms they offer a somewhat similar expectation through the year 2015. The relative similarity becomes more evident when viewed as a



line chart showing the progression from 2010 to 2015.

The projections from Community Partners Research tend to be more optimistic for the number of younger households. If all of the age groups age 44 and younger are aggregated, the Community Partners Research projections point to probable growth of 129 households. The extrapolation from the State Data Center indicates a probable loss of 128 households within this younger adult group.

The two projection methods are reasonably similar in the middle-aged adult and young senior age ranges. The Community Partners Research projection shows a net increase of 233 households in the age ranges between 45 and 74 years old, while the Data Center extrapolation shows net growth of 314 households.

Both projection sources do show some growth in the number of older senior citizen households, age 75 and above. The extrapolated projections from the Data Center show stronger growth among households age 85 and older, with a probable net gain of 115 net households, compared to a net gain of only nine households under the Community Partners Research projection.

It is the analysts’ opinion that to achieve this large net growth in older seniors, the Pierre area would need to attract people from outside the immediate area, as growth of more than 45% within this one defined age cohort would not occur within a five-year time period from natural age progression patterns.

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 Pierre.

Table 10 Pierre Household Composition - 2000 to 2010			
	2000 Census	2010 Census	Change
Family Households			
Married Couple with own children	1,313	999	-314
Single Parent with own children	516	576	+60
Married Couple without own children	1,562	1,642	+80
Family Householder without spouse	185	246	+61
Total Families	3,576	3,463	-113
Non-Family Households			
Single Person	1,751	2,022	+271
Two or more persons	240	293	+53
Total Non-Families	1,991	2,315	+324

Source: U.S. Census

Between 2000 and 2010, Pierre did experience growth in the total number of households, but there was a net decrease of “family” households, with two or more related individuals living together. This was due to a net decrease in the number of married couple families that had their own children in the household. The City did have a net increase in married couples without children, single parent families, and other family households without children.

The City did have a net increase in “non-family” households. This was primarily due to a large increase in the number of people living alone. There was also some increase in the number of unrelated individuals living together.

Housing Tenure

The 2010 Census provided an updated look at housing tenure patterns. The following tables examine overall tenure rates, along with the changes that have occurred since 2000.

Table 11 Household Tenure - 2010				
	Number of Owners	Percent of all Households	Number of Renters	Percent of all Households
Pierre	3,608	62.4%	2,170	37.6%
Pierre/Ft. Pierre	4,288	64.3%	2,383	35.7%
MiSA	5,668	68.3%	2,626	31.7%
State	219,558	68.1%	102,724	31.9%

Source: U.S. Census

According to the 2010 Census, the ownership tenure rate in the City of Pierre was 62.4%, with the remaining 37.6% of households renting their unit. When Pierre and Fort Pierre are combined, the ownership rate increased to 64.3%, slightly below the Statewide ownership tenure rate of 68.1%.

Although not displayed in the table above, Pierre/Fort Pierre’s rental tenure rate of 35.7% was lower than most of the larger Cities in the State, including Watertown (36.5% renter), Sioux Falls (37.6%), Yankton (38.1%), Aberdeen (40.1%), Huron (40.1%), Rapid City (42.5%), Mitchell (44.1%) and Brookings (52.9%).

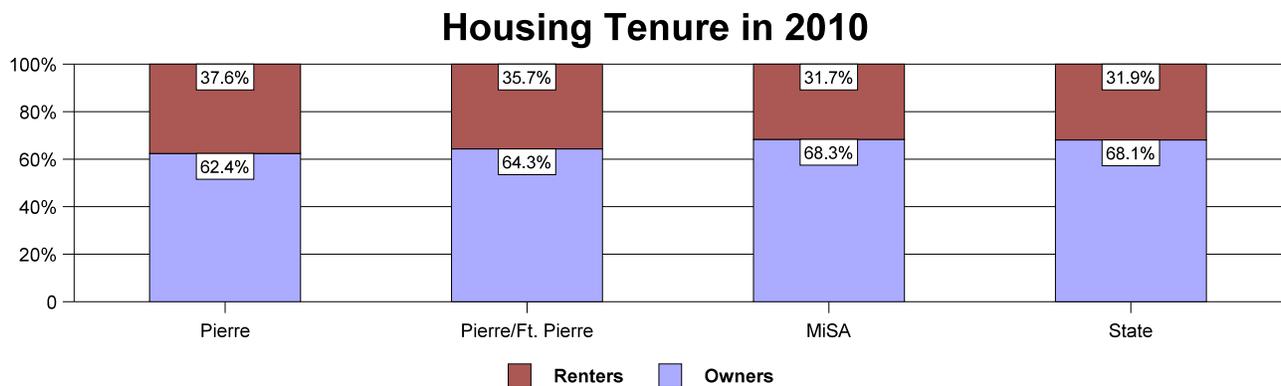


Table 12 Households by Housing Tenure - 2000 to 2010						
Tenure	Pierre			Pierre MiSA		
	2000	2010	Change	2000	2010	Change
Owners	3,517/63.2%	3,608/62.4%	+91	5,152/67.6%	5,668/68.3%	+516
Renters	2,050/36.8%	2,170/37.6%	+120	2,471/32.4%	2,626/31.7%	+155
Total	5,567	5,778	+211	7,623	8,294	+671

Source: U.S. Census

The City’s rental tenure rate increased slightly over the last decade, as the net growth in renter households exceeded the net growth in home owners. At the time of the 2000 Census, the City’s rental tenure rate was 36.8%.

Although Pierre added households over the last decade, most of the area’s net growth occurred outside the City limits. For the Pierre MiSA, there was strong net growth in owner households between 2000 and 2010. As a result, the ownership tenure rate increased from 67.6% in 2000 to 68.3% in 2010.

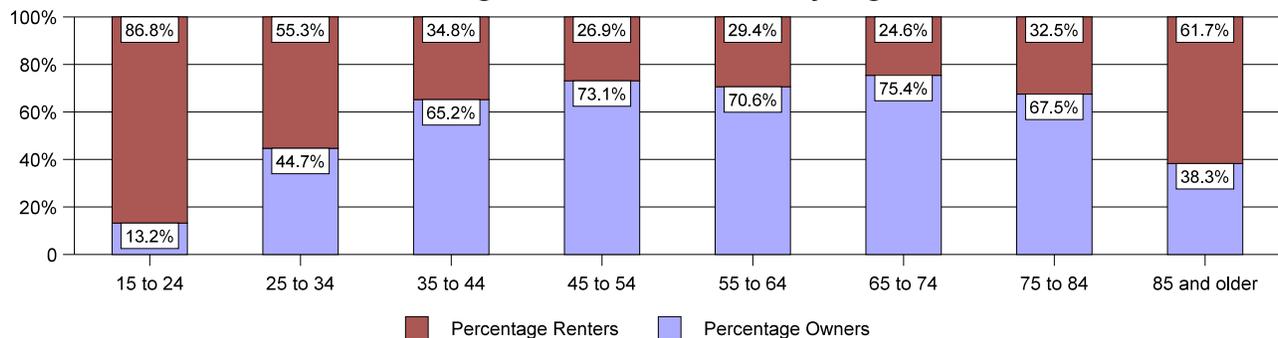
Tenure by Age of Householder

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 Pierre.

Table 13 Pierre Tenure by Age of Householder - 2010				
Age	Owners		Renters	
	Number	Percent within age	Number	Percent within age
15-24	39	13.2%	256	86.8%
25-34	432	44.7%	535	55.3%
35-44	602	65.2%	322	34.8%
45-54	881	73.1%	324	26.9%
55-64	450	70.6%	187	29.4%
65-74	817	75.4%	267	24.6%
75-84	305	67.5%	147	32.5%
85+	82	38.3%	132	61.7%
Total	3,608	62.4%	2,170	37.6%

Source: U.S. Census

Pierre 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. Nearly 87% of households age 24 and younger rented their unit, and nearly 62% of households age 85 and older were renters.

Home ownership rates for each of the 10-year age cohorts between 45 and 74 years old were above 70%.

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 Pierre.

Table 14 Pierre Tenure by Household Size - 2000 to 2010						
Household Size	Owners			Renters		
	2000	2010	Change	2000	2010	Change
1-Person	637	799	+162	1,114	1,223	+109
2-Person	1,389	1,522	+133	470	474	+4
3-Person	579	531	-48	233	214	-19
4-Person	585	498	-87	139	133	-6
5-Person	242	173	-69	51	84	+33
6-Person	60	60	0	27	30	+3
7-Persons+	25	25	0	16	12	-4
Total	3,517	3,608	+91	2,050	2,170	+120

Source: U.S. Census

Over the past decade, there was growth in the number of smaller households. Among home owners, all of the net growth occurred from households with only one or two members. Overall, there was a net increase of 295 owner households with one or two members, and a net decrease of 204 owner households with three or more members. This would be consistent with some of the other demographic information provided earlier, including an aging population and fewer children. The patterns were generally similar for renters in Pierre, but there also was some numeric increase in renter households with five or six members. Still, renter households with only one or two household members represented more than 78% of all renters in the City in 2010.

Pierre Housing Tenure Patterns by Household Size in 2010



2010 Income Data

The 2010 Census did not collect information on household income. However, estimates are available at the city and county level through the 2010 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. No median income information was available for the Pierre MiSA, since it is an aggregated geography. Median information does exist for both Hughes and Stanley Counties.

Table 15 Median Household Income - 2000 to 2010			
	2000 Median	2010 Median	% Change
Pierre	\$43,244	\$52,534	21.5%
Hughes County	\$43,182	\$53,501	23.9%
Stanley County	\$41,328	\$51,875	25.5%
South Dakota	\$35,271	\$46,369	31.5%

Source: U.S. Census; 2010 ACS 5-year survey

Table 16 Median Family Income - 2000 to 2010			
	2000 Median	2010 Median	% Change
Pierre	\$52,144	\$71,065	36.3%
Hughes County	\$51,235	\$70,881	38.3%
Stanley County	\$47,197	\$54,722	15.9%
South Dakota	\$43,237	\$58,958	36.4%

Source: U.S. Census; 2010 ACS 5-year survey

Information contained in the 2010 American Community Survey shows solid local income levels and income growth over the past decade. Both the median household income level and the median family income were well above the respective medians for the State of South Dakota. The rate of income growth for the median household did lag behind the Statewide growth rate over the last decade, but the rate of growth for the family median was nearly identical to the South Dakota rate of increase.

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, while many non-family households have only one household member. While the median household level was lower than the family median, it was still above \$50,000, according to the American Community Survey estimates.

The rate of change for median income levels over time also needs to be compared to inflation. According to the website www.usinflationcalculator.com, the inflation rate during this same time period was between 26.6% and 28.8%, depending on the exact time period reviewed. According to the website, this is based on the change in the Consumer Price Index over the decade.

Using this comparative measure, the rate of change for the median household income level in Pierre trailed the rate of inflation. However, the rate of increase for the median family level was greater than the rate of inflation.

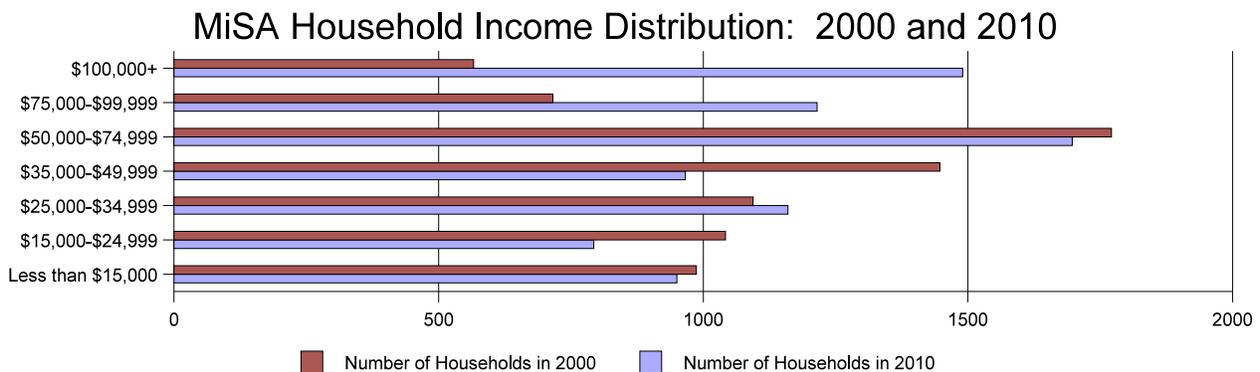
Using the commonly accepted standard that up to 30% of gross income can be applied to housing expenses without experiencing a cost burden, a median income household in Pierre could afford more than \$1,300 per month for ownership or rental housing in 2010. However, as will be detailed later in this section, renter households tend to be below the overall median, while owner households tend to be above the overall median level.

Pierre MiSA Household Income Distribution

The 2010 American Community Survey household income estimates for the entire Pierre MiSA can be compared to the same distribution information from 2000 to examine changes that have occurred over the past decade.

Household Income	Number of Households 2000	Number of Households in 2010	Change 2000 to 2010
\$0 - \$14,999	987	950	-37
\$15,000 - \$24,999	1,042	793	-249
\$25,000 - \$34,999	1,094	1,160	+66
\$35,000 - \$49,999	1,447	966	-481
\$50,000 - \$74,999	1,771	1,697	-74
\$75,000 - \$99,999	716	1,215	+499
\$100,000+	566	1,490	+924
Total	7,623	8,271	+648

Source: 2000 Census; 2010 ACS



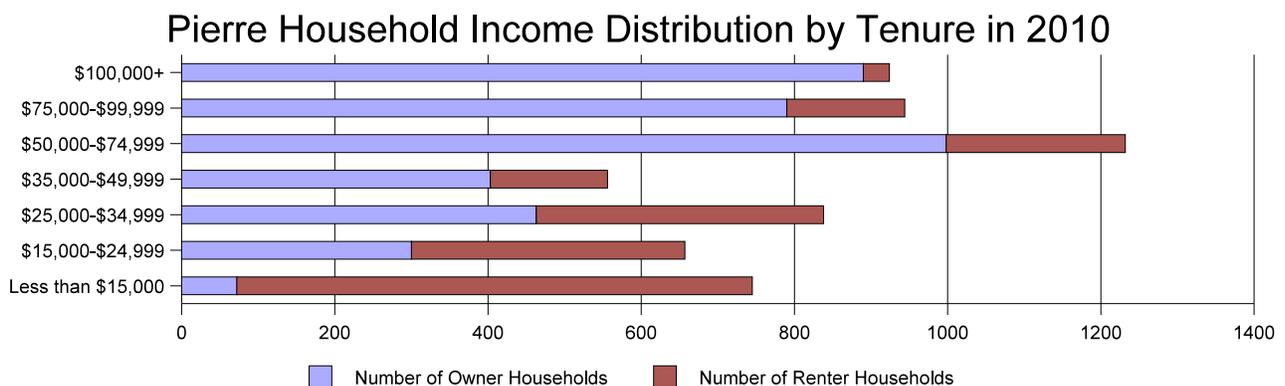
According to income estimates contained in the 2010 American Community Survey, household incomes have generally improved in the Pierre MiSA, especially in the highest income ranges. When compared to the 2000 Census (1999 income), the number of households with an income of \$75,000, or more, increased by more than 1,400 households. Although there was a decrease in the number of households in each of the lower income ranges, there were still more than 1,700 households with an annual income below \$25,000 in 2010.

Pierre Income Distribution by Housing Tenure

The 2010 American Community Survey provides an income estimate by owner and renter status. The following table examines income distribution within the City of Pierre. The American Community Survey is based on limited sampling data, and there are some differences when compared to the 2010 Census. For total households, the American Community Survey reported approximately 118 more households than the Census, a difference of nearly 2%. The American Community Survey estimated 190 fewer renter households than the Census, and 308 more owner households. Since home owners tend to have higher household incomes than renters, the American Community Survey probably tends to slightly overweight the higher income ranges.

Household Income	Number of Owner Households	Number of Renter Households	Total Households
\$0 - \$14,999	72	673	745
\$15,000 - \$24,999	300	357	657
\$25,000 - \$34,999	463	375	838
\$35,000 - \$49,999	403	153	556
\$50,000 - \$74,999	998	234	1,232
\$75,000 - \$99,999	790	154	944
\$100,000+	890	34	924
Total	3,916	1,980	5,896

Source: 2010 American Community Survey



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

In 2010, nearly 71% of all renter households in Pierre had an annual income below \$35,000. At 30% of income, these households would have \$875, or less, that could be applied to monthly housing costs. The median income for all renter households was \$23,714 in 2010. At 30% of income, a renter at the median level could afford approximately \$593 per month for housing costs.

Conversely, most owner households had a substantially higher income level. More than 68% of all owner households had an annual income of \$50,000 or more. The estimated median household income for owners in 2010 was \$66,386. At 30% of income, an owner at the median level could afford approximately \$1,660 per month for housing costs.

2010 Estimated Income and Housing Costs - Renters

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

Table 19 Gross Rent as a Percentage of Household Income - Pierre		
Percentage of Household Income for Housing Costs	Number of Renter Households 2010	Percent of All Renter Households 2010
0% to 19.9%	635	32.1%
20% to 29.9%	495	25.0%
30% to 34.9%	93	4.7%
35% or more	633	32.0%
Not Computed	124	6.3%
Total	1,980	100%

Source: 2010 American Community Survey

Based on the more recently released tenure information from the 2010 Census, the 2010 American Community Survey did underestimate the number of renter households in Pierre by nearly 9%. However, the estimates on housing cost burden are the best available information on income and expenses for housing.

According to the American Community Survey, approximately 37% 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. Federal standards for rent subsidy programs generally identify 30% of 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 Pierre it was primarily due to low income levels for renters. Nearly 80% of the renter households with a housing cost burden had an annual household income below \$20,000. To avoid a cost burden, these lower income households would have needed a unit with a gross monthly rent of \$500 or less. Senior citizen renters (age 65 and older) represented less than 15% of all households with a rental cost burden and fewer than 8% were younger adult households, age 24 and under.

2010 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 Pierre that are paying different percentages of their gross household income for housing costs.

Table 20 Ownership Costs as a Percentage of Income - Pierre		
Percentage of Household Income for Housing Costs	Number of Owner Households 2010	Percent of All Owner Households 2010
0% to 19.9%	2,183	55.7%
20% to 29.9%	1,053	26.9%
30% to 34.9%	317	8.1%
35% or more	363	9.3%
Not Computed	0	0%
Total	3916	100%

Source: 2010 ACS

Based on the 2010 Census, the 2010 American Community Survey overestimated the number of owner households in the City by more than 8%. 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, more than 17% of all home owners reported that they paid more than 30% of their income for housing. Most of these households were paying more than 35% of income for housing costs.

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

Building Permit Trends

Like many communities, Pierre had a significant amount of new housing construction activity in the first half of the last decade. The following table identifies the units that have been issued a building permit since the year 2000. City reports were available for the years from 2004 forward. The information prior to 2004 was obtained from Census Bureau reports.

Year	Single Family Detached	Single Family Attached	Multifamily/ Apartments	Net Change Demo/Moved Units	Total Units
2012*	21	6	57	N/A	84
2011	15	6	0	0	21
2010	19	0	0	0	19
2009	19	0	32	-1	50
2008	22	0	0	4	26
2007	21	2	6	0	29
2006	19	4	4	-5	22
2005	36	4	13	3	56
2004	31	0	12	0	43
2003	24	5	4	7	40
2002	27	7	3	11	48
2001	37	0	0	3	40
2000	25	4	20	7	56
TOTAL	316	38	151	29	534

Source: City of Pierre; Community Partners Research

Over the past 13 years, more than 530 housing units have been added to Pierre's housing inventory, based on building permits issuance. The large majority of the unit gain has been due to new construction, but some units were also moved into the City. Overall, at least 500 units have been constructed since the year 2000.

The housing total includes more than 350 single family units, primarily in the form of detached single family homes. There has been a limited amount of attached single family housing, in twin home configurations or smaller phases of town house development.

At least 150 units can be identified in multifamily projects, generally providing rental housing. With the exception of the 57-unit Highlands Ridge project, which just started construction in late 2012, all of the other multifamily projects were 20 units or less in size.

There may also have been a net gain in mobile homes/manufactured housing, but City records did not provide the details to determine the possible change in unit count. The City does issue permits for the placement of mobile homes, but not for the removal of existing units. There has been a large volume of activity in mobile home placement, but in many cases, the analysts have assumed that most of the newly arriving units simply replaced older mobile homes that were removed.

Most of the new unit creation in Pierre occurred between 2000 and 2005. During this time period, the City had a net gain of more than 40 units each year, and the annual average was 47 units per year.

After 2005, housing construction activity slowed, and only 2009 and 2012 exceeded the annual average from the prior time period. In 2009, there were 32 multifamily units constructed, and in 2012, a 57-unit apartment project was permitted. In the years without larger multifamily projects, the annual net gain in housing was only 23 units per year.

There are multiple factors that have probably contributed to the slowdown in unit creation after the year 2005. One factor is the collapse of a national "housing bubble" starting in 2007. Although Pierre was not greatly impacted by an overinflated housing market, national concerns and news reports did tend to have a ripple effect on construction activity across the country. A nationwide economic recession also resulted in reduced consumer confidence, even in areas of the country that did not experience high rates of unemployment.

Another factor that was probably present in Pierre was a flood plain clearance effort, primarily in the late 1990s and early 2000s, that removed approximately 65 flood-prone homes in Pierre and 70 homes in Fort Pierre. The displacement caused by this project may have resulted in an above-average level of demand for replacement housing, which could have contributed to the higher level of construction in the early 2000s.

Multifamily Construction Activity

Although most of the new construction activity over the past 13 years has been in the form of single family housing, presumably intended for owner-occupancy, there have been some rental projects. The larger multifamily projects constructed since the year 2000 include:

- ▶ **Country View Estates** - 16 apartment units constructed in 2009 and serving the higher-rent segment of the market
- ▶ **Grand Manor** - 16 unit condominium project that offered some units as rental housing while they were listed for individual sale - in 2012, only three units remained as rental housing
- ▶ **Woodridge Carefree Living** - 21 town house rental units constructed between 2005 and 2007 and serving the higher-rent segment of the market
- ▶ **Ben Anne Townhomes** - Five town house rental units constructed between 2006 and 2008 and serving the higher-rent segment of the market
- ▶ **Highlands Ridge Apartments** - 57 apartment units that started construction in 2012 - approximately half of the units do have income restrictions that are tied to 120% of the area median income

Housing Construction Activity in the MiSA

In addition to the new housing construction that has occurred in Pierre, there have been a substantial number of units added in the other jurisdictions that form the MiSA, including Fort Pierre. Between 2000 and 2010, more household growth occurred outside the Pierre city limits than inside the City.

Nearly all of the new construction outside of Pierre was in the form of single family houses. No multifamily units can be identified. The last rental project that can be identified in Fort Pierre was constructed in the 1990s.

Although most of the unit construction that has occurred in the rural portions of Hughes and Stanley Counties is assumed to be for permanent residents, there has been some construction of seasonal-use units.

Table 22 MiSA Excluding Pierre Housing Unit Construction: 2000 to 2011

Year	Single Family Detached	Single Family Attached	Multifamily/ Apartments	Total Units
2011	38	8	0	46
2010	23	0	0	23
2009	24	0	0	24
2008	12	0	0	12
2007	25	0	0	25
2006	34	0	0	34
2005	46	0	0	46
2004	35	0	0	35
2003	53	0	0	53
2002	35	0	0	35
2001	52	0	0	52
2000	35	0	0	35
TOTAL	412	8	0	420

Source: Census Bureau; Community Partners Research

* No reported information was available for 2012 on the Census Bureau site

Over the twelve-year time period between 2000 and 2011, there were 420 housing units constructed in Stanley County and in the portions of Hughes County outside of Pierre. On an annual basis, there were 35 units per year.

Similar to patterns within Pierre, much of the activity occurred between 2000 and 2005, when the annual average was 43 units per year. After 2005, the annual average dropped to 27 units per year, although 2011 was well above this level.

The best available information on land availability indicates that a supply of lots remains in both Hughes and Stanley Counties, and ongoing construction activity would be expected.

Units by Structure Type

The 2010 Census did not collect information about housing units and structure type. The 2000 Census had reported structure information, and the 2010 American Community Survey has generated unit estimates based on sampling data. The following table displays the 2000 Census and 2010 ACS information on estimated unit type within the City of Pierre.

Structure Type	2000 Census	Percent of All Units	2010 American Community Survey	Percent of All Units
1 Unit - Detached	3,263	54.6%	3,552	57.0%
1 Unit - Attached	53	0.9%	160	2.6%
Mobile Home	809	13.5%	885	14.2%
2 Unit	225	3.8%	45	0.7%
3 or 4 Unit	255	4.3%	252	4.0%
5 or More Units	1,374	23.0%	1,343	21.5%
Total	5,979	100%	6,237	100%

Source: 2000 Census; 2010 American Community Survey

Most of the housing stock in Pierre exists in single family-type structures, including detached houses, twin homes, town houses and mobile homes. At the time of the 2000 Census, approximately 69% of all residential units in the City were identified as single family housing. In 2010, the estimates placed nearly 74% of all units as being in single family structures.

The 2010 estimates would generally be consistent with available building permit data, which showed single family construction activity as well as a large number of permits for mobile homes/manufactured housing. It is assumed that many of the mobile home permits involved the replacement of an older unit with a newer unit. The 2010 American Community Survey would seem to support this assumption, as there was some net growth in the number of mobile homes, but much less growth than the number of building permits that were issued.

One possible discrepancy in the data would be the total for multifamily units. Although there was only a limited amount of multifamily housing construction in Pierre in the 2000s, there probably should have been some net growth in the number of multifamily units. Instead, the 2010 ACS estimate showed fewer multifamily units than in 2000. If this estimate is correct, then some older multifamily housing would have been removed from the inventory, either through conversion, demolition, obsolescence, or other causes.

Existing Home Sales

This section examines houses that have been sold since 2005 in the City of Pierre. For the years 2005 to 2011, information was obtained from the South Dakota Department of Revenue, which reports on sales activity in each County as collected by the Board of Equalization. For 2012, information was obtained directly from Hughes County, before it had been audited by the State.

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

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

The County and State reject sales that show significant variation from the assessed value. Known as the "150% rule" these sales may be open market transactions but are not useful in the sales ratio analysis. When identified, the sales rejected for the 150% rule have been added back into the sales sample by Community Partners Research, since they otherwise represent open market transactions.

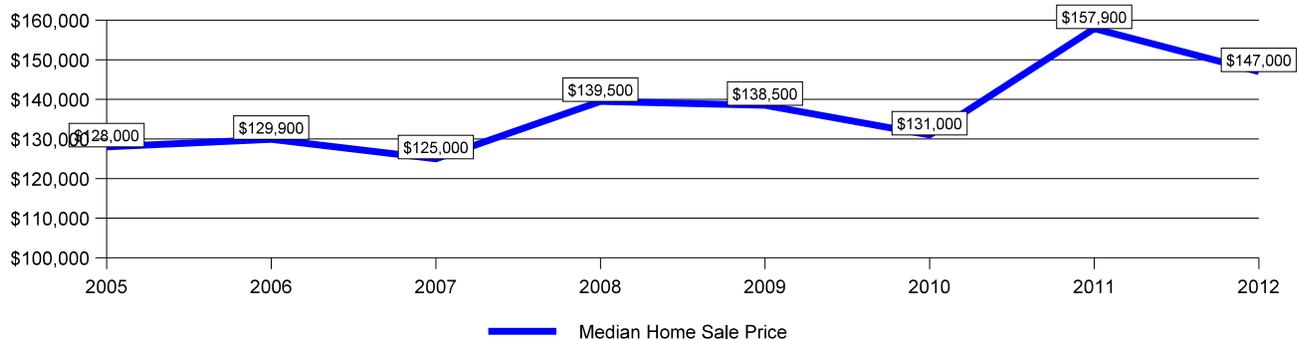
The sales reports available from the State do not differentiate between different styles of houses. The sales records are also listed by zip code, rather than by political jurisdiction. As a result, it is possible that some sales occurred outside of the City limits, but within an adjoining township that shares the same zip code.

The County's time period for analyzing annual sales differs slightly from the calendar year. It begins on November 1st and ends on October 31st of each year. A full sales year was available for 2012, but it is possible that some sales from late in October may not have been entered into the County's data system. Since the 2012 information had not yet been audited by the State, it is also possible that some sales could eventually be rejected.

Table 24 Pierre Residential Sales Activity - 2005 through 2012*

Sales Year	Number of Sales	Median Sale Price	Highest Sale	Lowest Sale
2012*	149	\$147,000	\$435,000	\$28,000
2011	172	\$157,950	\$418,000	\$21,000
2010	159	\$131,000	\$415,000	\$19,500
2009	181	\$138,500	\$432,500	\$25,000
2008	182	\$139,500	\$375,000	\$25,000
2007	204	\$125,000	\$388,000	\$18,000
2006	223	\$129,900	\$600,000	\$11,000
2005	184	\$128,000	\$320,000	\$10,000

Source: SD Department of Revenue; Hughes County Equalization; Community Partners Research

Median Home Sale Price: 2005 to 2012

Over the last eight years the median home sale price in Pierre has ranged between a low of \$125,000 in 2007, to a high of \$157,950 in 2011. For the 2012 sales sample that was available, the median sale price was \$147,000.

There has also been some variation in the annual number of open market transactions. In 2006 there were 223 sales that were viewed as fair market transfers, compared to a low of 159 transactions in 2010. In 2012, there were only 149 transactions reviewed, but this sample did not include sales that were rejected because of deviation from the estimated market value under the 150% rule. In the other years, these rejected sales were added back into the analysis.

With the exception of 2012, there had been at least one house that sold for \$25,000 or less in each year. There had also been at least one sale for \$320,000 or more each year.

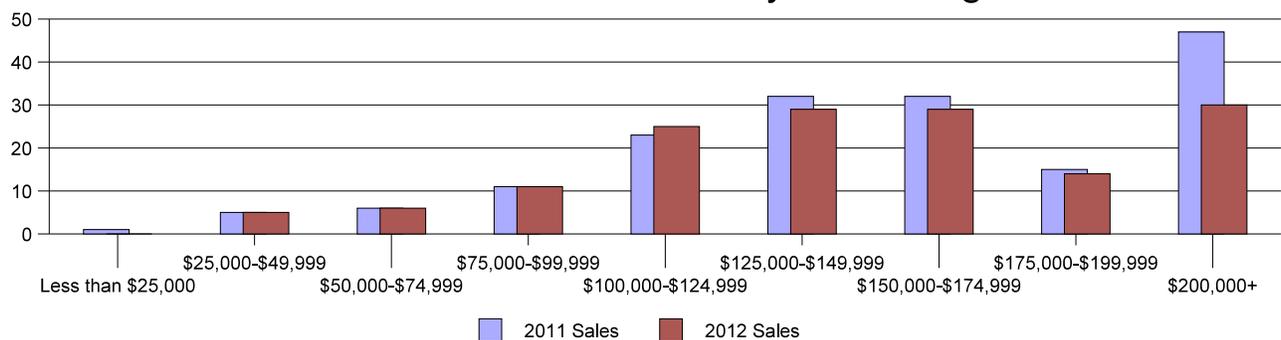
Home Sales by Price Range

The following table looks at single family houses that sold within defined price ranges in 2012, using the unaudited information that was available.

Table 25 Pierre Home Sales by Price Range in 2012		
Sale Price	Number of Sales	Percent of Sales
Less than \$25,000	0	0%
\$25,000 - \$49,999	5	3.4%
\$50,000 - \$74,999	6	4.0%
\$75,000 - \$99,999	11	7.4%
\$100,000 - \$124,999	25	16.8%
\$125,000 - \$149,999	29	19.5%
\$150,000 - \$174,999	29	19.5%
\$175,000 - \$199,999	14	9.4%
\$200,000 - \$224,999	13	8.7%
\$225,000-\$249,999	8	5.4%
\$250,000 - \$274,999	1	0.7%
\$275,000 - \$299,999	2	1.3%
\$300,000+	6	4.0%
Total	149	100%

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

Recent Pierre Home Sales by Price Range



A majority of recent residential sales were in the price ranges between \$100,000 and \$175,000. For the 2012 sales sample that was reviewed, nearly 56% of all sales were within these ranges. Activity was especially strong in the price ranges between \$125,000 and \$175,000. More than 20% of all recent sales were at \$200,000 or more. Pierre tends to show a different sales pattern than other cities, where most sales have tended to be below \$200,000 in recent years due to economic conditions and fears of a housing price retreat.

Bank-Owned Sales Activity

In recent years there has been a nationwide increase in home foreclosures, short sales, and other distressed property transfers, caused by a national recession and a collapse of a "housing bubble". Although Pierre has been impacted by these national trends to some extent, there was no available evidence that showed any large-scale problem with distressed property transfers.

The sales records available from the South Dakota Department of Revenue do list both open market sales and rejected sales, which are not viewed as open market transactions. The rejected sales include a description of the reasons why the sale was not considered a fair market transfer. Included in the descriptions for Hughes County are notes such as "Sheriff's Deed", "Foreclosure" or "Repossession".

For the Pierre zip code area, the number of identified distressed sales, based on these descriptions, was only five houses per year between 2005 and 2009. In 2010, the number of distressed transfers increased to 12 homes, but then dropped to only two in 2011. No information was available for the 2012 sales year.

Foreclosures - Private Market Data

There are different private companies that have collected and distributed information on home foreclosures. One primary source of information that is often cited for national stories on home foreclosures is RealtyTrac, Inc. In October 2012, Community Partners Research viewed the RealtyTrac website. Only two bank-owned homes were listed in Pierre.

The website foreclosure.com had six listings in the Pierre area, including one Sheriff's Sale, two foreclosures and three bankruptcies. Since specific address information was not provided, it is not known if some of these same houses are also listed on the Realtor.com or RealtyTrac sites.

The website Realtor.com did not specifically identify any foreclosure listings.

Mobile Home Sales

The South Dakota Department of Revenue sales website also identifies recent sales of mobile homes that are not real property. The listings only show sales activity in calendar year 2012, and no historical reports could be found for comparison. Within the 57501 zip code area, there were 39 mobile home sales that were viewed as open market transactions. The median sale price for mobile homes was \$25,477.

The sale prices ranged from a low of \$50 to a high of \$82,000. The highest valued sale was a 2010-built unit that had nearly 1,800 square feet of living space. The lowest-valued sale was a 1971-built unit with 720 square feet of living space.

Active Residential Listings

The website Realtor.com, maintained by the National Association of Realtors, was used to collect information on active residential real estate listings in Pierre. On October 10, 2012, there were 88 homes listed for sale, with 85 identified as single family homes. There was one listing for an attached single unit and two mobile homes.

It does appear that some of the Pierre listings may actually be outside of the City limits. A number of these houses have larger land holdings, with 1.5 acres or more. Excluding the properties with large acreages, and properties with addresses that had 5-digits, the analysts removed 15 of the listings from the analysis that follows.

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

The following table examines the MLS listings by listing price.

Table 26 Pierre Active MLS Listings by Price Range - October 2012

Asking Price	Number of Listings	Percent of Listings
Less than \$50,000	1	1.4%
\$50,000 - \$74,999	1	1.4%
\$75,000 - \$99,999	2	2.9%
\$100,000 - \$124,999	8	11.4%
\$125,000 - \$149,999	10	14.3%
\$150,000 - \$174,999	11	15.7%
\$175,000 - \$199,999	15	21.4%
\$200,000 - \$249,999	9	12.9%
\$250,000 - \$299,999	8	11.4%
\$300,000+	5	7.1%
Total	70	100%

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

Based on the listings on Realtor.com, most of the houses currently being offered for sale are priced at \$150,000 or more. Overall, nearly 69% of active listings are priced at \$150,000 or above. Fewer than 6% of all listings are priced below \$100,000, although it is possible that some additional lower-priced houses are for sale, but not included in the Multiple Listing Service.

Residential Lots

Residential lot information was available from the City Planning Department.

Table 27 Residential Subdivisions in Pierre			
Subdivision	Total Number of Lots	Estimated Available	Type of Lot
Crested Ridge Addition	14	12	Single family
Heritage Ridge Addition	11	7	Single family
Heritage Ridge 2 nd Addition	43	37	Town homes
Highland's Ridge 1 st Addition Phases 2-3	N/A	N/A	Single family
Highland's Ridge 1 st Addition Phase 4	N/A	20 single family	Single family Multifamily
Kundert Addition	12	6	Single family
Prairie Vista Estates	21	5	Single family
Prairie Vista Estates	7	5	Multifamily
Riverplace 2 nd Addition	12 in planning stage	12 in planning stage	Single family

Source: City of Pierre

Based on information supplied by the City's Planning Department, there are at least seven active subdivisions (including planning stage) that have single family lots. Two subdivisions are identified as having multifamily lots, and one is specifically identified for town homes.

Within these subdivisions, at least 62 lots for single family construction were identified, and at least 37 lots for town house construction were listed. There are additional lots for multifamily construction.

The Pierre Area Multiple Listing Service website has residential land listed for sale. In November there were 76 lot/land listings with a Pierre mailing address. Some of these parcels appeared to be outside the City limits. Although a few of the listings were for larger, multi-acre tracts, most appeared to be for use as residential lots.

Excluding some of the larger parcels, which may have been as much as 20 acres, the highest price for a residential lot was \$138,000. The lowest price was \$14,000, although these lots were outside of the Pierre city limits. There were 37 lots with a Pierre address that were priced below \$30,000, although a number of these did appear to be rural, and probably required additional investment in sewer/septic improvements. There were some lots listed that were within the City of Pierre. The lowest prices for lots in the City were at \$28,500.

There were between 25 and 30 land listings that appeared to be more traditional residential lots, and probably intended for new home construction. These lots ranged in price from \$14,000 to \$62,000.

A number of the larger land parcels also appeared to be intended for home construction, but often were between two and six acres in size, and it is assumed that these were in the rural areas surrounding Pierre.

The sales records obtained from Hughes County for 2012 also listed residential lot sales within the City of Pierre. For the 2012 sales period, there were 17 lot sales listed. The sale prices ranged from a low of \$11,000, to a high of \$45,000. The median sale price was \$36,500 in Pierre.

Housing Condition

Community Partners Research, Inc. representatives conducted a visual 'windshield' survey of single family/duplex houses in four of the oldest neighborhoods in Pierre. The neighborhood boundaries were selected with input from City and PEDCO staff. The neighborhoods are as follows:

Neighborhood #1 - Dakota Avenue on the north; Sully Avenue on the south; Garfield Avenue on the east; and Washington Avenue on the west

Neighborhood #2 - Dakota Avenue on the north; Missouri Avenue on the south; Crow Street on the east; and Poplar Avenue on the west

Neighborhood #3 - Prospect Avenue on the north; Pleasant Drive on the south; Euclid Avenue on the east; and Maple Avenue on the west

Neighborhood #4 - Capitol Avenue on the north; Wells Avenue on the south; Pierce Avenue on the east; and Taylor Avenue on the west

Houses that appeared to contain three or more residential units were excluded from the survey. Neighborhood #1 contained a mix of single family homes and mobile homes, which were rated and reported separately.

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 28 Windshield Survey Condition Estimate - 2012

	Sound	Minor Repair	Major Repair	Dilapidated	Total
#1 Single family	102 (44.3%)	75 (32.6%)	42 (18.3%)	11 (4.8%)	230
#1 Mobile homes	23 (17.6%)	40 (30.5%)	36 (27.5%)	32 (24.4%)	131
#2	27 (24.1%)	33 (29.5%)	43 (38.4%)	9 (8.0%)	112
#3	63 (38.7%)	56 (34.4%)	39 (23.9%)	5 (3.0%)	163
#4	38 (34.2%)	48 (43.3%)	23 (20.7%)	2 (1.8%)	111
Total	253 (33.9%)	252 (33.7%)	183 (24.5%)	59 (7.9%)	747

Source: Community Partners Research, Inc.

The visual condition survey found that most of the neighborhoods were in fair condition. In each neighborhood, a majority of the structures were rated as needing some level of repair, although this included the Minor Repair category. In each of the neighborhoods, more than 20% of all structures were in one of the two lowest condition categories.

There were 27 single family houses and 32 mobile homes in these neighborhoods that were rated as Dilapidated, and possibly beyond repair. Dilapidated structures may be suitable for demolition and clearance.

Rental Housing Data

Census Bureau Rental Inventory

According to the 2010 U.S. Census, there were 2,170 occupied rental units, and at least 174 unoccupied rental units in Pierre, for a total estimated rental inventory of approximately 2,344 units. The City's rental tenure rate, was 37.1%, based on renter-occupancy households, well above the Statewide rate in 2010 of 31.9% rental.

At the time of the 2000 Census, Pierre had 2,050 occupied rental units, and at least 226 vacant rental units, for a total estimated rental inventory of approximately 2,276 units. The rental tenure rate in 2000 was 36.8%.

Based on a Census comparison, the City added 120 renter-occupancy households, and approximately 68 rental units during the last decade. Although the last decade was generally regarded as a very strong period for home ownership, the rental tenure rate in Pierre increased slightly, while the home ownership rate dropped.

Pierre is the primary rental center for the immediately surrounding area. According to the 2010 Census, there were 2,626 occupied rental units in the Pierre MiSA, with nearly 83% being located in Pierre. For the entire Pierre MiSA the rental tenure rate was 31.7%, nearly identical to the rental tenure rate Statewide.

Recent Rental Construction

In the section of this document that examines building permit trends, information was provided on rental housing development since the year 2000. The best available information indicates that overall, there were approximately 138 rental units of all types that were constructed in Pierre the last 13 years. However, this total includes a 57-unit apartment that had just started construction in 2012, and would not have been included in any Census total. A summary of the larger identified projects was provided along with the building permit information.

Pending Rental Projects

Our research identified one rental project in Pierre that was under construction in 2012, and another project proposed for 2013. There are also two proposed projects in Fort Pierre that are expected to start construction in 2013.

A 57-unit apartment building, known as Highlands Ridge Apartments was under construction in 2012. The project will create conventional rental units. State and local financial assistance was being utilized that will apply income limits to a portion of the units. However, the income limits are based on 120% of the area median income, and will not be as restrictive as the limits that often apply to income-based housing projects, which are often set at 60% or less of the area median income level.

The proposed project in Pierre would create 12 high quality rental units. It would be constructed by the developers of Country View Estates, which was built in 2009. As planned, units would be similar to Country View, but would probably only have one bathroom.

There are also two proposed rental projects identified in Fort Pierre. The Marion's Garden complex, which currently has three 12-unit rental buildings, is planning to add two more twelve-plexes in 2013. These units will be high quality units, similar to the existing buildings. The only identified difference with the next phase of construction will be four-level structures, with parking on the lowest level and rental units above. Flooding in 2011 caused damage to the existing ground level units, so the next phase will only have parking garages at grade.

The second proposed project in Fort Pierre will be included as part of the first phase of development in a mixed-use commercial and residential project known as Riverwalk Landing. This project will create a marina, restaurant and housing option along the Missouri River. The first phase will create eight rental units, with more rentals and condominiums planned for future development.

Rental Housing Survey

As part of this housing study, a telephone survey was conducted of multifamily projects in the City of Pierre and Fort Pierre, since these two cities form a unified market for rental housing. The survey was primarily conducted during the month of October.

Emphasis was placed on contacting properties that have five or more units, although a few smaller properties were also included. For the purposes 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 market rate units, tax credit units, subsidized housing, and senior housing. While independent senior housing is included in this section of the Study, the following section contains

the information on the senior units that also provide services. Senior housing that includes light services, such as a daily meal in the monthly rent are considered to be housing with services, even if they are marketed as independent senior units.

There were more than 1,200 housing units of all types that were contacted in the survey. This total would represent between 45% and 50% of the Pierre/Fort Pierre estimated total inventory of rental housing units. The units that were successfully contacted include:

- ▶ 635 conventional, market rate units
- ▶ up to 100 motel/hotel units used for extended rentals
- ▶ 0 tax credit moderate rent units (other tax credit units included in subsidized summary)
- ▶ 149 subsidized units for senior/disabled occupancy
- ▶ 245 subsidized units for general occupancy
- ▶ 63 specialized senior living units (detailed in following section)

The findings of the survey for independent living units are provided below. The findings of the survey for senior housing with services units are presented in the next section of this Study.

Market Rate Summary

Usable information was obtained from 29 different market rate rental projects. Combined, these projects had 635 conventional rental units. All of the units in the survey were multifamily buildings, although some had as few as three units.

For some of the buildings that were contacted, only partial information was obtained. For example, some properties did not provide the exact bedroom mix for units in the building. In other cases, vacancies were not defined by bedroom mix. For some of the calculations that follow, a smaller subset of market rate units may have been used.

Unit Mix

Since a number of the building owners/managers could not identify an exact unit count by bedrooms, the following breakdown is based on the specific information obtained from 28 properties with 590 units:

- ▶ Efficiency/Studio - 95 units (16.1% of all units surveyed)
- ▶ One-bedroom - 146 units (24.7%)
- ▶ Two-bedroom - 293 units (49.7%)
- ▶ Three-bedroom - 44 units (7.5%)
- ▶ Four-bedroom - 12 units (2.0%)

Pierre also has a number of hotels/motels that use some of their rooms for longer-term rentals. This may be for time periods as short as a week, to as long as many months. In some cases, the number of longer-term rentals is dependent upon the time of year, and the estimated demand for nightly hotel/motel usage. These room rentals may be a desirable choice for construction workers temporarily located in the area, interns and people at the State Capitol for a limited term, or students locating in the community for a short period of time. While it is recognized that these types of housing units fill a valuable role in the community, they have generally been excluded from the analysis of permanent rental housing that follows, even though some have been listed within the rental table presented later in this section.

Occupancy / Vacancy

Within the market rate multifamily segment there were 18 vacant units of the 635 used in the occupancy calculation. This represents an overall vacancy rate of 2.8%.

It should be noted that one rental property owner with a large portfolio of buildings and units was not willing to release specific information on occupancy. This property owner estimated that the vacancy rate was 15% across their total rental inventory. With the number of units represented, this would raise the overall vacancy rate within the local market, if the vacancy estimate is accurate. However, this person was also skeptical of the intent of this Study, and declined to answer specific questions, raising concerns in the analyst over the accuracy of the summary information.

Most of the vacancies that were reported were in two-bedroom rental units, although these also represented more than half of all the units surveyed. The estimated vacancy rate in two-bedroom multifamily units was 3.5%.

In efficiency/studio units, the estimated vacancy rate was 3.2%. In one-bedroom units, the estimated vacancy rate was 1.6%. In three-bedroom rentals, the estimated vacancy rate was 2.6%. No vacancies were found in four-bedroom units.

There were differing opinions about the strength of the local rental market in late 2012. Even though occupancy rates were generally high, some owners/managers talked about recent soft market conditions. However, other owners/managers talked of good demand, with any turnover units filling quickly.

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 Pierre and Fort Pierre, a common practice is to have tenants pay for general electrical use, electric heat, and a basic monthly sewer charge from the City in addition to the monthly contract rent.

In the following summary, Community Partners Research has attempted to estimate the gross rents being charged, inclusive of an estimate for tenant-paid utilities.

In the first column, the lowest and highest gross rents have been identified, as reported in the telephone survey. Since the highest and lowest ends of the rent range may not be representative of most units, a prevailing rent column has also been listed that attempts to define the gross rents being charged by a majority of the units surveyed.

<u>Unit Type</u>	<u>Lowest/Highest Gross Rents</u>	<u>Prevailing Rents Majority of Units</u>
Efficiency/Studio	\$310-\$410	\$325-\$390
One-bedroom	\$340-\$850	\$475-\$575
Two-bedroom	\$525-\$1500	\$575-\$800
Three-bedroom	\$690-\$1250	\$825-\$975

Certain types of units, such as four-bedroom rentals, were not well represented in the multifamily sample, and have not been presented in the summary above, since they may not be a good reflection of the typical rental rates in the community.

Tax Credit Summary

Since the late 1980s, the primary federal incentive program for the production of affordable rental housing has been through federal low income housing tax credits, also referred to as Section 42 housing. In South Dakota, tax credits are awarded annually on a competitive basis.

Nine rental projects were identified in Pierre that have received a tax credit award. Most of the tax credit awards in Pierre have been made for new construction of affordable housing. These awards were generally made in conjunction with other federal subsidy programs to construct very affordable housing. Since other federal subsidy sources were used, these units typically operate as subsidized housing, with rent based on household income, and the ability to serve even very low income renters.

New construction tax credit projects that operate as subsidized housing include Elm Creek (Rural Development), Spruce Apartments (Rural Development), Willow Creek Apartments (Rural Development), Lincoln Apartments I (Rural Development), Lincoln Apartments II (Rural Development), and Birchwood Apartments, which is now known as Arbordale (Rural Development). Based on the age of construction for many of these projects, the tax credit compliance periods have been met. However, these projects still participate in the Rural Development subsidy program and have been included in the subsidized housing analysis that follows later in this section.

There was one new construction tax credit project in Pierre that did not also utilize another federal subsidy program. West Dakota Apartments was a 6-unit project that was constructed in the early 1990s. The 15-year tax credit compliance period has been met and this project now operates as conventional, market rate housing.

One additional tax credit new construction project was used to create housing for people with special needs. Oahe, Inc. Apartments has seven tax credit-assisted units that provide supported housing for people with developmental disabilities.

The most recent tax credit award in Pierre was made in 2007, and was for the renovation of the apartment project formerly known as Birchwood. As part of the renovation project, the name was changed to Arbordale. Arbordale does operate as Rural Development subsidized housing and is included in the subsidized section that follows.

Subsidized Summary

The research completed for this Study identified 18 subsidized projects in Fort Pierre and Pierre that provide rental opportunities for lower income households. These projects have a combined 423 units.

Three of the subsidized projects in Pierre serve populations with special housing needs. Betty's Place, Bridgeway II and Oahe, Inc. Apartments all serve targeted disabled populations, and are filled through referrals from the applicable service provider. Since these units are not available to the general rental market, they have not been included in the subsidized analysis that follows.

Five of the subsidized projects are designated for senior and/or disabled tenant occupancy. These senior-oriented projects have a combined total of 149 units. These projects are Americana Apartments, Lincoln Apartments I, Lincoln

Apartments II, Missouri View Apartments (senior building) and Old West Elderly Apartments, which is located in Fort Pierre. One additional project, Midtown Apartments in Pierre, primarily serves senior and/or disabled tenants, but is available for general occupancy.

There are 10 subsidized projects are designated as general occupancy housing. Combined, they have 245 total units. The general occupancy projects are Arbordale, Elm Creek, Harrison Apartments, Missouri View Apartments (general occupancy), Midtown, Old West Family (Fort Pierre), Public Housing Scattered Site, RC Pierre Apartments, Spruce Apartments and Willow Creek.

Most of the City's subsidized units have access to project-based rent assistance. These units can charge rent based on 30% of the tenant's household income. A small number of units in some Rural Development projects may not have rent assistance. Units without project-based rent assistance have a basic rent amount that is charged, even if this is above 30% of income for the tenant.

There are also tenant-based rent assistance Vouchers available in the area. In October 2012, there were 134 Vouchers being used in Pierre and four Vouchers being used in Fort Pierre. While it is possible that some of the Vouchers could be used in subsidized projects that cannot offer project-based rent assistance to all lower income tenants, it is assumed that most Vouchers were being used in private-market, conventional rental housing.

Unit Mix

The individual subsidized rental projects in Pierre and Fort Pierre range in size from 10 units to 42 units. The bedroom mix breakdown is as follows (excluding special needs units):

General Occupancy

- ▶ 50 one-bedroom (20.4% of general occupancy total)
- ▶ 141 two-bedroom (57.6%)
- ▶ 48 three-bedroom (19.6%)
- ▶ 6 four-bedroom (2.4%)

Senior/Disabled Occupancy

- ▶ 18 efficiency (12.1% of senior/disabled total)
- ▶ 129 one-bedroom (86.6%)
- ▶ 2 two-bedroom (1.3%)

Occupancy / Vacancy

There were a few unoccupied units that were identified in the general occupancy subsidized projects. However, each of the projects that reported an open unit also reported the existence of a waiting list. In all cases, the unoccupied units were in the process of being filled from the waiting list. As a result, the general occupancy subsidized vacancy rate is estimated at less than 1%.

Two of the projects that are designated for senior/disabled tenants did have open units on the date of the survey. Neither of these projects had a waiting list to fill the units. The estimated vacancy rate in senior/disabled subsidized housing was 2.7%.

All of the general occupancy projects reported the existence of a waiting list. Most of the senior/disabled projects also reported a waiting list for occupancy. Some managers stated that the waiting lists are sometimes out-of-date, as many applicants needed immediate access to housing.

The best single indicator of unmet demand for subsidized housing may be the waiting list for the Voucher rent assistance program, which is not location or project-specific. In October, there were 161 households on this waiting list. Most of the waiting households were families, typically single-parent families with children.

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 1960, 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 two projects that have left their subsidy programs in recent years.

The Estes Building, with 12 one-bedroom units, left its Rural Development subsidy program in 2011 and now offers general occupancy, conventional rental housing. The manager of the property indicated that three tenants still remain from the subsidized program, but the remaining units are filled by market rate renters.

The Pierre Senior Citizens Apartments was originally a HUD Section 8 New Construction subsidized project for senior and/or disabled tenant occupancy. It was constructed in 1972 and was designed to serve mixed incomes, with 26 rent assistance units and 13 market rate units. In 2012 the HUD contract was terminated and three tenants still have rent assistance, but remainder of building is now market rate. While most tenants are seniors, some younger people also in residence.

It is possible that some other subsidized projects have been lost over time, but no historical list was available to compare with the current inventory.

Tenant-Based Rent Assistance Vouchers

In addition to the subsidized projects, Pierre and Fort Pierre have approximately 138 households being assisted with HUD Housing Choice Vouchers (formerly Section 8 Existing Program). The service area for the rent assistance program includes Pierre and Fort Pierre.

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. The rent assistance is administered by the Pierre Housing Authority.

Since this rent assistance is tenant-based, and moves with the household, the actual number of participating households within each City can vary from month to month. It is possible that some of these households may be using their rent assistance in one of the tax credit or subsidized projects, if that project does not have project-based rent assistance available for all tenants. In October 2012, there were 134 Vouchers in use in Pierre and four Vouchers being used in Fort Pierre.

The waiting list for the program had 161 names in October 2012. The Program tends to have limited turnover, and any household issued a Voucher can have difficulty finding and securing a suitable unit in the area due to the low vacancy rate. According to the Housing Authority, there are often as many as 10 households with a Voucher that are searching for an available unit.

Table 29 Pierre Area Multifamily Rental Housing Inventory

Name	Number of Units /Bedroom Mix	Rent	Vacancy/ Wait List	Tenant Mix	Comments
Market Rate					
Alorz Apartments 116 N Onida	<u>8 - 2 Bedroom</u> 8 Total Units	\$675-\$725 +heat, electric, sewer/water	No vacancies	Mix of tenants	Two-level apartment building constructed in 1976. Tenants pay heat, electric, sewer and water fee in addition to rent. Amenities include a garage for each unit and coin laundry. New owner is remodeling units as turnover occurs. Owner reports no vacancies.
Anderson Apartments 506 N Euclid	8 Total Units	N/A	N/A	N/A	Unable to contact
Anderson Rentals 421 S Fort	5 Total Units	N/A	N/A	N/A	Unable to contact
Ben Anne 2302 Flag Mountain Dr	4 - 2 Bedroom <u>1 - 3 Bedroom</u> 5 Total Units	\$940 \$980 +utilities	No vacancies	Mix of tenants	Townhouse units constructed between 2006 and 2008 and used for rental housing. Tenants pay utilities in addition to rent. Amenities include garage parking and in-unit laundry. Units have stairs and are mostly rented by younger tenants. Manager reports no vacant units at time of survey.
Broadway Apartments 1115 E Broadway	6 Total Units	N/A	N/A	N/A	Unable to contact
Buhl Rentals 323 S Henry	Approximately 132 total Units in buildings with 4 to 12 units/building	N/A	Estimated at 15% vacancy	Mix of tenants	Owner unwilling to provide specific information, but reported an approximate vacancy rate of 15% in total portfolio -reported that rental market in Pierre is not as strong as in the past.

Table 29 Pierre Area Multifamily Rental Housing Inventory

Name	Number of Units /Bedroom Mix	Rent	Vacancy/ Wait List	Tenant Mix	Comments
Market Rate					
Capitol Bell 721-725 E Wells	18 - Studio 24 - Efficiency 24 - 1 Bedroom <u>24 - 2 Bedroom</u> 90 Total Units	\$270 \$335 \$450-\$470 \$520-\$565 +heat, electric, sewer	1 vacant unit, 1 - 2 Bdrm	Mix of tenants, including State interns in studios and efficiencies	Two 3-level apartment buildings with 45 units each, that are connected by a walkway, probably constructed in the 1950s. Amenities include elevator and garage parking for extra fee. Most units pay heat, electric and sewer in addition to rent, but studio rents include utilities. Studios have 202 sq ft, efficiencies have 364 sq ft, 1-bedrooms have 1 bathroom and 624 sq ft, 2-bedrooms have 1 bathroom and 700 to 860 sq ft. Three-bedrooms can be created by renting a 2-bedroom and adjoining studio unit. Manager reports 1 vacant unit at time of survey, but sometimes difficult to keep all units leased, especially with the number of small units.
Capitol View 206 N Highland	8 Total Units	N/A	N/A	N/A	Unable to contact
Capitol Inn Apartments 815 E Wells	110 room motel that uses some rooms for longer-term rental	N/A	N/A	Mix of tenants	Motel with 110 total rooms that uses some for longer-term rental. No specific number of rooms, but dictated by demand. Manager says that a broad mix of people rent rooms. Unwilling to hare any further information concerning rents or occupancy.
Capitol Park 100 S Court Pl	10 Total Units	N/A	N/A	N/A	Unable to contact
Carriage House 1300 N Harrison	25 Total Units	N/A	N/A	N/A	Multi-level apartment building with underground parking.
Colonial Manor 633 N Highland	2 - 1 Bedroom <u>10 - 2 Bedroom</u> 12 Total Units	\$350-\$400 \$450-\$500 +electric, heat, sewer	No vacancies	Mostly single tenants	Three-level apartment building constructed in the late 1970s. Tenants pay heat, electric and sewer in addition to rent. Amenities include coin laundry. Owner reports low turnover, with many long-term tenants and most are singles.

Table 29 Pierre Area Multifamily Rental Housing Inventory

Name	Number of Units /Bedroom Mix	Rent	Vacancy/ Wait List	Tenant Mix	Comments
Market Rate					
Country View Estates 2413 Stanton	2 - 1 Bedroom 12 - 2 Bedroom <u>2 - 3 Bedroom</u> 16 Total Units	\$800 \$950 \$1075 +heat, electric	No vacancies	Mix of tenants	Two-level apartment building constructed in 2009. Tenants pay heat and electric in addition to rent. Amenities include garage, in-unit laundry and 2 bathrooms in larger units. Units are large, with 1050 sq ft in 2-bedrooms and 1200 sq ft in 3-bedrooms. Owner reports that all units are occupied.
Dakota Apartments 1529 E Dakota	12 Total Units	N/A	N/A	N/A	Unable to contact
DOMA Court 112 Court Pl	5 Total Units	N/A	N/A	N/A	Unable to contact
Eagle Apartments (FSW Building) 330 N Euclid	<u>8 - 2 Bedroom</u> 8 Total Units	\$500 +utilities	N/A	N/A	Unable to contact - information taken from website. Amenities include coin laundry and off-street parking.
Edgewater Apartments 1300-1400 Edgewater Dr	2 - Efficiency 18 - 1 Bedroom 36 - 2 Bedroom <u>5 - 3 Bedroom</u> 62 Total Units	\$320 \$450 \$550-\$600 \$750 +heat, electric	3 vacant units	Mix of tenants	Two 3-level apartment buildings constructed in 1979. Amenities include garage and central AC. Tenants pay heat and electric in addition to rent. Efficiencies have 240 sq ft, 1-bedrooms have 600 sq ft, 2-bedrooms have 768 to 881 sq ft, and 3-bedrooms have 1144 sq ft. Manager reports 3 or 4 vacancies at time of survey due to ongoing monthly turnover.
Eighth Street Apartments 102 E Eighth St	6 - 2 Bedroom <u>9 - 3 Bedroom</u> 15 Total Units	\$525-\$550 \$625-\$650 +heat, electric	No vacancies	Mix of tenants	Rental units are in multiple buildings including duplexes and single family homes, most constructed in the 1970s. Tenants pay heat and electric in addition to rent. Manager reports no vacant units.

Table 29 Pierre Area Multifamily Rental Housing Inventory

Name	Number of Units /Bedroom Mix	Rent	Vacancy/ Wait List	Tenant Mix	Comments
Market Rate					
El Casa Apartments 2401 E Humboldt	12 - 1 Bedroom <u>12 - 2 Bedroom</u> 24 Total Units	\$470 \$570 +heat, electric, sewer	1 vacant unit, 1 - 2 Bdrm	Mostly younger tenants	Three-level apartment buildings constructed in the late 1970s. Amenities include garage, dishwasher, in-unit laundry and decks for upper floors. Tenants pay heat, electric and sewer in addition to rent. One-bedrooms have 1 bathroom and 528 to 600 sq ft, 2-bedrooms have 1 bathroom and 787 sq ft. Many tenants are younger, based on location near Eagle Creek. One unit vacant at time of survey.
Estes Building 102 E Prospect	<u>12 - 1 Bedroom</u> 12 Total Units	\$475 +heat, electric, sewer	No vacancies	General occupancy	Formerly a Rural Development subsidized building that converted to market rate housing in 2011 - 3 tenants still remain from subsidized project. Two-level apartment building constructed in the 1970s. Rent includes water and garbage, with tenants paying other utilities. All units have 1 bathroom and 576 sq ft. Manager reports no vacancies on date of survey.
Grand Apartments 108 S Pierre St	6 Total Units	N/A	N/A	N/A	Unable to contact
Grand Manor 101 W Prospect	<u>3 - 2 Bedroom</u> 3 Total Units	\$1150 to \$1350 +electric, heat, garbage	No vacancies	Mix of tenants	Three-level condominium project that was constructed in 2009 - 13 units are privately-owned and 3 units are rented, with goal to sell remaining rentals. Units have attached garage parking and storage area. Elevator is available. Tenants pay heat, electric and garbage in addition to rent. Units have 2 bathrooms and have 1150 to 1200 sq ft. Condo units have been popular with seniors. All 3 rental units were occupied on date of survey, and good demand has existed.
Graves Apartments 604 W Capitol	8 Total Units	N/A	N/A	N/A	Unable to contact

Table 29 Pierre Area Multifamily Rental Housing Inventory

Name	Number of Units /Bedroom Mix	Rent	Vacancy/ Wait List	Tenant Mix	Comments
Market Rate					
Hillsview Apartments 212 E Second	2 - 1 Bedroom <u>10 - 2 Bedroom</u> 12 Total Units	\$400-\$450 \$575-\$600 +heat, electric	No vacancies	Mix of tenants	Three-level apartment building constructed in 1978. Tenants pay heat and electric in addition to rent. Amenities include coin laundry. Owner reports no vacancies, but lower demand in last few months.
Hilltop Apartments 1114 N Euclid	8 Total Units	N/A	N/A	N/A	Unable to contact
Island View Condos 425 E Missouri	<u>7 - 2 Bedroom</u> 7 Total Units	\$1025 +utilities	No vacancies	Mix of tenants	Condominium project constructed in 1999 with most units used as rental housing. Tenants pay utilities. Amenities include garage with extra storage, in-unit laundry and location near River. Units have 2 bathrooms and 1085 to 1132 sq ft. Owner reports full occupancy, but units can remain available when turnover occurs.
Kusler Apartments 365 S Pierre	5 Total Units	N/A	N/A	N/A	Unable to contact
LaFramboise Apartments 404 S Robert	12 Total Units	N/A	N/A	N/A	Unable to contact
Linn Rentals 320 S Poplar	1 - 1 Bedroom <u>7 - 2 Bedroom</u> 8 Total Units	\$550 \$630-\$650 +heat, electric	No vacancies	Mix of tenants	Two-story apartment building constructed in 1984. Tenants pay heat and electric in addition to rent. Amenities include garages and coin laundry. Manager reports no vacancies and good demand.
Metzinger Rentals 1301 E Dakota Poplar	8 Total Units	N/A	N/A	N/A	Unable to contact

Table 29 Pierre Area Multifamily Rental Housing Inventory					
Name	Number of Units /Bedroom Mix	Rent	Vacancy/ Wait List	Tenant Mix	Comments
Market Rate					
Nagel Apartments 416 Chapelle	8 Total Units	N/A	N/A	N/A	Unable to contact
Parkview Apartments 724 E Dakota	8 Total Units	N/A	N/A	N/A	Unable to contact
Pawnee Apartments 312 S Pawnee	<u>8 - 2 Bedroom</u> 8 Total Units	\$500 +heat, electric	1 vacant unit	Mix of tenants	Apartments constructed in 1976. Tenants pay heat and electric in addition to rent. Units have 1 bathroom, Amenities include coin laundry and off-street parking. Owner reports 1 vacant unit, but soft market conditions over the past 2 years due to the economy.
Pierre Apartments 639 N Highland	<u>12 - 1 Bedroom</u> <u>4 - 2 Bedroom</u> 16 Total Units	\$375-\$400 \$475 +heat, electric, sewer/water	No vacancies	Mostly younger singles	Three-level apartment building constructed in 1985. Tenants pay heat, electric and sewer/water in addition to rent. Amenities include coin laundry and balconies for upper units. Manager reports that most tenants are younger singles. No vacancies at time of survey.
Pierre Chateau Apartments 118 E Prospect	<u>20 - 2 Bedroom</u> 20 Total Units	\$600 +electric, sewer	4 vacant units	Mix of tenants	Four-level apartment building constructed in the early 1970s with some garage parking on the lowest level. Units were remodeled in 2011. Rent includes heat but tenant pays electric and sewer. Amenities include garage for extra fee, coin laundry on each floor and secured entrance. All units have 1 bathroom and 787 sq ft. Manager reports 4 vacant units that have been available for a few months.

Table 29 Pierre Area Multifamily Rental Housing Inventory

Name	Number of Units /Bedroom Mix	Rent	Vacancy/ Wait List	Tenant Mix	Comments
Market Rate					
Pierre Inn & Suites 125 W Pleasant	Approximately 20 Rental Units	\$650 -\$950	1 vacant unit	Interns, nursing students, others	Longer-term rental units in hotel - 4 month lease available which serves Capitol interns, nursing students and others looking for housing. Units have kitchens or kitchenettes and services can be purchased from hotel, such as linen service. Manager reports good demand with available units generally filling quickly.
Pierre Senior Citizens 710 W Dakota	22 - Efficiency <u>17 - 1 Bedroom</u> 39 Total Units	\$310 \$340	2 vacant units, 2 - Efficiency	Senior-oriented housing	HUD Section 8 New Construction subsidized project for senior and/or disabled tenant occupancy that was constructed in 1972 - project originally served mixed incomes with 26 rent assistance units and 13 market rate units. In 2012 the HUD contract was terminated and 3 tenants still have rent assistance, but remainder of building is now market rate. While most tenants are seniors, some younger people also in residence. Manager reported 2 vacancies on date of survey.
Poplar Apartments 111 S Poplar	6 Total Units	N/A	N/A	N/A	Unable to contact
Pringle Apartments 103 S Poplar	7 Total Units	N/A	N/A	N/A	Unable to contact
Ree Street Apartments 323 S Ree	<u>8 - 2 Bedroom</u> 8 Total Units	\$450 +heat, electric	No vacancies	Mix of tenants	Two-story apartment building constructed in the 1980s. Tenants pay heat and electric in addition to rent. Amenities include coin laundry. Owner reports no vacancies on date of survey.

Table 29 Pierre Area Multifamily Rental Housing Inventory

Name	Number of Units /Bedroom Mix	Rent	Vacancy/ Wait List	Tenant Mix	Comments
Market Rate					
Regency Apartments I and II 202, 212 W Prospect	<u>12 - 2 Bedroom</u> 12 Total Units	\$550-\$620 +heat, electric, sewer	No vacancies	Mix of tenants	One 8-unit and one 4-unit 2-level apartment buildings constructed in 1976. Rent includes water and garbage, but tenants pay heat, electric and sewer in addition to rent. Amenities include garage for extra fee, dishwasher and in-unit laundry. Units have 1 bathroom and 966 to 1040 sq ft. Manager reported no vacancies on date of survey.
RiverSet Apartments 124 W Missouri	5 - 1 Bedroom <u>3 - 2 Bedroom</u> 8 Total Units	\$450 \$550 +heat, electric, sewer	No vacancies	Mostly single tenants	Two-story apartment building constructed in 1988. Tenants pay heat, electric and sewer in addition to rent. Amenities include deck/patio, coin laundry and location near River. Manager reports nearly all tenants are singles. No vacancies at time of survey and good demand for units in this building.
Riverview Estates 220 N Pierce	14 Total units	N/A	N/A	N/A	Unable to contact. Appears to be condominium project that may have some units used for rental housing.
Riverview Village (akaGeorgetown Park) 2500 E Capitol	12 - 2 Bedroom 24 - 3 Bedroom <u>12 - 4 Bedroom</u> 48 Total Units	\$630 \$730 \$795 + heat, electric, sewer/water	1 vacant unit, 1 - 3 Bdrm	Mix of tenants	Townhouse rental units constructed in 1973. Rent includes water and garbage, with tenants paying remaining utilities. Units are 3-level, with detached garage and in-unit laundry. Three-bedroom units have 1 bathroom and 1080 sq ft, 4 bedroom units have 1.5 bathrooms and 1320 sq ft. Most tenants are younger families with children. Manager reports 1 vacant unit at time of survey due to recent turnover.

Table 29 Pierre Area Multifamily Rental Housing Inventory

Name	Number of Units /Bedroom Mix	Rent	Vacancy/ Wait List	Tenant Mix	Comments
Market Rate					
Royal D and H 803 E Broadway	3 - Efficiency 10 - 1 Bedroom <u>24 - 2 Bedroom</u> 36 Total Units	\$340 \$470 \$600 +electric, sewer	3 vacant units, 1 - 1 Bdrm 2 - 2 Bdrm	Mix of tenants	Two 3-level apartment buildings with 18 units each, constructed in the early 1970s. Rent includes heat but tenants pay electric and sewer in addition to rent. Some garages available for extra fee. All units have 1 bathroom and efficiencies have 396 sq ft, 1-bedrooms have 740 sq ft, and 2-bedrooms have 912 sq ft. Manager reported 3 vacancies on date of survey.
Sky View Apartments 424 W Capitol	6 Total Units	N/A	N/A	N/A	Unable to contact
St. Charles 207 E Capitol	1 - Bedroom <u>2 - Bedroom</u> 45 Total Units	\$500 \$875 +electric	1 vacant unit, 1 - 1 Bdrm	Mix of tenants	Apartments in historic hotel building near State Capitol. Rent includes heat but tenants pay electric. Amenities include commercial uses on main floor, including restaurant and beauty shop. Manager reports 1 vacant unit on date of survey.
Terrace Motel Apartments 231 N Euclid	48 Total Units	\$450	4 units intentionally vacant for repairs	Monthly motel rentals	Rooms in Terrace Motel that are used for monthly rentals. Owner reports that units are always full, but 4 units were intentionally vacant at time of survey for repairs.
Tower Apartments 1100 E Church St	26 - Efficiencies 15 - 1 Bedroom 25 - 2 Bedroom <u>3 - 3 Bedroom</u> 69 Total Units	\$350 \$450 \$490-\$500 \$565 + electric, heat, sewer	1 vacant unit, 1 - Efficiency	Mostly younger tenants, State workers	Three-level apartment building constructed in 1970; no elevator. Rent includes water and garbage, with tenants paying remaining utilities. Location near Capitol makes it a popular option for State workers. One unit vacant at time of survey due to recent turnover.

Table 29 Pierre Area Multifamily Rental Housing Inventory					
Name	Number of Units /Bedroom Mix	Rent	Vacancy/ Wait List	Tenant Mix	Comments
Market Rate					
West Dakota Apartments 125 W Dakota	<u>6 - 1 Bedroom</u> 6 Total Units	\$300-\$400 +electric, heat, sewer	No vacancies	Mostly younger tenants	Apartments constructed in early 1990s using tax credits - compliance period has been met and now operating as market rate housing. Tenants pay heat, electric and sewer in addition to rent. Manager reports most tenants are younger professionals, and many are long-term residents. No vacancies at time of survey.
White Apartments 326 N Euclid	5 Total Units	N/A	N/A	N/A	Unable to contact
Whitaker Apartments 608 W Capitol	5 Total Units	N/A	N/A	N/A	Unable to contact
Woodridge Carefree Living 1020 Woodview Dr	<u>21 - 2 Bedrooms</u> 21 Total Units	\$1100 +utilities	N/A	N/A	Unable to contact manager - information present is from project website. Townhouse rental units built in 3 phases in 2004, 2005 and 2007. Units are one-level units without stairs have private entrances, attached garage, dishwasher and in-unit laundry. Tenants pay all utilities. Each unit has 1.5 to 2 bathrooms and have 1300 to 1400 sq ft.
208 E Wynoka Apartments	4 - 1 Bedroom <u>2 - 2 Bedroom</u> 6 Total Units	\$425 \$465 +electric, heat, sewer	No vacancies	Mix of tenants	Older building that was probably converted to rental housing many years ago, and then remodeled in the early 1990s. Tenants pay heat, electric and sewer in addition to rent. Owner reports full occupancy.

Table 29 Pierre Area Multifamily Rental Housing Inventory					
Name	Number of Units /Bedroom Mix	Rent	Vacancy/ Wait List	Tenant Mix	Comments
Fort Pierre					
Abbies Apartments 183 Rose	8 Total Units	N/A	N/A	N/A	Unable to contact
109 First St Apartments	2 - 1 Bedroom <u>2 - 2 Bedroom</u> 4 Total Units	N/A	No vacancies	Mix of tenants	A 4-plex that is part of the Ft. Pierre Motel property but used as rental housing. Owner is attempting to sell the building and have it moved from its current location. Units are fully occupied.
Marion's Garden Apartments 162 and 174 S Kerrols 103 Caol-Ila Ct	<u>36 - 2 Bedroom</u> 36 Total Units	\$650-\$750 +utilities	No vacancies	Mix of tenants including seniors	Three building each having three-levels, constructed in 1993. Two buildings have elevators. Tenants pay all utilities in addition to rent. Amenities include garage, AC, dishwasher, in-unit laundry hookup, and access to boat dock. Two-level buildings have elevator. Some units have cathedral ceilings, fireplace and 2 decks. All units have 1 bathroom and range from 960 to 1000 sq ft. Several seniors in buildings. No vacancies at time of survey. Future phase of development in 2013 will add 24 more units.
Wandel Apartments 102-106 Wandel	2 - 1 Bedroom <u>6 - 2 Bedroom</u> 8 Total Units	\$450-\$500 \$550-\$600 +electric	No vacant units	Mix of tenants	Two 4-plexes constructed in 1978. Rent includes heat, hot water, water and garbage, with tenants paying electric and sewer. Amenities include coin laundry. Owner reports full occupancy and good rental history.

Table 29 Pierre Area Multifamily Rental Housing Inventory

Name	Number of Units /Bedroom Mix	Rent	Vacancy/ Wait List	Tenant Mix	Comments
Subsidized - General Occupancy					
<p>Arbordale (formerly Birchwood) 2300 Flag Mountain Dr</p>	<p>2 - 1 Bedroom 14 - 2 Bedroom <u>8 - 3 Bedroom</u> 24 Total Units</p>	<p>\$794 \$886 \$994 30% of income</p>	<p>No vacancies, waiting list</p>	<p>General occupancy</p>	<p>Rural Development subsidized project constructed in the late 1980s using tax credits, and renovated with a 2007 tax credit award. Project has 8 town houses and two 8-unit apartment buildings. Tenants pay rent based on 30% of income up to maximum rents listed. Amenities include dishwasher, off-street parking and in-unit laundry for some units. One-bedrooms have 1 bathroom and 624 sq ft, 2-bedroom units have 1 bathroom and 702 sq ft. Any turnover units are filled from shared waiting list between 5 properties.</p>
<p>Elm Creek 2301 Flag Mountain Dr</p>	<p>2 - 1 Bedroom 14 - 2 Bedroom <u>8 - 3 Bedroom</u> 24 Total Units</p>	<p>\$846 \$919 \$953 30% of income</p>	<p>No vacancies, waiting list</p>	<p>General occupancy</p>	<p>Rural Development and tax credit rental project constructed in 1994. Tax credit compliance requirement has been met. Project has 8 town houses and two 8-unit apartment buildings. Tenants pay rent based on 30% of income up to maximum rents listed. Amenities include coin laundry and location near commercial area. One-bedrooms have 1 bathroom and 572 sq ft, 2-bedrooms have 1 bathroom and 733 sq ft, and 3-bedrooms have 2 bathrooms and 1033 sq ft. Any turnover units are filled from shared waiting list between 5 properties.</p>
<p>Harrison Apartments 1615 E Dakota</p>	<p>15 - 2 Bedroom <u>8 - 3 Bedroom</u> 23 Total Units</p>	<p>\$25-\$682 \$25-\$828 30% of income</p>	<p>2 units in the process of being filled, short waiting list</p>	<p>General occupancy</p>	<p>SDHDA/HUD Section 8 subsidized project for general occupancy built in 1982. Two-level apartment buildings. All tenants pay rent based on 30% of income, up to maximum rents listed. Amenities include coin laundry, window AC, off-street parking, patio/balcony. Two-bedrooms have 1 bathroom and 864 sq ft and 3-bedrooms have 1 bathroom and 1008 sq ft. Manager reports some turnover, with 2 units in the process of being filled from short waiting list. Tenant screening leads to rejection of many applicants.</p>

Table 29 Pierre Area Multifamily Rental Housing Inventory

Name	Number of Units /Bedroom Mix	Rent	Vacancy/ Wait List	Tenant Mix	Comments
Subsidized - General Occupancy					
Missouri View Apartments 2511 E Irwin	14 - 2 Bedroom <u>4 - 3 Bedroom</u> 18 Total Units	30% of income	No vacancies, waiting list	General occupancy	HUD-subsidized apartments for general occupancy. All tenants pay rent based on 30% of income. Amenities include coin laundry, playground and on-site manager. Manager reports that any turnover units are filled from existing waiting list.
Midtown 301 W Pleasant	28 - 1 Bedroom <u>2 - 2 Bedroom</u> 30 Total Units	30% of income	No vacancies, waiting list	General occupancy	HUD Public Housing apartment project constructed in 1970. Originally built for senior/disabled tenants, a later rule change has allowed general occupancy, although the large majority of tenants are 62+ years old or disabled. Tenants pay rent based on 30% of income. Waiting list has 23 names, so any turnover units are filled from waiting list.
Old West Family 311 N Deadwood Fort Pierre	10 - 2 Bedroom <u>2 - 3 Bedroom</u> 12 Total Units	\$25-\$906 \$25-\$1047 30% of income	No vacancies, waiting list	General occupancy	SDHDA/Section 8 New Construction project for general occupancy, constructed in early 1980s. All tenants pay rent based on income up to maximum rents listed. Amenities include coin laundry, AC and controlled access. Two-bedrooms have 1 bathroom and 800 sq ft, and 3-bedrooms have 1 bathroom and 1024 sq ft. Manager reports 1 unoccupied unit that was in the process of being filled. Waiting list of 5 names for 2-bedrooms and 2 names for 3-bedrooms.
Public Housing Scattered Site	4 - 2 Bedroom 10 - 3 Bedroom <u>6 - 4 Bedroom</u> 20 Total Units	30% of income	No vacancies, waiting list	General occupancy	HUD Public Housing scattered site units constructed in the early 1980s. Tenants pay rent based on 30% of income. Waiting list has 72 names for 2-bedrooms, 23 names for 3-bedrooms and 13 names for 4-bedrooms, so any turnover units are filled from waiting list.

Table 29 Pierre Area Multifamily Rental Housing Inventory					
Name	Number of Units /Bedroom Mix	Rent	Vacancy/ Wait List	Tenant Mix	Comments
Subsidized - General Occupancy					
RC Pierre Apartments 208 E 7 th 1210 N Euclid	7 - 1 Bedroom <u>33 - 2 Bedroom</u> 40 Total Units	\$480 \$528 30% of income	No vacancies, waiting list	General occupancy	Rural Development subsidized project for general occupancy. Five 2-level apartment buildings with 8 units each, constructed in 1973. Tenants pay rent based on 30% of income up to maximum rents listed. Coin laundry and off-street parking. One-bedrooms have 1 bathroom and 567 sq ft, and 2-bedrooms have 1 bathroom and 707 sq ft. Any turnover units are filled from shared waiting list between 5 properties.
Spruce Apartments 1900 Kennedy Dr	2 - 1 Bedroom 14 - 2 Bedroom <u>8 - 3 Bedroom</u> 24 Total Units	\$771 \$889 \$956 30% of income	No vacancies, waiting list	General occupancy	Rural Development and tax credit project constructed in 1993. Tax credit compliance has been met. Project has 8 town houses and two 8-unit apartment buildings. Tenants pay rent based on 30% of income up to maximum rents listed. Amenities include coin laundry, off-street parking and location near commercial area. Two-bedrooms have 1 bathroom and 769 sq ft, 3-bedrooms have 2 bathrooms and 998 sq ft. Any turnover units are filled from shared waiting list between 5 properties.
Willow Creek Apartments 1011 N Garfield	9 - 1 Bedroom <u>21 - 2 Bedroom</u> 30 Total Units	\$760 \$820 30% of income	No vacancies, waiting list	General occupancy	Rural Development subsidized apartments that were constructed in the late 1980s. Tax credit assistance also used, but compliance period has been met. Four 2-level apartment buildings with 7 or 8 units each. Tenants pay rent based on 30% of income up to maximum rents listed. Amenities include coin laundry, off-street parking and location near larger commercial area. One-bedrooms have 1 bathroom and 591 sq ft, and 2-bedrooms have 1 bathroom and 695 sq ft. Any turnover units are filled from shared waiting list between 5 properties.

Table 29 Pierre Area Multifamily Rental Housing Inventory

Name	Number of Units /Bedroom Mix	Rent	Vacancy/ Wait List	Tenant Mix	Comments
Subsidized - Senior/Disabled					
<p>Americana Apartments 700 E Dakota</p>	<p>18 - Efficiency <u>24 - 1 Bedroom</u> 42 Total Units</p>	<p>\$25-\$340 \$25-\$410 30% of income</p>	<p>2 vacant units, 1 -Efficiency 1 - 1 Bdrm</p>	<p>Senior and disabled tenant occupancy</p>	<p>HUD Section 8 project-based subsidized housing for senior and/or disabled tenants, constructed in 1972. All tenants pay rent based on 30% of income up to maximum rents listed. Amenities include coin laundry and off-street parking. Efficiencies have 1 bathroom and 480 sq f and 1-bedrooms have 1 bathroom and 560 sq ft. Manager reports 2 vacant units due to recent turnover. No waiting list is kept.</p>
<p>Lincoln Apartments I 330 W Prospect</p>	<p>24 - 1 Bedroom <u>1 - 2 Bedroom</u> 25 Total Units</p>	<p>\$0-\$623 30% of income</p>	<p>No vacancies, waiting list</p>	<p>Senior Congregate</p>	<p>Rural Development and tax credit (1993 award) subsidized housing for senior and/or disabled tenant occupancy. All tenants pay rent based on 30% of income, up to maximum rent listed. Project offers congregate housing, with optional noon meal on-site 5 days/week. Amenities include elevator, beauty shop, emergency call system, community rooms and on-site manager. Manager reports full occupancy with any turnover units filled from waiting list - 16 name waiting list for Lincoln I and II.</p>
<p>Lincoln Apartments II 330 W Prospect</p>	<p>30 - 1 Bedroom <u>1 - 2 Bedroom</u> 31 Total Units</p>	<p>\$0-\$511 30% of income</p>	<p>No vacancies, waiting list</p>	<p>Senior Congregate</p>	<p>Rural Development and tax credit (1999 award) subsidized housing for senior and/or disabled tenant occupancy. All tenants pay rent based on 30% of income, up to maximum rent listed. Project offers congregate housing, with optional noon meal on-site 5 days/week. Amenities include elevator, beauty shop, emergency call system, community rooms and on-site manager. Manager reports full occupancy with any turnover units filled from waiting list - 16 name waiting list for Lincoln I and II.</p>

Table 29 Pierre Area Multifamily Rental Housing Inventory					
Name	Number of Units /Bedroom Mix	Rent	Vacancy/ Wait List	Tenant Mix	Comments
Subsidized - Senior/Disabled					
Missouri View Apartments 2511 E Irwin	<u>41 - 1 Bedroom</u> 41 Total Units	30% of income	No vacancies, waiting list	Senior and disabled occupancy	HUD-subsidized apartments for senior and disabled tenant occupancy. All tenants pay rent based on 30% of income. Amenities include elevator, community room and on-site manager. Part of the STAR Program, which is a program that provides services to the residents, including housekeeping, transportation services, meals, service coordinators and other benefits. Manager reports that any turnover units are filled from existing waiting list.
Old West Elderly 213 N Deadwood Fort Pierre	<u>10 - 1 Bedroom</u> 10 Total Units	\$25-\$768 30% of income	3 vacant units, short waiting list	Senior and disabled occupancy	SDHDA/Section 8 New Construction project built in early 1980s. All tenants pay rent based on 30% of income, up to maximum rents listed. Amenities include community room and library, controlled access, AC, coin laundry and pet-friendly. Manager reports 3 vacant units at time of survey, due to recent turnover, with 1 application being processed. Project has waiting list with 1 name.

Table 29 Pierre Area Multifamily Rental Housing Inventory					
Name	Number of Units /Bedroom Mix	Rent	Vacancy/ Wait List	Tenant Mix	Comments
Subsidized - Special Populations					
Betty's Place 803 N Euclid	<u>12 - 1 Bedroom</u> 12 Total Units	30% of income	N/A	Special needs housing for disabled	HUD Section 202/Section 8 subsidized project that is nonprofit owned and serves disabled populations. Units are filled through referral from service provider.
Bridgeway II Apartments 210 W Pleasant	8 - Studio <u>1 - 1 Bedroom</u> 9 Total Units	30% of income	N/A	Special needs housing for disabled	Rural Development subsidized project that is nonprofit owned and serves disabled populations. Units are filled through referral from service provider.
Oahe Apartments 514-516 S Adams	8 Total Units	N/A	N/A	Special needs housing	Two-level walkup apartment building constructed in the late 1980s using tax credits. Compliance period has been met. Owned by Oahe, Inc., and provides supported housing for people with developmental disabilities.

Source: Community Partners Research

Senior Housing with Services

Specialized senior housing, which provides some level of services along with a housing unit, has been an important part of the housing inventory for most communities. In Pierre, a number of projects have been developed over the last 25 years that have catered to senior renters.

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.

Due to the higher level of regulation, the Skilled Nursing Facilities and Assisted Living Centers can be identified through State licensing. In the case of Residential Living Centers, where registration is required but inspections are not required, it is possible that some properties are not registered.

Although there are both State and industry definitions that identify the different types of specialized senior housing, there can be some variation in how these definitions are used. For example, some senior projects may identify themselves as “independent living” rental housing for seniors, but they may be registered as a Residential Living Center with the State, implying the availability of some light services. The features that differentiate these units from truly independent housing are the availability of some limited services, such as a daily meal, weekly assistance with housekeeping and laundry, and similar offerings that are included in the rent package.

For the analysis that follows, Community Partners Research has grouped the housing with services providers into the following categories. Although we have attempted to clearly define each housing project by these categories, there may be some overlap in units.

- ▶ Independent senior housing with a meal option/congregate housing
- ▶ Residential Living Center/Senior housing with light services
- ▶ Assisted Living Center
- ▶ Memory Care
- ▶ Skilled Nursing Facility

Independent Senior Housing with a Meal Option

Unit Inventory

The research for this Study identified two senior-oriented rental housing projects that have the availability of a meal on-site. Lincoln Apartments I and II both make a noon meal available five days each week. A third senior project, Missouri View Apartments, participates in the STAR Program, which is a program that facilitates the delivery of services to its residents, including housekeeping, transportation services, meals, service coordinators and other benefits.

Lincoln Apartments I and II have a combined 56 rental units, primarily in one-bedroom apartments. Although built at different times, both used a combination of Rural Development subsidies and tax credits to create income-based housing for lower income seniors and/or disabled tenants. Rent is based on 30% of household income, making it affordable for even very low income tenants. In addition to the noon meal five days each week, the project also has an emergency pull-cord system, an on-site manager, and other amenities that can benefit more frail senior renters.

Missouri View Apartments has 41 one-bedroom units, and also charges rent based on 30% of income. The STAR program helps residents secure outside services, but the services are actually provided by a home health care agency or similar organization, and are not provided by the apartment complex.

When combined, these three projects have 97 rental units available that can serve low income people, with rent based on household income. The availability of a noon meal, and possible access to home health care, can allow some seniors to remain living independently.

Occupancy

Occupancy rates were very high in each of the projects, with any unoccupied units attributed to turnover, and the processing time needed to admit a new tenant. Each of the projects maintains a waiting list for occupancy.

Senior Housing with Light Services

Unit Inventory

As used in this Study, senior housing with light services defines a housing project where the basic monthly rent amount is inclusive of certain mandatory offerings, including a daily meal, access to an emergency call system, and possibly other light services, such as weekly laundry service or assistance with housekeeping. Light services projects may or may not be registered with the State as Residential Living Centers.

The research for this Study identified three housing projects in Pierre that offer seniors a light services unit. Combined, these projects had approximately 73 units available in 2012 for seniors looking to live independently, with access to certain light services. Actual person capacity could be higher, as couples may reside in some of the units.

The largest single project is ParkWood Apartments, with 57 apartment units. ParkWood is registered as a Residential Living Center. ParkWood is physically connected to St. Mary's Hospital and the Maryhouse Skilled Nursing Home. The monthly rent at ParkWood includes a daily noon meal, light housekeeping, an emergency call system and project amenities. Residents can access the Hospital Cafeteria via skyway to purchase additional meals.

Dakota Heritage is also registered as a Residential Living Center and has 11 sleeping rooms with private bathrooms. The basic monthly fee includes three daily meals, as well as laundry, light housekeeping and basic assistance with daily living tasks.

The third light services project is a five-unit apartment building located next to Kelly's Retirement Home I. Many of the same services are available as in the assisted living center, with the exception of medication dispensing. Residents get meals and help with daily living tasks.

Occupancy

The telephone survey found that occupancy rates in the light services projects are generally high, although both Dakota Heritage and Kelly's Apartments had one available room. ParkWood, which offers most of the units in this housing category, reported strong demand and a waiting list. Since units serving elderly residents can turnover frequently, there can be short-term vacancies while a new tenant is found.

Rental Rates

Rental rates can vary in this segment of the market, depending on what is included in the basic package. For example, the lowest price for a unit was in ParkWood, with some one-bedrooms at \$1,069 per month. However, this only included a noon meal. Rates at Kelly's Apartments started at \$1,600 for single occupancy, and were at \$1,900 in Dakota Heritage. However, both of these facilities provided three daily meals and provided assistance with daily living tasks.

Assisted Living Centers

Assisted living providers are able to offer a higher level of care and services for their senior residents. Although some facilities will offer a bundled package of services with the monthly rent, and others will sell the services "a la carte", the assisted living providers are able to offer a significant assistance with daily living activities. Assisted living will have 24-hour on-site staffing, and the availability of skilled nursing. All meals are available, as well as the ability to assist with medications.

Unit Inventory

There are only two facilities in Pierre that are licensed as Assisted Living Centers, Kelly's Retirement Home I and II. Combined, they are licensed for 31 residents. They offer individual sleeping rooms with private ½ bathrooms. A common shower facility exists, as most residents need assistance with bathing. A few rooms are joined by a doorway, and could be occupied by couples that have these adjoining rooms.

There had previously been another assisted living provider in Pierre, known as Evergreen Manor. However, in 2012, this facility was no longer on the State list of licensed facilities, and second-hand reports indicate that it has been closed for the past few years. There was an estimated capacity for 15 or 16 residents in Evergreen Manor.

Occupancy

As reported to the rental survey, the occupancy rate in Kelly's was high in late October. However, staff indicated that multiple vacancies have existed in the past two years, and it is often a struggle to maintain full occupancy. Demand tends to increase in the cold weather months, but is less evident during the summer.

Rental Rates

The basic monthly charge at Kelly's starts at approximately \$2,100, but additional fees can apply to additional services that may be needed by the resident. Kelly's will accept Medicare Waivers assistance.

Memory Care Housing

Unit Inventory

Memory care housing represents a very specialized segment of the senior market. People with health issues due to dementia, Alzheimer's Disease, or other causes may often be housed in assisted living centers, nursing homes, or less service-intensive forms of senior housing in the earlier phases of memory loss. However, as the problems progress, it is often necessary to provide housing in special facilities that provide a secure environment and specialized care targeted to memory care residents.

The research for this Study identified one provider of specific memory care housing in Pierre. Golden Living Center has a dedicated wing with 20 licensed beds for memory care needs.

While Maryhouse does not have a dedicated wing for memory care needs, the physical layout of the building does allow for a secure living environment for memory care residents. This facility does use Wanderguard technology on its upper floors to prevent people from leaving. Kelly's Retirement Homes also indicated that they have memory loss residents that have less severe care needs as a result of their memory issues.

Occupancy

At the time of the rental survey, there was one unoccupied bed in Golden Living Center's memory care wing, but this portion of their facility is typically full with a waiting list.

Rental Rates

Due to the specialized needs of residents in memory care units, this type of housing is at the higher end of the range for housing with services. Although no rate information was collected, memory care units will be above the standard skilled nursing home rate.

Skilled Nursing Homes

Skilled nursing homes have historically represented the most service-intensive form of senior housing. This segment of the market has been in transition, however, as other forms of senior housing, such as assisted living, have grown in availability, and become the preferred option for many seniors. Telephone interviews with administrators of nursing homes have highlighted the fact that nursing home residents are staying for shorter periods of time, and some nursing homes have designated an increasing share of their beds for short-term/rehabilitation stays.

In South Dakota, a moratorium has been in place for many years that prevent the addition of more skilled nursing beds, even in communities with high utilization rates.

Unit Inventory

There are two State-licensed skilled nursing homes in Pierre. Maryhouse is currently licensed for 80 beds. However, Maryhouse has two separate facilities, with a Transitional Care Unit in the Hospital, which has maximum capacity for 25 people, and a 100-bed skilled nursing home. Between these two locations, the exact mix of residents can change over time.

Golden Living Center is currently licensed for 72 beds, although 20 of these are in the dedicated memory care wing.

Although subject to change, the administrators of the two nursing homes estimated that approximately 120 to 125 residents in the combined facilities are oriented to longer-term residency, with the remaining beds used for short-term rehab and recovery stays.

Occupancy

Although we did not complete a formal “snapshot” occupancy survey, each facility was asked about occupancy rates. Both indicated that utilization rates tend to be high in the beds used by longer-term residents. Use of rehab/recovery beds can vary more widely.

Rental Rates

No information was collected on daily rates. Rates are generally impacted by State policy on reimbursement.

Market Share for Existing Housing with Services Projects

Senior Demographics

Housing with services projects can serve seniors of any age, but typically have the greatest utilization by older seniors. A 2005 Assisted Living Center report from the South Dakota Department of Health identified 88.3% of all assisted living residents Statewide as age 75 or older. To analyze the market share for the various forms of housing in the Two-County Area, Community Partners Research has focused on demographic data for older seniors, age 75 and above residing in Hughes and Stanley Counties.

The recent release of 2010 Census information provides an accurate, updated look at the area's senior population. In April 2010, there were 2,754 senior citizens (age 65+) living in the Two-County Area. This included 1,473 younger seniors, in the age range between 65 and 74 years old, and 1,281 older seniors, age 75 and above.

The population of senior citizens did grow over the last decade. Between 2000 and 2010, the Two-County Area added 193 younger seniors, age 65 to 74, but only four seniors age 75 and older.

Between 2010 and 2015, the projections used for this Study point to growth of approximately 500 additional senior citizens in the Two-County Area, but most of this will be due to seniors at the youngest end of the group, age 65 to 74. Fewer than 80 additional senior citizens would be projected in the age groups 75 years old and older, unless they relocate into the Pierre area from more distant locations.

For senior-headed households, there were 1,807 households in the Two-County Area that had a householder age 65 or older at the time of the 2010 Census. Of these households, 876 had a householder age 75 or older. As with senior populations, there was a net increase in the number of senior households in the last decade, but the net gain was almost equally split between younger senior and older senior households.

Once again, available projection data would show fairly strong growth in the number of senior-headed households through the year 2015, but this will largely be caused by an expansion of younger seniors, age 74 and younger. The growth in the number of older senior households should be much more limited. The projections used for this Study expect net growth of between 60 and 75 additional older senior households between 2010 and 2015.

The forecasts do point to net growth in the number of younger senior households, in the age range between 65 and 74 years old. A net increase of approximately 280 to 300 households would be expected within this younger senior group by the year 2015. Over the longer-term, the advancing baby boomer generation will create demand for additional specialized senior housing, but this demand is not expected until after the year 2020.

Senior Housing Utilization

It is important to note that the senior demographic statistics from the 2010 Census would include seniors already residing in specialized senior housing, including nursing homes, assisted living centers and memory care facilities. Adjustments to the senior population and the number of senior-headed households will be made for each of the different housing types reviewed. For example, when examining the seniors that form a potential market for an assisted living unit, it is necessary to subtract the seniors that already reside in more service intensive forms of senior housing, such as nursing homes or memory care units.

Skilled Nursing Homes

Since utilization of nursing home beds varies by short-term versus longer-term stays, some assumptions need to be applied to this segment of the market. After talking to nursing home administrators in Pierre, it is estimated approximately 120 to 125 skilled nursing beds are generally available for longer-term residents. These are the only skilled nursing beds within Hughes and Stanley Counties.

When these statistics are compared to the Market Area senior populations, the available supply of beds represents approximately 9.6% of the total population of older seniors (age 75+). In the opinion of the analysts, this is a relatively high percentage of beds to older seniors. The success of the existing skilled nursing homes points to their desirability as a place to live for older seniors.

Although calculations have been performed on the market share for nursing homes, there has been a long-standing moratorium on adding beds, and any new nursing home facilities are typically limited to replacing existing beds, rather than adding to the total inventory. As a result, no additional capture by nursing homes would be expected in the future. To the extent that some existing beds are diverted to other uses, such as specialized memory care or rehab/recovery, the utilization as a long-term place of residence could be lowered over time.

Memory Care Housing

Pierre has some capacity for people needing specialized memory care housing. There is a 20-bed memory care wing in the Golden Living Center. The available memory care beds in Pierre represent approximately 1.6% of the older senior population. Since memory care represents a very specialized form of housing, no adjustment has been made for seniors residing in other forms of housing. In the opinion of Community Partners Research, 1.6% represents a healthy capture rate for memory care units. Since Pierre is an important regional center, it is probable that some residents come from a greater distance.

Discussions with area housing providers point to the cost and regulatory difficulties of creating specialized memory care units. Staffing, security, liability and licensing requirements all contribute to a reluctance to enter this very specialized housing segment.

In South Dakota, it appears that some of the demand for memory care housing is met through the use of nursing home beds in smaller communities that may have a declining local senior population. For example, the nursing home in Gettysburg has a 15-bed dementia wing, nearly equal in size to the facility in Pierre. As a result, some of the demand from the larger region can be met in the smaller communities that have unused capacity in their nursing homes.

Assisted Living Centers

When examining market demand for assisted living, calculations are generally compared to the population of older seniors, rather than senior households. This is because assisted living residents are generally older seniors that tend to live alone, rather than as couples or households. Pierre does have a limited number of assisted living units that can accommodate couples if they both need this form of housing.

A downward adjustment needs to be made to account for seniors that are living in a memory care unit or a nursing home on a permanent basis. This results in a potential target market of approximately 1,140 older senior citizens that would consider an assisted living unit.

The City has 31 rooms available to serve assisted living residents. The supply of units/beds represents approximately 2.7% of the adjusted target population of older senior citizens residing in the MiSA. In the opinion of the analysts, the existing supply of units represents a below-average capture rate within the target population. Given Pierre's importance as a regional center, it is probable that a capture rate of more than 5% could be achieved, and in many markets, an even larger market share is possible.

One of the reasons that the assisted living market is not larger could well be the high capture rate that exists for skilled nursing homes. If long-term nursing home beds and assisted living beds are combined, then between 12% and 13% of all older seniors have access to these skilled care facilities.

Although it is the analysts' opinion that additional assisted living units could be supported, there is limited evidence of pent-up demand in 2012. The current provider has indicated that it can be difficult to keep their 31 units full, and a former provider has closed in recent years. It is not known if this facility was closed because of poor occupancy rates, or other causes.

Housing with Light Services/Residential Living Centers

Light services units are typically compared to the distribution of all older senior households, rather than population. Housing with light services can serve a more active and independent senior, and it is more common to see couples reside in this housing, as well as single person households.

After adjusting for senior households that already reside in more service-intensive forms of housing, we would estimate the target market at approximately 845 older senior households in the Two-County Area.

The current supply of 73 light services rental units represents a market capture rate of approximately 8.6% of the primary target market. In the opinion of the analysts, this is a relatively large concentration of units. However, occupancy rates tend to be high, and the price-point for some of the units tends to be moderate. As a result, this creates an attractive housing option for older seniors.

The above-average use of light services use in Pierre may also help to explain the relatively low capture rate achieved in Assisted Living Centers. The largest light services provider, ParkWood, is physically attached to the Hospital complex, and may be a very desirable location for older seniors even though it does not offer assisted living services.

Table 30 Pierre Senior Housing with Services Inventory					
Name	Number of Units /Bedroom Mix	Rent	Vacancy/ Wait List	Tenant Mix	Comments
Independent Senior Housing					
Americana Apartments 700 E Dakota	18 - Efficiency <u>24 - 1 Bedroom</u> 42 Total Units	\$25-\$340 \$25-\$410 30% of income	2 vacant units, 1 -Efficiency 1 - 1 Bdrm	Senior and disabled tenant occupancy	HUD Section 8 project-based subsidized housing for senior and/or disabled tenants, constructed in 1972. All tenants pay rent based on 30% of income up to maximum rents listed. Amenities include coin laundry and off-street parking. Efficiencies have 1 bathroom and 480 sq f and 1-bedrooms have 1 bathroom and 560 sq ft. Manager reports 2 vacant units due to recent turnover. No waiting list is kept.
Lincoln Apartments I 330 W Prospect	24 - 1 Bedroom <u>1 - 2 Bedroom</u> 25 Total Units	\$0-\$623 30% of income	No vacancies, waiting list	Senior Congregate	Rural Development and tax credit (1993 award) subsidized housing for senior and/or disabled tenant occupancy. All tenants pay rent based on 30% of income, up to maximum rent listed. Project offers congregate housing, with optional noon meal on-site 5 days/week. Amenities include elevator, beauty shop, emergency call system, community rooms and on-site manager. Manager reports full occupancy with any turnover units filled from waiting list - 16 name waiting list for Lincoln I and II.
Lincoln Apartments II 330 W Prospect	30 - 1 Bedroom <u>1 - 2 Bedroom</u> 31 Total Units	\$0-\$511 30% of income	No vacancies, waiting list	Senior Congregate	Rural Development and tax credit (1999 award) subsidized housing for senior and/or disabled tenant occupancy. All tenants pay rent based on 30% of income, up to maximum rent listed. Project offers congregate housing, with optional noon meal on-site 5 days/week. Amenities include elevator, beauty shop, emergency call system, community rooms and on-site manager. Manager reports full occupancy with any turnover units filled from waiting list - 16 name waiting list for Lincoln I and II.

Table 30 Pierre Senior Housing with Services Inventory					
Name	Number of Units /Bedroom Mix	Rent	Vacancy/ Wait List	Tenant Mix	Comments
Independent Senior Housing					
Missouri View Apartments 2511 E Irwin	<u>41 - 1 Bedroom</u> 41 Total Units	30% of income	No vacancies, waiting list	Senior and disabled occupancy	HUD-subsidized apartments for senior and disabled tenant occupancy. All tenants pay rent based on 30% of income. Amenities include elevator, community room and on-site manager. Part of the STAR Program, which is a program that provides services to the residents, including housekeeping, transportation services, meals, service coordinators and other benefits. Manager reports that any turnover units are filled from existing waiting list.
Old West Elderly 213 N Deadwood Fort Pierre	<u>10 - 1 Bedroom</u> 10 Total Units	\$25-\$768 30% of income	3 vacant units, short waiting list	Senior and disabled occupancy	SDHDA/Section 8 New Construction project built in early 1980s. All tenants pay rent based on 30% of income, up to maximum rents listed. Amenities include community room and library, controlled access, AC, coin laundry and pet-friendly. Manager reports 3 vacant units at time of survey, due to recent turnover, with 1 application being processed. Project has waiting list with 1 name.
Pierre Senior Citizens 710 W Dakota	22 - Efficiency <u>17 - 1 Bedroom</u> 39 Total Units	\$310 \$340	2 vacant units, 2 - Efficiency	Senior-oriented housing	HUD Section 8 New Construction subsidized project for senior and/or disabled tenant occupancy that was constructed in 1972 - project originally served mixed incomes with 26 rent assistance units and 13 market rate units. In 2012 the HUD contract was terminated and 3 tenants still have rent assistance, but remainder of building is now market rate. While most tenants are seniors, some younger people also in residence. Manager reported 2 vacancies on date of survey.

Table 30 Pierre Senior Housing with Services Inventory					
Name	Number of Units /Bedroom Mix	Rent	Vacancy/ Wait List	Tenant Mix	Comments
Senior Housing with Light Services					
Dakota Heritage 520 E Dakota Ave	11 Sleeping Rooms	\$1900 per month	1 vacant room	Senior housing with light services	State-licensed Residential Living Center. Residents have private bedroom and bathroom with shared common living areas. Rent includes 3 daily meals, laundry, housekeeping and light assistance with daily tasks. Manager reports 1 vacant room, but as many as 3 vacant in past year and no waiting list.
Kelly's Retirement Home Apartments	3 - 1 Bedroom 1 - 2 Bedroom <u>1 - 3 Bedroom</u> 5 Total Units	\$1600 single occupancy +750 for second person	1 vacant unit, 1 - 1 Bdrm	Senior housing with light services	Small apartment building constructed in 1990 next to Kelly's Retirement Home I. No licensed as assisted living, but tenants can receive most services and meals through Kelly's, except for medication dispensing. Units are occupied by seniors that need less assistance with daily living. One unit unoccupied on date of survey.
ParkWood 400 ParkWood Dr	1 Bedroom <u>2 Bedroom</u> 57 Total Units	Single occupancy ranges from \$1069 to \$1449 per month	No vacancies, long waiting list	Senior housing with light services	Senior apartment project constructed in 1988 and licensed as a Residential Living Center. Physically connected to hospital and Maryhouse Nursing Home. Rent includes a daily noon meal, all utilities, weekly cleaning of the kitchen and bath areas, cable TV, emergency pull cords and limited transportation. Project amenities include a beauty/barber shop, exercise room, on-site banking, activities and exercise groups. Tenants have access to the Maryhouse Chapel with daily Mass and non-denominational services on Sunday. One-bedroom units have 512 to 600 sq ft, and 2-bedrooms have 862 to 1000 sq ft. Additional meal charge for double occupancy. Additional meals can be purchased at hospital cafeteria. No vacancies reported and long waiting list.

Table 30 Pierre Senior Housing with Services Inventory

Name	Number of Units /Bedroom Mix	Rent	Vacancy/ Wait List	Tenant Mix	Comments
Senior Housing with Services - Assisted Living Centers					
Kelly's Retirement Home I 615 S Jefferson	15 Licensed Beds	\$2100+	No vacancies, waiting list	Senior assisted living	State-licensed Assisted Living Center constructed in 1990. Residents have private room with ½ bath and common shower room. Monthly fee includes all meals, assistance with daily living, med dispensing, housekeeping, laundry and activities. Additional services can be purchased as needed. No vacancies reported at time of survey, but multiple rooms have been unoccupied in past year - demand tends to increase during winter months and drop in summer.
Kelly's Retirement Home II 1522 E Dakota Ave	16 Licensed Beds	\$2100+	No vacancies, waiting list	Senior assisted living	State-licensed Assisted Living Center constructed in 1997. Residents have private room with ½ bath and common shower room. Monthly fee includes all meals, assistance with daily living, med dispensing, housekeeping, laundry and activities. Additional services can be purchased as needed. No vacancies reported at time of survey, but multiple rooms have been unoccupied in past year - demand tends to increase during winter months and drop in summer.

Table 30 Pierre Senior Housing with Services Inventory					
Name	Number of Units /Bedroom Mix	Rent	Vacancy/ Wait List	Tenant Mix	Comments
Senior Housing with Services - Skilled Nursing Homes					
Golden Living Center 950 E Park	72 Licensed Beds including 20-bed Alzheimer’s Wing	N/A	High rate of utilization	Skilled nursing home	Licensed for 72 beds, including 20 in a specialized memory care wing. Approximately 60 to 65 beds typically used by longer-term residents, with some beds also used for short-term or rehab stays. Memory care wing was added in 2006 and is usually full with a waiting list.
Maryhouse 717 E Dakota	80 Licensed Beds between Maryhouse and Transitional Care Unit in hospital	N/A	Approx. 60 beds utilized by longer-term residents	Skilled nursing home	Maryhouse is licensed for 80 beds between two facilities - 25-bed Transitional Care Unit in hospital and 100-bed nursing home. Occupancy changes, but approximately 60 beds were used by longer-term residents in nursing home. Upper floor has Wanderguard and can serve people with memory loss issues. Physically connected to ParkWood Apartments.

Source: Community Partners Research

Employment and Local Economic Trends Analysis

While many factors influence the need for housing, employment opportunities represent a predominant demand generator. Without jobs and corresponding wages, the means to pay for housing is severely limited.

Employment opportunities may be provided by a broad range of private and public business sectors. Jobs may be available in manufacturing, commercial services, agriculture, public administration, and other industries. 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 Cities of Pierre and Fort Pierre have been aggressively pursuing economic development and job growth. While working on attracting new business to the area, the Cities have also worked with existing businesses to facilitate job expansion in the communities.

Employment information is available at the City level for Pierre, and at the County level for Hughes and Stanley Counties. The first table displays information for the City of Pierre, while the second table contains data for the Two-County Area. Information for Pierre has only been available since 2006.

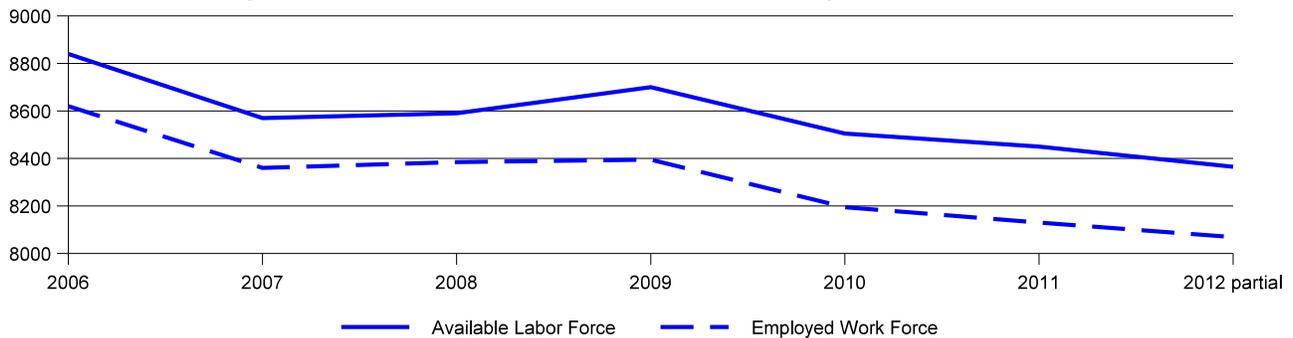
Table 31 Pierre Average Annual Labor Statistics: 2006 to 2012*						
Year	Labor Force	Employed	Unemployed	Unemployment Rate - City	Unemployment Rate - SD	Unemployment Rate - US
2006	8,840	8,620	220	2.5%	3.1%	4.6%
2007	8,570	8,360	210	2.4%	2.9%	4.6%
2008	8,590	8,385	205	2.4%	3.0%	5.8%
2009	8,700	8,395	305	3.5%	5.2%	9.3%
2010	8,505	8,195	310	3.7%	5.0%	9.6%
2011	8,450	8,130	320	3.8%	4.7%	8.9%
2012*	8,365	8,069	296	3.5%	4.4%	8.3%

Source: South Dakota Department of Labor

* 2012 information is for January through September

Pierre has experienced some fluctuation in recent years in the available labor force and the employed work force. Between 2006 and 2011, the last full year of data, the City’s labor force decreased by more than 4.4%, or 390 people.

City of Pierre Labor Force and Employed Work Force



The same basic pattern was evident in the employed work force. The highest level of employment in the City occurred in 2006, and the number of employed residents had decreased by 490 through calendar year 2011. Although only partial year data exist for 2012, both the labor force and employed workforce show minor decreases when compared to 2011.

Table 32 MiSA Average Annual Labor Statistics: 2000 to 2012*						
Year	Labor Force	Employed	Unemployed	Unemployment Rate - MiSA	Unemployment Rate - SD	Unemployment Rate - US
2000	11,480	11,240	240	2.1%	2.7%	4.0%
2001	11,685	11,410	275	2.4%	3.1%	4.7%
2002	11,645	11,365	280	2.4%	3.3%	5.8%
2003	11,630	11,315	315	2.7%	3.5%	6.0%
2004	11,760	11,425	335	2.8%	3.7%	5.6%
2005	12,080	11,730	350	2.9%	3.7%	5.1%
2006	12,460	12,155	305	2.4%	3.1%	4.6%
2007	12,070	11,785	285	2.4%	2.9%	4.6%
2008	12,130	11,845	285	2.3%	3.0%	5.8%
2009	12,270	11,855	415	3.4%	5.2%	9.3%
2010	12,490	12,055	435	3.5%	5.0%	9.6%
2011	12,405	11,960	445	3.6%	4.7%	8.9%
2012*	12,278	11,869	409	3.3%	4.4%	8.3%

Source: South Dakota Department of Labor
 * 2012 information is for January through September

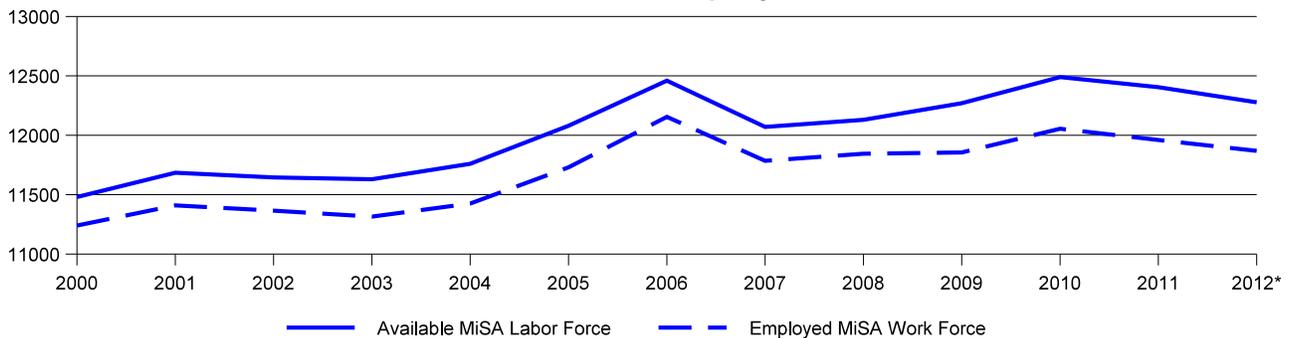
Despite the fact that Pierre represents more than two-thirds of the entire labor force for the MiSA, patterns in the two-county area differ from those in Pierre. Over a longer time period, there has been growth in the area’s labor force and employed work force. Between 2000 and 2011, the size of the labor force increased by 925 people, or 8.1%. The employed work force increased by 720 people, or 6.4% during this same time period.

The labor force statistics in the table above tracks people by place of residence, rather than place of employment. As the rural areas around Pierre and Fort Pierre have continued to grow, a larger share of the employed population has located outside of the city limits of each community.

Although information for 2012 is only through the end of September, it appears that labor statistics for the entire MiSA will be slightly lower than 2011, as both the labor force and employed workforce averages were smaller than in 2011. However, the unemployment rate is also slightly lower, although the last quarter will probably raise that number due to seasonal changes in employment.

Throughout the entire time period reviewed, the unemployment rate in the MiSA has stayed below the Statewide rate. The Statewide unemployment rate has consistently remained well below the national average.

MiSA Labor Force and Employed Work Force



Average Annual Wages by Industry Sector

The following table shows the annual employment and average annual wages by major employment sector in 2011, the last full year of data. It is important to note that the major employment sectors listed do not represent all employment in the County. This information is for the combined Hughes and Stanley Counties MiSA.

Table 33 MiSA Average Annual Wages by Industry Detail: 2011		
Industry	2011 Employment	2011 Average Annual Wage
Total All Industry	11,749	\$34,983
Natural Resources, Mining	119	\$35,454
Construction	712	\$36,831
Manufacturing	98	\$32,146
Trade, Transportation, Utilities	2,238	\$27,301
Information	166	\$30,206
Financial Activities	593	\$49,521
Professional and Business Services	630	\$37,412
Education and Health Services	1,362	\$39,599
Leisure and Hospitality	1,199	\$12,923
Other Services	422	\$29,845
Government	4,185	\$41,896

Source: South Dakota Department of Labor

The average weekly wage for all industry in 2011 was \$34,983. The highest paying wage sectors were Financial Activities and Government, both with an annual average wage above \$41,000. Government was also the largest single industry sector for number of employees.

The lowest paying wage sector was Leisure and Hospitality, with an average annual wage of only \$12,923.

Major Employers in Pierre and Fort Pierre

The Community Profiles for the Pierre and Fort Pierre list the following major employers with 100 or more employees. Most of this information is from the website maintained by the Governor's Office of Economic Development.

▶ State Government	2,300 employees
▶ St. Mary's Health Care Center	452 employees
▶ Pierre School District	350 employees
▶ WalMart	350 employees
▶ Federal Government	240 employees
▶ Morris, Inc.	170 employees
▶ First Dakota Enterprises	135 employees
▶ City of Pierre	135 employees
▶ Medical Associates Clinic	135 employees
▶ Bankwest	131 employees
▶ Eagle Creek	120 employees
▶ Pierre Indian Learning Center	112 employees

Source: Governor's Office of Economic Development; PEDCO

PEDCO staff also identified some expected job growth in the next year, including 20 to 50 additional jobs at Eagle Creek, and 12 new jobs at a new bean processing facility. Additionally, the City is expecting new additions to the retail sector.

Commuting Patterns of Area Workers

Only limited information is available on area workers that commute for employment. The best information is from the 2010 American Community Survey, and has been examined for the City of Pierre. This table only examines people that commuted, and excludes people that work at home.

Table 34 Commuting Times for Pierre Residents - 2010		
Travel Time	Number	Percent
Less than 10 minutes	3,968	52.5%
10 to 19 minutes	3,006	39.8%
20 to 29 minutes	279	3.7%
30 minutes +	305	4.0%
Total	7,558	100%

Source: 2010 American Community Survey 5-year estimates

The large majority of Pierre residents were commuting less than 20 minutes to work in 2010. Overall, more than 92% of residents commuted less than 20 minutes to work. Only 4% of the City’s residents did commute a half hour or more for employment.

Summary of Findings/Recommendations

The findings/recommendations for the City of Pierre have been formulated through the analysis of the information provided in the previous sections and include a total of 22 recommendations divided into the following categories:

- ▶ **Rental Housing Recommendations**
- ▶ **Home Ownership and Single Family Housing Recommendations**
- ▶ **Housing Rehabilitation and Neighborhood Revitalization**
- ▶ **Other Housing Initiatives**

The findings/recommendations for each category are as follows:

Findings and Recommendations for the City of Pierre	
Rental Housing Recommendations	
1.	Market potential for 80 to 110 conventional market rate rental units
2.	Develop 30 to 40 tax credit/moderate rent units
3.	Goal of developing 20 to 30 subsidized general occupancy rental units
4.	Promote expansion of senior assisted living units
5.	Consider innovative program efforts to assist renter households
6.	Explore opportunities to provide housing with services in subsidized housing
Home Ownership and Single Family Housing Recommendations	
7.	Most demand will be for moderate to higher-priced housing
8.	Promote affordable ownership through available resources
9.	Promote townhouse and twin home development
10.	Promote additional residential lot development to meet demand
11.	Utilize and promote all programs that assist with home ownership
12.	Explore the creation of a local downtown payment assistance program
13.	Coordinate with agencies/nonprofits that develop very affordable housing

Findings and Recommendations for the City of Pierre	
Housing Rehabilitation and Neighborhood Revitalization	
14.	Promote rental housing rehabilitation programs
15.	Promote owner-occupied housing rehabilitation programs
16.	Consider the development of a purchase/rehabilitation program
17.	Consider the development of a Neighborhood Revitalization Program
18.	Acquire and demolish dilapidated structures
19.	Consider the development of a rental housing inspection program
Other Housing Initiatives	
20.	Promote employer involvement in housing programs
21.	Develop mobile home programs
22.	Create a plan and a coordinated effort among housing agencies

More detail on these recommendations is provided in the following section. Prior to the specific recommendations, a summary of some of the key growth-related findings and projections has been presented.

Summary of Growth Trends

The Demographic section of this report has presented information on the recent estimates and past trends for Pierre, Fort Pierre and the surrounding area. In general terms, the Pierre Micropolitan Statistical Area (MiSA) has demonstrated a strong pattern of growth in recent decades, adding both population and households.

While Pierre has consistently added households, the City's population level actually decreased slightly over the last decade. Much of the area's recent growth has been happening outside of the city limits of Pierre, as many families and households have elected to live in the rural townships that surround the City. Even though Pierre had a minor reduction in population, the entire MiSA added 735 people between 2000 and 2010, and has added more than 3,200 people over the past 30 years.

Despite some loss of population between 2000 and 2010, Pierre did add 211 households. A smaller average household size, more one person households, fewer children per family, and similar lifestyle changes in recent decades have resulted in more households being formed from a smaller number of people. However, although Pierre has added households for at least the last three decades, the rate of change was slower in the most recent decade. Between 1980 and 1990, Pierre added 616 households. Between 1990 and 2000, Pierre added 504 households. Between 2000 and 2010, Pierre added 211 households.

When the entire two-county MiSA is examined, these growth patterns show a more stable pace of growth. Between 1980 and 1990, the entire MiSA added 659 households, with over 90% of the net increase within the City of Pierre. Between 1990 and 2000, the MiSA added 922 households, with nearly 55% of the net growth within Pierre. Between 2000 and 2010, the MiSA added 671 households, with less than one-third of the net growth located in Pierre.

While there are multiple factors that have probably contributed to the popularity of living in the rural area outside of the Pierre/Fort Pierre City limits, one factor has certainly been the age distribution patterns with the existing population. As the large, baby boom generation has moved through the aging cycle, they have increased their rate of home ownership. While Pierre contains most of the area's rental housing, the growth in demand for home ownership opportunities has also been met through housing options that have been created in the rural areas that surround Pierre and Fort Pierre.

Growth Projections Overview

A primary method for projecting future household growth is based on the continuation of past trends and patterns. For the Pierre MiSA, the projections created by Community Partners Research expect the addition of 365 and 493 households over the five-year projection period. On an average basis, this would be 73 to 99 additional households per year.

Projecting the relative share of this growth potential that will be within the city limits of either Pierre or Fort Pierre becomes more difficult. For the two-city aggregation of Pierre and Fort Pierre, the average annual growth forecast ranges between 31 and 53 households per year. Past patterns would expect that between 70% and 75% of these households would locate in Pierre, although both communities are capable of attracting a larger share of this future growth.

In the last decade, most of the area's net growth occurred outside of the city limits. However, as the baby boom generation continues to age, it is very possible that a shift will begin to occur, as older adult households begin to look for housing options that best suit their lifestyle needs. This could result in placing more of the net household growth into the Cities of Pierre and Fort Pierre. Prior to the last decade, households were more likely to locate in the city limits of Fort Pierre or Pierre, and there is reason to believe that this will happen again in the future.

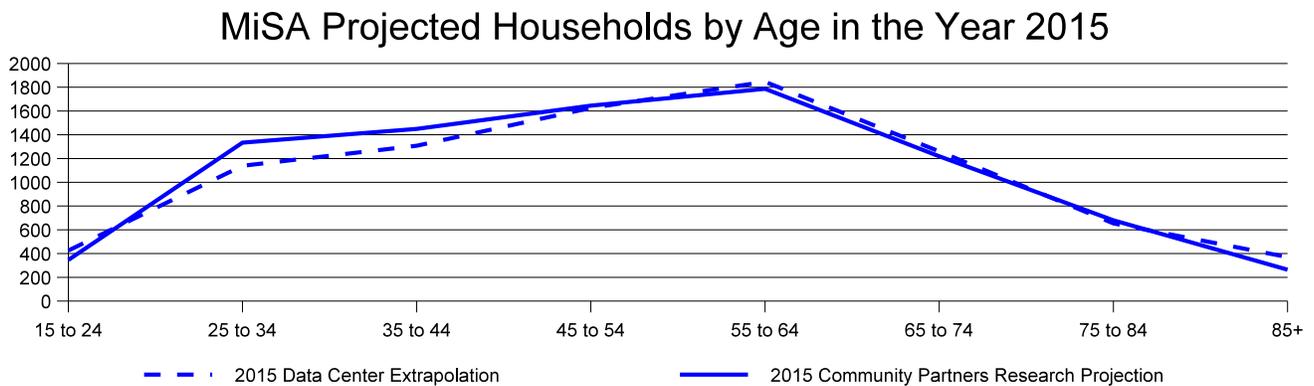
For household growth to occur in the future, at the projection levels used in this Study, some rebound will be required in new housing construction activity. The entire MiSA did not have new housing unit creation reach or exceed 70 units per year between 2007 and 2011. In 2012, building permit issuance did exceed 70 units, due to one large multifamily project that started construction. Since the Pierre area does not have a large supply of unused housing, net household growth will be dependent on housing availability. Without a commensurate net gain in available housing, the area will not be able to add 70 or more households per year in the future.

Summary of Growth Projections by Age Group

The Demographic section of this Study presented projection information on anticipated changes by age group over the next few years. This information can be informative in determining the housing changes that may be needed due to age patterns of the area population.

There are two age-based projection sets that have been examined. One was derived from recent population projections issued by the South Dakota State Data Center. Although these are population projections, they can be converted into household forecasts, based on past household formation trends. The second set of age-based projections were formulated by Community Partners Research, using the detailed demographic data contained in the 2010 Census, and projecting this information forward to the year 2015.

Although the two forecasts do have some minor disagreement on changes at the younger and older ends of the adult age ranges, they are generally very similar in the expected changes that will occur in the next few years, as can be seen in the following line chart that shows the age distribution projections.



The following ranges show the expected net change in the number of MiSA Area households in each 10-year age cohort between 2010 and 2015. The MiSA designation includes all of Hughes and Stanley Counties. The first column reflects the changes derived from the medium series population projections from the State Data Center. The second column reflects the median change from the projection range by age as calculated by Community Partners Research.

<u>Age Range</u>	<u>Projected Change in Households 2010 to 2015</u>
15 to 24	+57 to -22
25 to 34	-148 to +47
35 to 44	-37 to +104
45 to 54	-180 to -161
55 to 64	+165 to +106
65 to 74	+329 to +288
75 to 84	+33 to +59
85 and Older	+115 to +9

In general terms, both forecasts expect most of the projected net growth to occur among households in the age ranges between 55 and 74 years old. This would largely reflect the aging “baby boomers”, nearly all of whom will be age 55 or older by the year 2015.

Overall, each of the age ranges above 55 years old is expected to add households. In 2000, approximately 34.6% of all MiSA households had a head-of-household that was age 55 or older. By 2010, these older adult age groups had grown to 42.1% of all households. By 2015, the projections used for this Study indicate that between 45.3% and 49.6% of all MiSA households will have a household age 55 or older.

While there are some numeric differences in the younger adult age groups, both projection sources expect a net reduction of households in the age groups under 55 years old. While projections can be informative in planning for future changes, it is important to note that they may be altered in the future. To the extent that the Pierre area can attract in-migration to fill available job openings, the demographic profile of future residents may not always match historical patterns, and it is possible that more young adults may move to the area.

Summary of Housing Unit Demand and Tenure Projections

As the largest city in the surrounding region, Pierre has developed a diverse range of housing options for area residents. This is most evident in rental housing, as Pierre contains nearly 83% of all renter households in the two-county MiSA, and Pierre/Fort Pierre contain nearly 91% of all renters.

Although the last decade was generally regarded as a very strong period for home ownership, the rental tenure rate in Pierre actually increased slightly and the home ownership rate dropped. In terms of net change, Pierre added 120 renter-occupancy households over the last decade and 91 owner-occupancy households, according to the 2010 Census. This trend toward rental tenure in Pierre was reversed over the entire MiSA, as the two-county area experienced an increase in the rate of home ownership, due to a large net increase in home owners in the surrounding rural areas.

With a net gain of only 91 owner-occupants, the level of home owner household growth in Pierre was well below the level of single family housing unit construction. Housing units issued a building permit between 2000 and 2009 would probably have completed construction and been available for occupancy by the time the 2010 Census was completed. Based on building permit records, there were as many as 260 single family detached homes constructed in Pierre during this time period, plus approximately 20 or more attached single family units, such as twin homes or town houses. Despite a level of new home construction of approximately 280 single family units, the net gain in owner-occupancy households in Pierre was less than 100 households.

Some of the discrepancy between new housing starts intended for owner-occupants and the smaller net growth in number of home owners may be explained by flood plain clearance efforts. In the early 2000s, flood damage mitigation efforts began the removal of approximately 65 flood-prone houses in Pierre and approximately 70 houses in Fort Pierre. Some of the new construction activity in the early years of the last decade was probably in response to a need for replacement housing. In addition to flood-related removals there were also ongoing demolition and losses of other housing units in the City. The 2010 Census also recorded 44 unoccupied owner-occupant houses in the City, with most of these identified as vacant and for sale.

However, even allowing for vacancies and demolitions, the net gain in owner-occupancy households was still less than the level of newly constructed single family homes, implying that some level of tenure shift occurred, as some older single family homes presumably changed to renter-occupancy housing. Since it appears that actual demand for owner-occupancy units was much lower than

the level of new construction, this may explain the reason that new home construction slowed in Pierre after reaching a high of 40 single family units in 2006, even though Pierre was less impacted by the national economic recession and housing bubble collapse that caused a housing market retreat in other parts of the country.

Looking forward, there are multiple methods available for converting projected household growth into expected tenure preference. These methods include historic tenure patterns, the tenure trends that have been present in recent growth, and the projected tenure preferences among households in the different age groups. In the Pierre area, these varying methods tend to generate reasonably similar tenure forecasts, with growth-generated demand for approximately 20 to 30 renter-occupancy units per year, and approximately 55 to 65 owner-occupancy units annually.

While household growth will be the primary demand-generator for new construction, there are other factors that will also contribute to the need for more housing. Over the last decade, annual construction of owner-occupancy housing units was greater than owner household growth, implying that unit replacement and pent-up demand also contributed to the need for new construction. However, some level of overbuilding may have occurred, resulting in a construction slowdown over the past five years. As a result, we have not made any significant upward demand adjustment for unit replacement or pent-up demand for owner-occupancy housing.

For rental housing, some upward adjustment does need to be applied for existing, pent-up demand that is evident in the low rate of rental housing vacancy. Including some allowance for pent-up demand, unit replacement and growth-generated demand, the potential exists for 30 to 40 units of rental housing each year during the five-year projection period, or a cumulative total of 150 to 190 rental units.

The demand for owner-occupancy units will exist both inside and outside the city limits of Pierre and Fort Pierre. Demand for rental units will be primarily oriented to the two cities.

It is important to note that we have estimated potential demand in the Pierre area. In the specific recommendations that follow, we have made an actual construction forecast that also incorporates current economic and market conditions, which have recently suppressed building activity to a lower level than potential demand would indicate.

It is also probable that the five-year projections will not necessarily result in a consistent level of annual construction. Since 2006, new housing unit construction in Pierre has been below 30 units per year, except for the years 2009 and 2012, when larger-scale multifamily projects were constructed. For the entire MiSA, there have only been two years since 2005 when more than 70 housing units were added in a single year, again due to the multifamily projects in Pierre.

Summary of Employment and Economic Conditions

As detailed in a previous section of this Study, the Pierre MiSA has had a relatively strong local economy, especially when compared to other parts of the U.S. The area's unemployment rate has been well below the national rate for more than a decade, and has also been below the Statewide unemployment rate since at least the year 2000.

As the center of State government operations, Pierre tends to have a stable employment base. While there has been some pressure to downsize government in recent years, the number of people employed in the industry sub-sector State Government has grown over time. In 2000, there were 2,709 covered workers in State Government in Hughes and Stanley Counties. In 2011, there were 2,906 employees in this industry sub-sector. For all industry sectors, the Pierre MiSA had a net gain of 981 covered workers in the time period between 2000 and 2011.

Labor statistics, which track people by place of residence, show the Pierre MiSA added 925 people to the available labor force between 2000 and 2011, an increase of 8.1%. The employed work force increased by 720 people, or 6.4% during this same time period. Although information for 2012 is only through the end of September, it appears that labor statistics for the entire MiSA will be slightly lower than 2011, as both the labor force and employed workforce averages were smaller than in 2011.

The size of the local labor force did experience some reduction between 2006 and 2007, slightly ahead of a national economic recession. However, by 2011, the size of the area's labor force was slightly larger than in 2006, and there has generally been an upward trend in long-term labor statistics.

Single family housing construction patterns and home values are directly linked to economic activity and consumer confidence. Single family housing starts in the MiSA appear to have reached a recent peak in 2005, and the size of the local employed work force reached its recent peak in 2006. Although the workforce has grown slightly smaller since that time, there is little evidence that home values have slumped, although new housing construction has slowed since that time.

The accuracy of demand projections and housing forecasts contained in this Study will be impacted by the local economy. Although larger-scale employment changes would not be expected in the Pierre area, housing demand will be directly impacted by economic growth.

Rental Housing Recommendations

Overview: Pierre has a relatively large supply of rental housing. This is a direct result of the City's role as a regional center, providing rental opportunities for area residents from multiple surrounding counties and Tribal Reservations.

At the time of the 2010 Census, nearly 38% of Pierre's households were renting their housing. This rental tenure rate dropped to 35.7% when Pierre and Fort Pierre are viewed as a single aggregated entity. For comparison, the rental tenure rate for all of South Dakota was 31.9% in 2010. The rental tenure rate for the entire two-county MiSA was 31.7%, nearly identical to the Statewide rate.

According to the Census, Pierre added slightly more renter-occupancy households than owner-occupancy households over the last decade. Most of the area's net growth in renters occurred within Pierre, while most of the net growth in home owners occurred in the rural portions of Hughes and Stanley Counties.

As the largest City in the immediate region, Pierre also has a diverse rental inventory, with a broad mix of units serving different income levels and age groups. Despite the strength of the rental market, and the growth of housing demand over the last decade, the actual construction of new rental units has generally not kept pace. In 2012, a building permit was issued for a 57-unit apartment building. However, going back to the year 2000, the only other larger-scale rental projects were a 16-unit apartment building and a 21-unit town house project, which was built in phases over a number of years.

Unlike many other communities in South Dakota, Pierre has not experienced any recent production of specialized rental units. The City has not had any expansion of specialized senior housing, including units with some level of services with the housing. The City has not had any additions to the affordable rental stock, such as subsidized or tax credit units, although some of the apartments in the new 57-unit project will have moderate income limits that apply.

Looking forward, the potential demand calculations used for this Study show the need for 150 to 190 units of rental housing over a five-year projection period. Pent-up demand for certain types of units, such as subsidized housing, could further expand this need for additional units, although production of certain types of housing, such as deep subsidy units, may not be achievable with current resources.

The following findings and recommendations address specific segments of the Pierre rental market.

1. Market Potential to Develop 80 to 110 Conventional Market Rate Rental Housing Units

Findings: The large majority of the rental housing in Pierre can be classified as conventional housing, serving general occupancy, market rate renters. These units are free of any specific occupancy restrictions or income limits. Conventional, market rate housing does not typically have any form of rent controls, other than those imposed by the competitive marketplace.

There is no definitive summary of total rental units in Pierre and Fort Pierre, such as a city licensing program. Using 2010 Census information, building permits and research completed for this Study, Community Partners Research estimates there are approximately 2,630 rental units in Pierre and Fort Pierre in 2012. Approximately 2,050 of these units, or 78%, are best described as conventional, market rate rental housing. To the best of our knowledge, nearly all of these are for general occupancy, although a few may be age-restricted to 55 and older occupancy.

The rental survey that we completed for this Study collected information from 29 different market rate rental projects in Pierre and Fort Pierre. Combined, these projects had 635 conventional rental units. All of the units in the survey were multifamily buildings, although some had as few as three units. The surveyed units represented nearly 31% of the estimated market rate stock in the area.

There were 18 vacant units reported to the survey of the 635 used in the occupancy calculation. This represents a vacancy rate of 2.8%. There were differing opinions about the strength of the local rental market in late 2012. Even though occupancy rates were generally high, some owners/managers talked about recent soft market conditions. However, other owners/managers talked of good demand, with any turnover units filling quickly.

It should be noted that one rental property owner with a large portfolio of buildings and units was not willing to release specific information on occupancy. This property owner estimated that the vacancy rate was 15% across his total rental inventory. With the number of units represented, this would raise the overall vacancy rate within the local market, if the vacancy estimate is accurate. However, this person was also skeptical of the intent of this Study, and declined to answer specific questions, raising concerns in the analyst over the accuracy of the summary information.

Although we did not formally survey smaller rental properties, including single family rentals, we did not find any evidence that vacancy rates are significantly higher in this segment of the market. Some owners and managers that were contacted also had smaller rental projects, and they generally indicated that their occupancy rates were high. There is some evidence to suggest that some older homes are being converted to rental occupancy because of strong demand.

Due to the presence of demand for short-term rentals, a number of hotels and motels in Pierre do use a portion of their rooms for extended stays, possibly up to several months. This type of housing serves multiple groups, including people in Pierre for the legislative session, students in the community for a limited duration, and construction workers that may be working in the area on a seasonal basis. Although some hotels/motels were contacted, there is no definitive information about occupancy patterns for these units. In some cases, the units may change from nightly rentals to monthly rentals depending on the time of year and the immediate need for certain types of lodging.

A commonly used standard is that a vacancy rate between 3% and 5% is considered acceptable, to offer some degree of unit choice while still providing rental property owners with a good return on their investment. The vacancy rate that we found in our survey was below this level, indicating that some pent-up demand does exist, and part of the unit recommendation in this Study is based on adding to the overall supply to promote choice for existing renter households.

The economics of rental housing construction often force most new market rate units into the higher rent ranges. The most recently constructed apartment units in Pierre are in Country View Estates, which started construction in 2009. This project primarily offers two-bedroom apartments, with a contract rent of \$950, and gross monthly rent above \$1,000. Another recent project, Woodridge Townhomes, was constructed in various phases between 2004 and 2007. All units have two-bedrooms, and contract rents are \$1,100 per month, plus a tenant-paid utilities.

Despite the higher rents being charged by the newer projects, occupancy rates are believed to be high. In general, these newer projects tend to offer amenities and features not present in older rental housing, such as garage parking, in-unit laundry and large floor plans. The units have proven to be successful with area renters looking for a higher quality unit.

The income estimates used for this Study show that approximately 31% of current Pierre and Fort Pierre renter households can afford rents above \$875

per month. However, the best available evidence suggests that fewer than 10% of the area's current rental inventory is within this price range, and many of these units are in single family detached houses, where the inclusion of tenant-paid utilities drives the gross rent into a higher range. Fewer than 6% of all higher-priced rentals are believed to exist in multifamily rental projects that offer higher-amenity housing.

The Pierre area has a growing market of older adult households. The projections used for this Study show the strongest net household growth over the next few years occurring among households in the 55 to 74 year old age groups. While home ownership rates in these age groups remain very high, those looking to rent will generally have higher incomes and/or assets, and will often look for higher amenity rental units that offer features that are age-appropriate and a reasonable replacement for their single family home.

Recommendation: The overall demand calculations show that the Pierre area will need between 150 and 190 total rental units over a five-year forecast period. In the specific recommendations, we have allocated between 50% and 60% of this production goal, or approximately 80 to 110 units in the conventional, market rate segment.

While the actual construction of these units could be phased in over the five-year period, part of the calculation is based on pent-up demand, as evidenced by low vacancy rates. Above-average production over the next two to three years would help to address this immediate need for additional rental units, with growth-generated demand occurring more incrementally on an annual basis.

The research for this Study identified a number of pending or planned development projects that will achieve much of the recommended goal. These include the Highlands Ridge Apartments, with 57-units already under construction, and three projects proposed for construction in 2013, or later. The proposed projects include a new 24-unit phase at the Marion's Garden project in Fort Pierre, a 12-unit phase of construction at Country View Estates, and eight rental units in a Fort Pierre mixed use/marina project. If fully constructed as planned, these projects would add 101 high quality rental units to the existing inventory.

Although only one of the four identified projects was actually under construction, there is reason to believe that the others will proceed in the next one or two years. All three of the proposed projects are being advanced by developers that have higher rent units in the community, and all three have successfully constructed new rental units in the market in the past 15 years.

While no specific rent information was available about the three projects proposed for 2013, two of these projects represent additional development phases of existing rental housing. As a result, it can be reasonably assumed that the rental rate structure will follow the pattern of the previously constructed units. In Marion's Garden, it is probable that two-bedroom units will have a gross monthly rent of approximately \$1,000, or more. At Country View Estates, current two-bedroom units already have a gross rent above \$1,000 per month, and future units will probably be at or above this rate. The proposed units in the mixed-use marina project are likely to serve higher income households looking to live near the River, with easy access to boating and marina amenities.

The most affordable project, in terms of actual monthly gross rent, will be the Highlands Ridge Apartments. As initially proposed, one-bedroom gross rents would be at \$812 per month, and two-bedrooms would range from \$912 to \$980 per month. While the monthly cost for these apartments will be lower than other new housing, the Highlands Ridge units are smaller apartments than the other proposed options, and do represent a higher cost per square foot of living space.

The research for this Study did not identify many units that currently have a gross rent structure above \$1.00 per square foot in Pierre or Fort Pierre, although Highlands Ridge and all of the proposed projects are likely to exceed this level.

Highlands Ridge will have some income caps placed on tenants. At least 50% of the rental units must serve households at or below 120% of the area median income level. The project is the first in the State to utilize the Community Housing Development Program through the South Dakota Housing Development Authority. This Program can provide permanent financing for affordable rental housing development. Although income caps will apply to many units, the 120% of median income threshold should not deter most prospective tenants, as the large majority of area renter households would be below a 120% of median standard. Highlands Ridge will offer many project-related amenities, including covered parking (additional fee) and will have common areas, such as a community room and fitness center.

The rental projects that are underway in Pierre and Fort Pierre have a sufficient number of units to meet the demand, as calculated by the research in this Study. The absorption of these units should be monitored. If evidence of unmet demand continues to exist after these projects are built, additional phases of construction could be appropriate later in the five-year projection period.

Any future projects that can achieve a lower rent structure would also be encouraged. Although an estimated 31% of all renter households can afford a higher-rent unit, the large majority of renters in Pierre and Fort Pierre need a more moderately-priced unit.

2. Recommended Development of 30 to 40 Tax Credit/Moderate Income Rental Housing Units

Findings: The federal low income housing tax credit program remains as one of the only subsidy sources still available for the production of more affordable rental housing. Tax credits alone do not produce “deep subsidy” rental units that can serve very low income people, but tax credits do provide a “shallow subsidy” that allows for the construction of units that can serve households at or below 60% of the median income level. When other resources are combined with tax credits, even lower income households can be served.

Since the program became available in the late 1980s, nine rental projects in Pierre have received a tax credit award. Most of the tax credit awards in Pierre were made for new construction of affordable housing. These awards were generally made in conjunction with other federal subsidy programs to construct very affordable housing. Since other federal subsidy sources were used, these units typically operate as subsidized housing, with rent based on household income, and the ability to serve even very low income renters.

Some of the tax credit projects that did not have other federal subsidies have completed their affordable housing compliance periods and now operate as traditional, market rate housing. As a result, there are no moderate rent tax credit projects in Pierre or Fort Pierre that offer units without project-based rent assistance in 2012.

Among the tax credit rules are the income limits that restrict occupancy to households earning less than 60% of HUD’s estimate of the County median family income level. In addition to income limits, the tax credit program places gross rent caps on the rental units. The rent caps are generally not overly restrictive, as nearly all tax credit projects Statewide have rent structures that are well below the maximum limits that are established for the program. Tax credit projects without project-based rent subsidies must generally be competitive with the prevailing rates for older market rate units in community, so market forces tend to keep actual rents below the maximum federal limits.

Recommendation: Although tax credits have been awarded in Pierre in the past, nearly all of the awards were made to projects that had secured additional federal subsidies, including project-based rent assistance. In 2012, there are no moderate rent housing projects operating under the tax credit compliance requirements that are not subsidized through USDA Rural Development. Additional tax credit units are recommended to increase the supply of work force housing, and also to upgrade the quality of units by introducing newly constructed units into the local affordable rental inventory.

In the opinion of Community Partners Research, a community the size of Pierre/Fort Pierre could typically support at least 60 to 75 moderate rent units with the limitations imposed by the tax credit program. However, a more modest recommendation of 30 to 40 units is proposed over the five-year projection period. Pierre has a relatively large inventory of older market rate housing with a moderate rent structure, as well as a number of Rural Development subsidized units.

The maximum allowable tax credit income in 2012 for a family of four people in Hughes County is \$41,880, and \$38,460 in Fort Pierre. The income information presented earlier in this study points to the fact that nearly 71% of all renter households in Pierre had an annual income below \$35,000 in 2010. The large majority of renter households within the area would be income-eligible for a tax credit unit.

Some communities in South Dakota have been successful in developing affordable town house-style tax credit units. In the City of Aberdeen, two town house projects have been constructed in recent years, with 28 units and 32 units respectively. One project opened for occupancy in 2010 and the other in 2012, and in both cases, nearly all of the units were pre-leased while still under construction. The single family-style living offered by affordable town house rentals has proved very popular in that community. In the most recent of those projects, the gross rent for a two-bedroom town home was less than \$630 per month.

The recent projects in Aberdeen have been developed by a nonprofit subsidiary of the Aberdeen Housing Authority. This could potentially serve as a model for similar development projects in Pierre. By offering moderate rent units primarily oriented to two and three-bedroom households, the concept is appropriate for the affordable housing demand that is present in the community.

The analysts are aware that some prior rental development proposals in Pierre have generated community controversy regarding public subsidy requests to make the housing more affordable. A previous project that had requested tax increment financing assistance met with opposition for private property owners that viewed it as unfair competition. A potential developer of a tax credit project may meet with similar opposition, given the need to use all available resources to make the units affordable for moderate income renters.

Most of the recommendations for rental housing development could be equally applicable to both Pierre and Fort Pierre. In the case of tax credit housing, there would be a definite advantage to developing new units in Pierre. Income limits do apply to residents of tax credit housing, based on the County where the project is located. In 2012, the federal income limits for Hughes County were substantially higher than in Stanley County. A project constructed in Fort Pierre would have a smaller potential market of tenant households. Unless development costs, and consequentially rent levels, were substantially lower in Fort Pierre, there would be a competitive advantage to locating on the Hughes County side of the community.

3. Promote the Development of 20 to 30 Additional Subsidized Rental Housing Units as Resources Allow

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. Most of the subsidized housing in the Pierre area has project-based rent assistance, or a similar subsidy available, that allows rent to be based on 30% of the household’s monthly income.

The research completed for this Study identified 18 subsidized projects in Pierre and Fort Pierre that provide rental opportunities for lower income households. These projects have a combined 423 units.

Three of the subsidized projects in Pierre serve populations with special housing needs and are filled through referrals from the applicable service provider. For vacancy calculations, we excluded the units for special need populations, since they are not available to the general rental market.

Five of the subsidized projects are designated for senior and/or disabled tenant occupancy. These senior-oriented projects have a combined total of 149 units. There are 10 subsidized projects are designated as general occupancy housing.

Combined, they have 245 total units. One project, Midtown Apartments in Pierre, primarily serves senior and/or disabled tenants, but is available for general occupancy.

There were a few unoccupied units that were identified in the general occupancy subsidized projects. However, each of the projects that reported an open unit also reported the existence of a waiting list. In all cases, the unoccupied units were in the process of being filled from the waiting list. As a result, the general occupancy subsidized vacancy rate is estimated at less than 1%.

Two of the projects that are designated for senior/disabled tenants did have open units on the date of the survey. Neither of these projects had a waiting list to fill the units. The estimated vacancy rate in senior/disabled subsidized housing was 2.7%.

All of the general occupancy projects reported the existence of a waiting list. Most of the senior/disabled projects also reported a waiting list for occupancy. Some managers stated that the waiting lists are sometimes out-of-date, as many applicants needed immediate access to housing.

The best single indicator of unmet demand for subsidized housing may be the waiting list for the Voucher rent assistance program, which is not location or project-specific. In October, there were 138 Vouchers being used in Pierre and Fort Pierre and 161 households on the waiting list. Most of the waiting households were families, typically single-parent families with children.

The combination of project-based subsidized housing and tenant-based Vouchers allow as many as 561 renter households in Pierre and Fort Pierre have access to federally subsidized housing. This represents more than 24% of all renter households in the community. Despite the number of subsidized rental options that do exist, the 2010 American Community survey estimated that approximately 37% 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.

Over time, the Pierre area has actually had a reduction of subsidized units. The research for this Study identified two projects that have left their subsidy programs in recent years. The Pierre Senior Citizens Apartments was originally a HUD Section 8 New Construction subsidized project for senior and/or disabled tenant occupancy. It had 26 rent assistance units and 13 market rate units,

but the HUD contract was terminated in 2012 and three tenants still have rent assistance, but the remainder of building is now market rate.

The Estes Building, with 12 one-bedroom units, left its Rural Development subsidy program in 2011 and now offers general occupancy, conventional rental housing. The manager indicated that three tenants still remain from the subsidized program, but the remaining units are filled by market rate renters.

Recommendation: Based on the research for this Study, we would recommend that the area look to expand the supply of deep subsidy rental housing for lower income renters. Over the next five years, we would recommend that Pierre and Fort Pierre attempt to construct 20 to 30 units that achieve a rent level that would be affordable to very low income households earning less than \$20,000 per year.

This recommendation represents a modest goal, since substantially more low income households exist in the area with a cost burden. This goal does not even replace the subsidized units that have been lost in the past 10 years, although the lost units were primarily one-bedroom apartments, and the recommended units would be to add to the inventory of affordable housing with two or more bedrooms.

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. It is unlikely that a larger number of units could be created.

In the opinion of the analysts, the highest priority would be to create general occupancy units for families and younger households. Although occupancy rates are relatively high for senior-designated projects, there does not appear to be as much unmet demand, even though some one-bedroom units were recently removed from the local inventory. Additionally, the rent burden statistics cited previously show that 85% of the cost burdened households are age 64 and younger.

Another important community strategy will be to prevent the future loss of any of the existing project-based subsidized housing. It may be appropriate for public or nonprofit housing agencies to become involved in attempts to preserve subsidized housing resources. In other South Dakota communities, including Aberdeen, Housing Authorities have acquired subsidized projects that were at risk of being lost.

Similar to tax credit housing, it is probable that development of future subsidized housing in Pierre would have a competitive advantage when compared to development in Fort Pierre. Maximum allowable income limits and rent restrictions could once again be based on the location of the project, and Hughes County would have higher limits than Stanley County. However, this difference would be less evident in deep subsidy housing, as most tenants would probably be well below the income limits that apply in either County.

4. Promote the Development of 30 to 40 Senior Assisted Living Units

Findings: A previous section of this Study has specifically addressed the City's supply of specialized senior units. Senior housing with services, as defined in this Study, includes a wide range of housing types. Skilled nursing homes, Assisted Living Centers and memory care housing are generally the most service-intensive types of units. High-service housing provides 24-hour staffing and a high level of assistance with daily living needs of residents. Under South Dakota law, service-intensive senior housing must be licensed as a Skilled Nursing Facility or an Assisted Living Center.

Lower-service housing, sometimes referred to as congregate senior housing, generally offers a daily meal, access to transportation and services such as laundry and weekly light housekeeping. While a resident may be able to contract for more intensive services, or purchase them separately through a home health care provider agency, they are not included in light services units. South Dakota law requires these light-service housing providers to register with the State as Residential Living Centers. These facilities are not subject to the same standards as the Assisted Living Centers, including the inspection requirements. Because of the lower level of regulation, some light services projects may not be registered as Residential Living Centers.

This Study has provided details on the existing specialized senior projects in Pierre, including a summary of the different segments being served. In general terms, the following observations are made regarding senior housing with services in the Pierre area:

- ▶ Although Pierre does have diversity in its specialized senior housing options, there have been no significant additions to the inventory in many years, and probably some unit losses. In many communities, specialized senior housing has been the most active part of the housing development market over the past 10 to 15 years.

- ▶ The City has an unexpectedly large distribution of units in some housing types, and a below average distribution in others, when compared to similar-sized communities. This is probably a cause-and-effect situation. For example, the City has a relatively large supply of light services senior housing, but a below-average availability of assisted living units. The presence of a very appealing light services apartment building, which is physically connected to the hospital complex, has probably retained many older seniors that would otherwise have looked for assisted living options.
- ▶ The City's supply of nursing home beds requires an approximate capture rate of 9.6% of the target population of older seniors (age 75+) living in the MiSA. In comparative terms, this is a relatively large number of nursing home beds intended for longer-term occupancy. However, occupancy rates appear to be high in beds available for longer-term residency. Use of beds for shorter-term, rehab/recovery stays are less consistent. Part of the demand for skilled nursing beds may be related to a limited number of assisted living options.
- ▶ The supply of units/beds in Assisted Living Centers represents approximately 2.7% of the adjusted target population of older senior citizens residing in the MiSA. In the opinion of the analysts, the existing supply of units represents a small capture rate within the target population. It would be common to see at least 5% or more of the older senior population residing in an Assisted Living Center. An even higher percentage could be expected in Pierre/Fort Pierre, given the area's importance to the surrounding region.
- ▶ Although the supply of assisted living units is relatively small, it appears that one provider has closed their facility in Pierre. Information could not be found on Evergreen Manor Assisted Living, which may have had capacity for up to 16 residents. In 2012, this facility is no longer State licensed, and no working telephone number could be located.
- ▶ The current supply of light services units in Pierre represents a market capture rate of approximately 8.6% of the primary target market of older senior households. In the opinion of the analysts, this is a large concentration of units. However, occupancy rates tend to be high, and the price-point for some of the units tends to be moderate. As a result, this creates an attractive housing option for older seniors. The largest light services provider, ParkWood, is physically attached to the Hospital complex, and would be a very desirable location for older seniors even though it does not offer assisted living services.

- ▶ The available memory care beds in Pierre represent approximately 1.6% of the older senior population. In the opinion of Community Partners Research, 1.6% represents a healthy capture rate for memory care units. Since Pierre is an important regional center, it is probable that some residents come from a greater distance. Discussions with area housing providers point to the cost and regulatory difficulties of creating specialized memory care units. Staffing, security, liability and licensing requirements all contribute to limited interest in providing housing in this very specialized housing segment.
- ▶ Some specialized memory care beds exist in nursing home wings in Gettysburg. Although this would force Pierre residents to leave the community if they need this specific type of housing, some of the demand from the larger region can be met in the smaller communities that have unused capacity in their nursing homes.

There is somewhat conflicting information on the demographic changes that can be expected in the primary target population for specialized senior housing. The projections created by Community Partners Research do not anticipate any significant increase in the population of older senior citizens (age 75+) over the next few years. This is based on the fact that this population group did not increase in size in the Pierre area between 2000 and 2010. It is also based on the fact that the younger senior age range, between 65 and 74 years old, also did not increase substantially in size between 2000 and 2010. As a result, the near-term projections point to only 80 older seniors in approximately 60 to 70 older senior households being added to the year 2015.

However, the recently released age-based draft population projections from the South Dakota State Data Center do point to more growth in the target senior population, especially senior citizens age 85 and older. It is not clear what the causes would be for this projected growth. The Data Center forecast points to an expected net gain of approximately 220 older seniors, primarily driven by a 45% increase among senior citizens age 85 and older.

To achieve net growth of this magnitude projected by the State Data Center there would need to be a significant improvement in longer life-spans, or an in-migration of older seniors to the Pierre area from locations outside of Hughes and Stanley Counties. While these factors are possible, it is the opinion of Community Partners Research that a smaller increase in the older senior population is more likely.

Recommendation: Although the Pierre area currently has multiple choices for seniors in most specialized senior options, there is a below-average number of assisted living units. The research for this Study would support the development of 30 to 40 additional units in Pierre/Fort Pierre that provide senior assisted living. This is based on the fact that the City currently has a relatively small percentage of licensed beds when compared to the target population of older seniors. It is also in recognition that the area has no assisted living options that provide new, apartment-style choices for seniors looking for a higher level of services with their housing.

It is important to note that the research for this Study included discussions with the existing providers of specialized senior housing in Pierre. It appears that the Maryhouse/St. Mary's senior health care complex has examined the possibility of adding an Assisted Living Center, but has not proceeded. In addition, the primary existing provider of assisted living, Kelly's Retirement Homes, has indicated that there have been occupancy issues in the recent past.

In the opinion of the analysts, the demand for assisted living will come primarily from a higher capture rate among the existing population of older senior citizens. The Community Partners Research projections used for this Study do not expect any significant near-term growth in the local population of older senior citizens. However, longer-term patterns do show substantial growth potential in the number of seniors. After 2020, as the baby boom generation begins advancing into the older senior age ranges, there will be more substantial growth in the number of older seniors.

One additional consideration that exists in most South Dakota communities is the provision of assisted living to lower income seniors. Many of the newer Assisted Living Centers that have been constructed around the State are private-pay only, or are facilities that strictly limit the number of Medicaid Waivers residents. This is due to the costs associated with providing assisted living care, and the reimbursement rate that applies to the Medicaid assistance. This appears to be one of the primary reasons that Maryhouse/St. Mary's has not added assisted living to their complex.

While the other specialized senior housing segments, such as light services housing and memory care options are well-served in 2012, it is probable that increased demand will develop through the year 2020, which may justify a modest addition of units to incrementally expand the supply over time. Therefore, these other sectors of the senior market should be monitored over the next several years.

It should be noted that the unit recommendation made in this Study has been based on overall demand for specialized senior units, not competitive positioning between individual projects. It is very possible that more units could successfully be constructed in the Pierre/Fort Pierre market than we have recommended. However, in the opinion of the analysts, the success of new projects would probably reduce occupancy rates in competing projects.

The analysts are not aware of any locational issues that would negatively impact the operation of specialized senior housing in Fort Pierre. However, further research may be needed by any potential developer, to assure that reimbursement rates or eligibility income limits in South Dakota do not vary by County. For example, some older seniors will benefit from Medicaid/Medicaid Waivers assistance. Verification that these types of programs are equally available in Stanley and Hughes Counties would be appropriate.

5. Consider Innovative Program Efforts to Assist Renter Households

Findings: As a regional center Pierre has a relatively large number of renter households and rental housing units. The rental tenure rate in Pierre actually increased between 2000 and 2010, as the City added more renters and home owners during the decade. In 2010 more than 37% of all City households rented their unit.

Due to the low rental vacancy rate that exists in 2012, property owners and managers can be very selective in accepting new tenants to fill available units. This can add to the difficulty in securing affordable housing for renter households that have credit problems or similar issues.

Some communities in the State have been developing innovative rental housing programs to assist households that may otherwise be "hard to house". In Pierre, the Housing and Redevelopment Commission has secured a HOME Program grant from the South Dakota Housing Development Agency for a Security Deposit Program. The Program can help to provide a security deposit for eligible households.

Another innovative program that could be considered is based on the Tenant Education and Self-Sufficiency (TESS) model being used in Sioux Falls. TESS is administered by the InterLakes Community Action Partnership. It is a very labor-intensive program that includes active case management, especially in the financial affairs of the participating household. By all reports, this approach has tended to be very successful, and is highly regarded by some property managers who have worked with program graduates.

Recommendation: We would recommend that the City, in cooperation with local housing agencies, consider the creation of innovative programs to improve the situation for area renter households. As the City continues to grow, more households will need to migrate from other parts of the country. Newly arriving households will often look for rental housing until they get acclimated to the community and look for ownership options. Ongoing efforts to assist area renters and rental housing conditions will be an important strategy for community growth.

6. Promote Opportunities to Provide Housing with Services in Subsidized Housing

Findings: The research for this Study identified two senior-oriented rental housing projects that offer subsidized independent rental housing for seniors, and also have the availability of a meal on-site. Lincoln Apartments I and II both make a noon meal available five days each week. Two other subsidized senior projects, Missouri View Apartments in Pierre and Old West Elderly Apartments in Fort Pierre, participate in the STAR Program, which is a program that facilitates the delivery of services to its residents, including housekeeping, transportation services, meals, service coordinators and other benefits. The STAR Program is available through the South Dakota Housing Development Authority.

Providing supportive housing for lower income seniors outside of nursing homes is a challenge for most South Dakota communities. In most cases, lower income seniors in need of more service-intensive housing will often move into skilled nursing homes with Medicaid Waivers/Medicare assistance. A Statewide survey of Assisted Living Centers in 2005 found that nearly 74% of assisted living residents were private-pay, approximately 19% were Medicaid Waiver, and approximately 7% were SSI or State-paid.

Recommendation: One program opportunity that may exist is to promote and utilize the existing subsidized senior housing projects to serve low income seniors needing some level of services with their housing. SDHDA's STAR Program may already provide a good model for helping frail elderly residents that can benefit from additional services. It is already in use in two area senior projects. If this model can be replicated in other senior-oriented housing, it could allow more low income seniors the opportunity to remain living independently.

In some subsidized buildings in Minnesota, entire floors of senior buildings have been used for housing with services, and the home health care agency establishes an on-site office with 24-hour staffing. While services are contracted directly between the tenant and the home health care provider, the on-site staffing makes the services readily available to lower income people. It should be noted that State licensing or registration requirements would need to be researched. At a minimum, it would appear that this type of housing with services arrangement would require the housing project to register with the State as a Residential Living Center, and possibly as an Assisted Living Center.

Home Ownership Recommendations

Findings: Expanding home ownership and generating new owner-occupied home construction activity are primary goals for most cities. Home ownership promotes a stable community, the availability of a steady and reliable labor force, and property ownership can strengthen the local tax base.

Home ownership advancement can be achieved through the promotion of new construction activity. It can also be accomplished through utilization of the large, existing housing stock that already exists in the Pierre area.

Based on the research completed for this Study, Pierre tends to have relatively strong home values in the existing single family inventory. This is probably due in part to the economic stability that is present. As the State Capitol, Pierre has a large, professional governmental work force, and has maintained a consistently low unemployment rate. The research of recent sales activity indicated that the median owner-occupied home value in Pierre has been in a range between \$131,000 and \$158,000 in recent years. For all of 2011, and most of 2012, the midpoint for existing home sales was above \$145,000.

While median sale prices for other communities in the State are not readily available, the American Community Survey does provide a comparative measure for existing home values. In 2010, the ACS estimated the median owner-occupied home value in Pierre at \$139,500. This compared to an estimated median value of \$127,800 in Watertown, \$116,700 in Yankton, \$116,100 in Aberdeen, \$103,800 in Mitchell, and \$79,800 in Huron. Among the State's larger cities, only Rapid City at \$147,200, Sioux Falls at \$146,500 and Brookings at \$141,100 had a higher median home value than Pierre.

Higher home values can make home ownership more difficult to achieve, especially for more moderate income households. However, higher home values also yield some positives, including an incentive to view housing as an investment. This can help to encourage new construction, as well as ongoing efforts to maintain and improve existing housing units.

While the median home value in Pierre is relatively high by the standard of comparable communities, existing houses still represent an option for first time home buyers. Year-to-date in 2012, approximately 15% of all home sales in Pierre were for less than \$100,000, and over half of the houses were sold for less than \$150,000. Some of the recommendations contained in this section specifically address strategies intended to assist with ownership, especially for entry-level buyers, who will typically need a house that is priced below \$150,000.

Home ownership opportunities will also be created through new construction. The City of Pierre has experienced significant single family owner-occupied housing construction since the year 2000, with more than 350 single family units, primarily in the form of detached single family homes. There has been a limited amount of attached single family housing, in twin home configurations or smaller phases of town house development.

While the annual single family construction average has been approximately 28 units per year since 2000, the actual distribution of units has not been consistent from year to year. Between 2000 and 2005, approximately 33 new houses were constructed in Pierre in an average year. After 2005, the annual average dropped to approximately 24 housing units per year.

Although construction activity in Pierre represents a large share of the area's home building, the remainder of the Two-County MiSA has become increasingly popular as a residential location. Between 2000 and 2011, the Hughes and Stanley County portions of the MiSA excluding Pierre had annual average construction of approximately 35 houses per year, a level that was higher than single family construction in Pierre. As with Pierre, much of this activity occurred in the first half of the last decade. From 2006 to 2011, the remainder of the MiSA averaged approximately 27 single family homes per year.

The overall household projections used for this Study point to continued good demand for owner-occupied housing construction. The tenure-based forecasts presented earlier in this section show potential demand for between 55 and 65 owner-occupancy housing units per year over a five-year projection period. If achieved, this would require a higher level of new unit creation than has existed in the recent past, as the jurisdictions that form the two-county MiSA have averaged approximately 50 new single family housing starts in recent years.

Substantial net growth of households is anticipated through the year 2015 among households in the age ranges between 55 and 74 years old. Households in these age ranges tend to be predominantly home owners, and often form a market for higher priced, trade-up housing and for low maintenance housing such as town homes and twin homes. The projections point to a net decrease in households in the age ranges under 55 years old, although the Community Partners Research projection does show some growth potential in the younger adult age groups between 25 and 44 years old, a time period when many households move from rental to ownership housing.

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

7. Most demand for single family home construction will be for moderate to higher priced housing

Findings: The demographic analysis contained in this Study has tracked the advancing segment of the population that exists in the age ranges between 55 and 74 years old. As the large “baby boom” generation has moved through the aging cycle, they have created demand for age-appropriate housing options.

The tenure preference patterns within these growing age segments are clearly defined. In 2010, the home ownership tenure rate for MiSA households in the 55 to 74 year old ranges was above 78%. In both the recent past, and in the next few years, most of the housing demand will be created by middle-aged and older adult households upgrading their housing.

In the Pierre area, demand will also be impacted by income levels. In both Pierre and Fort Pierre, the median income levels are above the Statewide average. Recent estimates show solid net growth in the number of households with annual income above \$75,000.

Existing home values also tend to be strong, and are higher than in most comparably-sized communities in the State. Existing home owners that look to move into a newly constructed house should also have equity available from the sale of their previous home.

Recommendation: Housing units that are attractive to middle-aged and older adult households will continue to represent the largest share of home ownership demand in the Pierre area over the five-year projection period. The forecasts used in this Study expect that up to 75% or 80% of the demand to be in a moderate to higher price ranges, above \$175,000. For Pierre and Fort Pierre, this yields annual demand potential for 23 to 32 units annually. Demand for housing in this price range can be met by the private development community, and would not typically require any level of public involvement or assistance.

Newly constructed units should represent a mix of single family homes, as well as attached housing, which can appeal to mature households as they age. While attached housing units, such as twin homes or town houses, would be well-matched to life-cycle needs, it is likely that this segment of the market will remain somewhat suppressed until economic conditions improve, and people regain confidence in the strength of the home ownership market.

Since households age 55 and older will typically already own a house, the decision to purchase a different house will be based on economic conditions. The perceived strength of the local economy will have an impact on the

confidence to invest in new housing in the community. They will also need to sell their existing home, typically of lower value. The projected decline in the number of households age 54 and younger through the year 2015 would imply some reduced future demand from younger buyers.

8. Promote more affordable home ownership using available resources and incentives

Findings: The demand projections being used for this Study expect that up to 20% to 25% of the demand for affordable new homes will be in the market segment priced below \$150,000. This represents the potential for approximately ten affordable homes each year within the MiSA. While some of this activity has traditionally been located outside the city limits, it is also appropriate to promote the development of some units within the Cities of Pierre and Fort Pierre.

There have been some successful past examples in serving this portion of the market. In Pierre, the Northstar community added approximately 45 lots in the last decade that were sold to homeowners for placement of manufactured housing, in addition to their supply of rented lots.

In Fort Pierre, the Broken Timbers subdivision offered affordable lots. This subdivision attracted a mix of houses, including a number of Governors Houses. Some of the lots were developed by Habitat for Humanity.

There has also been development of more affordable ownership options in the rural areas. Some of the lowest-priced lots appear to exist in rural subdivisions, where prices can be as low as \$20,000, although additional investment may be required for an on-site sewage system. Modular housing, factory-built units and Governors Houses have all been placed in rural portions of Hughes and Stanley Counties.

Recommendation: To develop single family houses and ownership options that are priced under \$150,000, it will be important for the communities to work with the available resources to lower costs associated with new home development. According to local sources, home construction costs tend to be above-average in the area, making affordable stick-built home construction even more difficult to achieve.

Some of the other recommendations within this section talk about program opportunities and incentives that can be created for affordable housing. There

are other models of successful approaches that have been used in other South Dakota communities.

Aberdeen has been one of the most successful Cities in the State in promoting and encouraging affordable home ownership. The Homes Are Possible, Inc. organization, better known as HAPI, has been a model that has been replicated in other communities. In addition to affordable subdivision development and home construction, HAPI has been active in offering assistance programs to potential buyers. HAPI offers home ownership training and closing cost assistance. HAPI can also direct home buyers to other financial resources, such as Rural Development mortgage programs.

In the Cities of Pierre and Fort Pierre, there are opportunities for affordable new construction, including redevelopment options within some of the older neighborhoods. Outside of the city limits, there appear to be rural lot options for affordable home development. A locally-developed program to promote affordable ownership would help to address a segment of the market that is more difficult for the private development community to serve.

This could also involve cooperative efforts with area housing agencies and nonprofit groups. The Central South Dakota Enhancement District has successfully placed Governors Houses in the Pierre Area. A local agency, such as the Pierre Housing Authority or the area Development Corporations could potentially work with the Enhancement District on using Governors Houses to help address affordable housing development.

9. Promote townhouse and twin home development

Findings: Pierre and Fort Pierre have experienced some attached housing development in recent years, but the best available information points to less than 15% of the new single family units in the form of twin homes or townhouses. Prior to the economic recession of the late 2000s, and the national slowdown in home construction, many communities had seen attached housing take an increasingly large share of new construction activity, often in excess of 20% of all single family housing starts. This was not the case in Pierre, but annual reports do show more attached housing construction prior to 2007.

Attached housing provides desirable alternatives for empty nesters and seniors to move out of their single family homes, making these traditional single family homes available for families. It is important for a community to offer a range of life-cycle housing options, allowing some households to move into age-appropriate, low maintenance housing options.

In a community like Pierre, that has limitations on the supply of land that can be served economically with public infrastructure, attached housing can also represent achieve greater densities in land development.

Recommendation: The demand projections used for this Study point to potential demand for six to 10 attached single family units per year in Pierre and Fort Pierre. Both communities do have lots that are designed for attached housing development. In Pierre, one developer has been actively constructing town house units, with six units permitted in 2012.

It should be noted that twin home/town house development has been impacted by the national downturn in housing markets. As the economy improves and people regain confidence in home values, we would expect to see improved demand for attached housing.

While attached single family housing can appeal to a broad segment of the market, older adult households often form a primary target market. As previously stated, most of the net household growth in the Pierre area will from households in the 55 to 74 year old age range. Based on current patterns, nearly 50% of all households within the Pierre MiSA will have a head-of-household that is 55 or older by the year 2020.

Developers of attached single family units should incorporate senior-friendly home designs into their planning. Larger-scale projects should also allow for shared maintenance, including lawn care, snow removal, and other services through an owner association.

The public sector's role in any owner-occupancy attached housing development can be limited, as the private development community can respond to demand for this type of housing. The City's role should include assuring that adequate land is available for development and that planning and zoning allows for attached housing development.

10. Monitor lot availability and promote additional residential lot development to meet expected demand

Findings: As part of this Study, Community Partners Research attempted to collect information on the inventory of available residential lots for single family housing construction. Since most of the recent home building activity has been occurring outside of the Pierre city limits, the research also looked at options in Fort Pierre, and the rural portions of Hughes and Stanley Counties. While no definitive residential lot inventory was available in 2012, there were various sources that provided insight into the overall supply.

The Pierre Engineering/Planning Services Department did have a listing of active residential subdivisions, which included an estimate of the unused lot inventory. According to this information, there were probably as many as 60 residential lots that were either developed or are in the planning stage within the City limits. There were more than 30 additional lots that are platted for attached single family construction, such as town houses or twin homes.

There are also miscellaneous infill lots scattered around Pierre that we did not attempt to count. Redevelopment opportunities exist in some of Pierre's older neighborhoods. Since some of these locations are near the River, redevelopment options could be very attractive for future home construction. It is possible that some of the infill lots were the result of flood plain clearance efforts and may be deed restricted, prohibiting future development.

Although the identified inventory in Pierre would be adequate to meet near-term needs, between 20 and 30 lots are absorbed each year for new home construction, so the inventory probably represents a two to three year supply.

Pierre does have physical limitations for subdivision development, related to difficult topography, and the ability to economically extend sewer and water lines to new development areas. The City's development policy also requires the land developer to provide the infrastructure improvements, so there is a financial incentive to only develop lots that can be sold within a relatively short period of time.

While the lot supply within the City of Pierre may be somewhat limited in 2012, there are numerous choices outside the City limits. The best available estimates from Hughes County officials indicate that 100 or more lots are probably available in the rural portions of the County. These lots can range widely in price and quality. They can also range in location, with some near the City and others as far as 15 miles away. Stanley County also has rural lots and rural subdivisions, although no specific estimate was obtained on the overall lot count.

Fort Pierre has at least four active subdivisions with lots for sale, and most of these are located adjacent to the Missouri River. In addition to improved lots, all of the Fort Pierre subdivisions have some open land parcels that will allow for future phases of development, although the number of lots that could be added is often small. The primary residential areas in Fort Pierre are relatively flat and do not appear to have the same topographical issues that often are present in Pierre. Fort Pierre has some high-quality lots available, with access to the River, as either river-front lots or through canal access.

Another source of information of residential lots is the Pierre Area Multiple Listing Service website, which includes residential land that is for sale. In November there were 76 lot/land listings with a Pierre mailing address. Some of these parcels appeared to be outside the City limits. Although a few of the listings were for larger, multi-acre tracts, most appeared to be for use as residential lots. The website also had 43 lots actively listed with a Fort Pierre mailing address.

It is recognized that many of the rural lots are not listed on the MLS, but are sold individually by the land owner. It is also typical that only some lots within a development area will be listed on the MLS, rather than posting the entire inventory. As a result, the 119 lots on the MLS website are viewed as a partial listing.

Lot prices can vary widely, with some river access or river view lots selling for more than \$100,000. Conversely, some rural lots were listed at \$20,000. Residential sales information for Pierre in 2012 showed 17 lots sales in the City. These sales ranged in price from a low of \$11,000, to a high of \$45,000. The \$11,000 sale was an anomaly, as it was the only lot that sold for less than \$20,000, and may have been an existing infill lot. The median lot sale price in Pierre was \$36,500.

Recommendation: Community Partners Research uses a standard that a 2 ½ year supply of lots should be available in the marketplace based on annual lot usage. The best available information for Pierre indicates that the City has an approximate two to three year supply at this time, but additional lot development will be required within the next few years. Since the City has some physical issues related to bluff lines and infrastructure extensions, it will be important for the City to assure that ongoing land development occurs to keep pace with construction activity.

For the larger Pierre MiSA, there would appear to be an adequate number of residential lots to meet near-term demand when compared against the projected demand of 55 to 65 owner-occupancy units per year. However, if construction activity continues to absorb 50 or more lots per year within the MiSA, future lot development will also be needed in the next few years.

Rural lot development will generally be dependent upon access to rural water service. The analysts could not identify any physical barriers, other than rural water availability, that could limit future lot creation in the rural portions of the MiSA. There is every indication that land owners and developers will be able to respond to demand, and create rural subdivisions as needed by the construction market.

The demand projections used in this Study for home ownership point to most future demand existing for moderate to higher-priced homes, generally consistent with trade-up home buyers. The largest net increase in demand will be generated by households age 55 and older. These households will look for amenities and features, such as lower maintenance, that are appropriate for their life-cycle needs. We would project that approximately 20% of the demand will be generated by lower-cost, entry-level new construction. While this will generate some demand for lower-priced lots, the projections would indicate that approximately 10 more affordable lots would be needed each year.

The existing development community in Pierre and Fort Pierre have been able to respond to market demands, and have continued to create new subdivisions. Most of the new lots sell for less than \$45,000 and are designed for the construction of moderate to higher-priced housing, consistent with market demand. Some lower-priced lots also exist, and significant redevelopment potential appears to exist, using infill lots for more affordable housing.

There will be a limited role that should be required to address this future need, other than the adequate provision of infrastructure and planning/zoning approvals to facilitate future development activity.

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

Findings: Home ownership is generally the preferred housing option for most households and most communities. According to the 2010 Census, more than 68% of all households in the Pierre MiSA owned their housing unit, although this percentage was lower within the City of Pierre. 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 mortgage loans and down payment and closing cost assistance programs can help to address affordable housing issues. The City does have a supply of houses that are price-eligible for these types of assistance programs. The home value estimates used in this study indicate that a very large majority of the existing stock in Pierre is valued below the purchase price limits for the first-time home buyer assistance programs, which were at \$204,432 in 2012.

Home ownership counseling and training programs can also play a significant role in helping marginal buyers achieve home ownership. The Home Ownership Education Resource Organization (HERO) has a network of provider agencies across the State that provides classes to potential home buyers.

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: Pierre should continue to work with area housing agencies, the South Dakota Housing Development Authority and local financial institutions to utilize all available home ownership assistance programs. The City should also work with housing agencies to access programs that provide financial assistance for households to purchase a home and to assure that residents of the City are receiving their share of resources that are available in the region.

In addition to programs available through the South Dakota Housing Development Authority, other potential funding sources for home ownership programs may include USDA Rural Development, and the Federal Home Loan Bank.

12. Explore the creation of a local down payment assistance program

Findings: One of the identifiable barriers preventing low and moderate income households from owning a home is the inability to save money for down payment and closing costs. This is especially true now that lending institutions have recently tightened their lending criteria and some conventional loans require a lower loan-to-value ratio.

There are numerous examples of cities and counties that have created a local fund to assist home owners with a down payment assistance program. Under these programs, the city or county establishes a loan pool. Eligible applicants are provided a "soft second" loan that can be applied to a home purchase.

This down payment/closing cost loan is typically secured against the property, behind the primary mortgage. Repayment can be triggered if the buyer sells the home within a certain period of time, but often the loan is forgiven if the borrower meets the basic program requirements. In other cases, the loan may need to be repaid after a certain period of time, or when the borrower sells or transfers the house in the future. Loans with repayment requirements typically do not accrue interest. The size of the loan is generally \$5,000 or less, but depends upon the resources that are available for the loan pool.

Recommendation: With above-average home prices in Pierre, the City may wish to consider the development of a local down payment/closing cost assistance program. A locally-funded program could provide additional assistance or could potentially serve households that do not qualify for SDHDA Down Payment Assistance. Following the collapse of the national housing bubble, and resulting rise in foreclosures, more stringent lending criteria now apply to many conventional mortgage loans, and a larger borrower contribution may be required.

To promote home ownership within the City of Pierre, and to make ownership more achievable, a locally-funded program should be explored. Major local employers, the Federal Home Loan Bank and the South Dakota Housing Development Authority may be potential sources to contribute to the fund. In some communities, recaptured grant funds have also been used to create a loan pool.

13. Coordinate with agencies/nonprofits that develop very affordable ownership housing

Findings: While the private development community has achieved success in meeting demand for moderate to higher-priced homes, there has always been difficulty in producing new housing units that are very affordable and available to lower income buyers. In Pierre and Fort Pierre, some of this demand has been met through manufactured home communities. In both Pierre and Fort Pierre, as much as 20% of the single family housing stock exists in manufactured housing, presumably representing a more affordable ownership option.

To serve an even lower income group, with few other housing resources, organizations like Habitat for Humanity may be able to construct and sell new homes to low and moderate income households. Although this type of organization can be counted on to produce a large number of housing units, they can help generate a few new homes for lower income families.

Recommendation: We recommend that the City coordinate with housing agencies and nonprofit organizations to help produce more affordable housing units. The City may be able to contribute to the project through land donations, TIF, grant writing, or project coordination activities. As severely substandard houses are demolished in the City, the cleared lots may be suitable for redevelopment. These infill lots may be good sites for this type of new construction activity. There are also residential lots in new subdivisions that may be available for affordable housing.

Housing Rehabilitation

Findings: The City of Pierre has an affordable housing 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. 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.

14. Promote rental housing rehabilitation programs

Findings: Based on 2010 U.S. Census data, the City of Pierre has approximately 2,400 rental units. These rental units are in large, multifamily projects, small rental buildings, converted buildings, mixed-use buildings, duplexes, single family homes and mobile homes.

According to the American Community Survey estimates, more than two-thirds of the rental housing in Pierre was constructed before 1980. The estimated median year of construction for all rental housing units was 1975. Although most rental property owners attempt to keep their housing properly maintained, there are age-related issues for condition and quality when a majority of units are more than 30 years old.

Information on the age of construction for rental housing units also exists for different types of rental structures. It is common to see older single family houses represented in the rental stock. For example, the American Community Survey estimates for 2010 show approximately 170 houses that were built before 1960 that were being used for rental housing.

In larger, multifamily rental buildings (5 or more units per building), Pierre has a relatively large number of older rental units. Nearly two-thirds of the multifamily rental units in Pierre were constructed prior to 1980. The biggest single decade for new multifamily unit construction was the 1970s, when nearly 500 multifamily units were built in Pierre. This housing, which is now more

than 30 years old, does not offer the same types of features and amenities that would tend to be present in more recently constructed rental housing. Unless renovated, these units would also tend to show a need for modernization, due to age and use.

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: The City of Pierre and area 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 allow for program flexibility, to the extent possible. Potential funding sources include USDA Rural Development, the Federal Home Loan Bank, the South Dakota Housing Development Authority, and local funds. In many cases, some form of grant or forgivable loan may be needed to prevent rents from increasing as a result of the investment in the property.

15. Promote owner-occupied housing rehabilitation programs

Findings: With above-average prices for homes in the Pierre area, the older existing housing stock will continue to represent some of the most affordable home ownership options in the community. Investment in owner-occupied housing rehabilitation activities will be critical to offering affordable housing opportunities in the future. According to the American Community Survey, the median year of construction for owner-occupied houses in Pierre is 1973, so nearly half of all houses in the City are 40 years old.

As part of the research for this Study, a visual housing condition survey was completed in four of the City's older neighborhoods. A total of 747 structures, including 131 mobile homes, were viewed and rated based on observable exterior features. The survey found that 252 homes needed minor repair and 183 homes needed major repairs. Without rehabilitation assistance, there is the potential that the affordable housing stock will shrink in the City of Pierre.

Currently, GROW South Dakota, based in Sisseton, administers the housing rehabilitation and weatherization programs in Hughes County.

Recommendation: We recommend that the City of Pierre and area housing agencies identify and apply for funds to develop an ongoing housing rehabilitation program. USDA Rural Development, the South Dakota Housing Development Authority and the Federal Home Loan Bank are potential funding sources.

16. Consider the development of a program to promote the purchase and rehabilitation of older homes

Findings: Although the City of Pierre has a higher median home value than most other communities in South Dakota, the City does have a number of older, lower valued homes. As detailed in a later recommendation on housing rehabilitation, a visual survey of some of the City's older neighborhoods did identify older houses in varying states of deterioration. The analysis of recent home sales indicated that approximately 15% of the single family homes are valued below \$100,000.

A reconciliation of 2000 and 2010 Census data point to some minor level of unit conversion in Pierre, as units previously used as owner-occupancy housing have converted to rental use. The level of tenure conversion in Pierre does not appear to be as high as in some other communities, but each year it does appear that a few older, lower-valued homes are purchased by investors and used for rental housing. The above-average pricing for houses in Pierre has probably contributed to the limited tenure-conversion that has been taking place, as investors will usually look for low-priced houses.

Some communities have developed programs designed to encourage the purchase and rehabilitation of older homes, either by individual buyers, or by a housing agency. If an agency is involved, they purchase an existing home, rehabilitate the structure and then sell the home to a lower income family. The sale may involve additional financial assistance, such as a mortgage with no down payment, a low interest rate and/or a monthly payment that is affordable for the family.

Because a purchase/rehabilitation program can be expensive and its cost effectiveness in some cases may be marginal, it may be advantageous to directly assist low and moderate income households with purchasing and rehabilitating homes. If an individual buyer purchases the home, then a loan that allows for rehabilitation costs is also structured into the mortgage.

It should be noted that the cost of acquisition and rehabilitation may exceed the after-rehab value of the house. In these instances, some form of subsidy may be needed. However, the subsidy cost required to preserve and re-use an existing housing unit will often be lower than the subsidy required to provide an equally affordable unit through new construction.

Recommendation: The City of Pierre should work with an area housing agency to explore the program options that may be available for a purchase/rehab program. Attitudinal surveys conducted by Community Partners Research 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 that were renters indicated an interest in buying a home in need of repair if rehabilitation assistance was also made available.

A purchase/rehabilitation program can achieve several goals. The program encourages home ownership, it rehabilitates homes in need of repair, and it helps prevent substandard homes from converting to rental use.

17. Consider the development of a neighborhood revitalization program

Findings: As part of the research for this Study, Community Partners Research consulted with City staff and area agencies that work on community development issues. Through that process, four older neighborhoods were identified in the City, and a visual housing condition analysis was completed.

While the housing condition survey found that a number of homes in each neighborhood were in need of repair, the size of each defined neighborhood was relatively small, ranging from approximately 111 to 360 houses per neighborhood. Given the compact size of most of these defined areas, it would be possible to achieve significant impact if a targeted neighborhood improvement program was initiated. The potential exists that these neighborhoods could deteriorate further, or they could be revitalized to continue to be strong and vital areas of the City.

Recommendation: We recommend that the City of Pierre, area housing agencies, and the private housing sector select a neighborhood and develop and implement a targeted neighborhood revitalization program.

Redevelopment strategies and opportunities should be identified for the neighborhood including:

- ▶ A plan for each parcel in the neighborhood
- ▶ Owner-occupied rehabilitation
- ▶ Rental rehabilitation
- ▶ Demolition of dilapidated structures
- ▶ Infill new construction including single family homes and attached housing
- ▶ Land pooling for larger town home and attached housing projects
- ▶ Purchase/rehabilitation activity that rehabilitates houses and provides home ownership for low/moderate income households
- ▶ Public projects (streets, utilities, park improvements, etc.)
- ▶ Possible re-zoning, variances and/or re-platting to make areas and parcels more desirable for redevelopment
- ▶ Programs that encourage energy conservation
- ▶ Other projects identified through the planning process

A neighborhood revitalization plan should include time lines, the identification of responsible staff from the city/housing agency, funding sources, and other details. The program should be evaluated on an ongoing basis as opportunities and potential projects may change priorities.

The City of Sioux Falls has undertaken neighborhood revitalization projects and has developed planning documents for specific neighborhoods. While Sioux Falls may have more resources available for these concentrated efforts, the City of Pierre could examine the Sioux Falls approaches to obtain information on how to effectively develop and administer a revitalization program. They could also examine the funding sources that were used.

It must be noted that neighborhood revitalization can result in the loss of affordable housing. Redevelopment projects, infill construction and other affordable housing development in the community should assure that there is an overall net gain in the affordable housing stock as a result of the program.

It is recognized that some of the neighborhoods that would appear to have redevelopment potential may instead be flood plain clearance areas within the City. A Corps of Engineers acquisition and clearance program in the last decade removed as many as 65 houses early in the last decade. The cleared lots are now deed restricted to prevent future development. Assembling larger land parcels for redevelopment projects may be impacted by the presence of deed restricted parcels.

18. Acquire and demolish dilapidated structures

Findings: The housing condition survey of four older neighborhoods in Pierre identified 27 houses and 32 mobile homes that were dilapidated and viewed as too deteriorated to rehabilitate. It is important to note that the dilapidated mobile homes were in one specific neighborhood, and do not reflect a citywide count. It is probable that additional deteriorated mobile homes exist in certain mobile home parks.

Recommendation: We recommend that the City of Pierre continue to demolish severely dilapidated structures. The City is enhanced when blighted and dilapidated structures are removed. It is possible that some of the cleared lots could be utilized for the construction of new affordable housing units.

19. Consider the development and implementation of a rental housing inspection program

Findings: A rental housing inspection program can be a valuable community tool in improving the quality of rental housing and assuring safe and sanitary housing for occupants. Neighborhood deterioration, lower property values and unsafe rental units are often prevented when a rental housing inspection program is successfully implemented.

The City of Pierre contains a large majority of the rental options in the surrounding region. In 2012, there are approximately 2,400 rental units in Pierre. As detailed earlier, a majority of these units are more than 30 years old. The City may enforce housing codes on a complaint or random basis, but there is no set policy on annual rental registration or inspection. The City does offer a voluntary program where rental property owners can list their units on a community website, but this does not include a formal property registration or inspection component.

One of the primary reasons that cities adopt rental inspection programs is for health and safety. There is a need to provide tenants with safe, sanitary, and standard living conditions and to eliminate life-threatening hazards.

Rental inspections can also be an important part of neighborhood revitalization efforts. Rental units need to be maintained to keep the integrity of the neighborhood and stabilize property values. Deferred maintenance, and such things as parked junk cars, trash and debris all have a negative impact on residential neighborhoods.

There are additional benefits that can be gained by the community. A rental inspection program provides an accurate record of rental units and owners. The program provides a better opportunity for coordination of city programs and codes, and the program assures that rental units comply with minimum housing standards.

Recommendation: We recommend that the City consider the development and implementation of a rental housing inspection program to help assure that all rental units in Pierre comply with housing laws and codes. The program can assure that rental units are safe and sanitary. The program can also assist with the removal of blighted and unsafe conditions.

It should be noted that rental inspection programs are controversial and may be opposed by rental property owners. However, in most communities, a majority of residents have been found to support community efforts that improve the rental housing stock.

Other Housing Initiatives

20. Promote employer involvement in housing programs

Findings: In cities with low unemployment and a shortage of workers, area employers have often become financial participants in the development of housing. Employer involvement is viewed as a way to retain employees and to attract new workers into the community. Pierre currently has a low unemployment rate. Worker attraction and retention were primary reasons that the City was encouraged to study housing issues.

The South Dakota Housing Development Authority has established an employer participation program, known as the Employer Mortgage Assistance Program (EMAP). There are a number of participating employers around the State. This Program can assist employees of participating companies with home ownership assistance.

Recommendation: In the Pierre area, the largest single employment sector is government. While State agencies, such as SDHDA, do offer housing assistance programs, these are available Statewide, and are not specifically tailored to Pierre. However, the area also has a number of private employers that may have the opportunity to assist with addressing area's housing needs.

One possibility for encouraging employer involvement is through SDHDA's EMAP Program. In some communities, another approach that has been used is to have employers make a financial contribution to an overall city project, such as an affordable subdivision or the construction of rental units. Instead of assisting specific employees, this approach can further citywide affordable housing initiatives.

21. Develop mobile home park improvement programs

Findings: The City of Pierre has a large inventory of mobile homes and manufactured housing. According to the American Community Survey estimates there were 885 mobile homes in the City in 2010. This represented more than 14% of all housing options in Pierre, and more than 19% of the single family housing options in the community. The American Community Survey also estimated that more than half of the City's mobile homes were constructed before 1980, and are more than 30 years old.

Community Partners Research did not conduct a condition survey of the multiple mobile home parks in Pierre. One specific neighborhood that was

surveyed contained 131 mobile homes, which were viewed and rated. Most of the mobile homes in this neighborhood were rated as needing major repair, or were judged to be beyond repair.

The analysts do recognize that there can be significant variation in the quality and condition between individual mobile home parks. Some of the manufactured home neighborhoods primarily contain newer units that are in good condition.

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.

With a concentration of mobile home units in several mobile home parks in the community, 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 an area 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.
- ▶ ***Acquisition of the Mobile Home Park*** - In some mobile home parks, the majority of the mobile homes in the park are vacant or dilapidated. Also, the park may be on land that has a better use. In these situations, it may be advantageous to purchase the park and relocate the remaining tenants.

22. Create a plan and a coordinated effort among housing agencies

Findings: The Pierre area will need staff resources to plan and implement many of the housing recommendations advanced in this Study. The City has access to the Pierre Economic Development Corporation, the Pierre Housing Authority, the Central South Dakota Enhancement District and GROW SD, as well as potentially other organizations. Pierre also has direct access to the USDA Rural Development Service Center Office in Pierre, and the South Dakota Housing Development Authority, which is based in Pierre.

Recommendation: The City has access to multiple agencies that can assist with addressing housing needs. It is our recommendation that the City work with the housing agencies to prioritize the recommendations of this Study and to develop a plan to address the City's housing needs. The plan should include strategies, time lines and the responsibilities of each agency. It will be important that a coordinated approach be used to prioritize and assign responsibility for housing programs.

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 at both the city and county levels, 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.