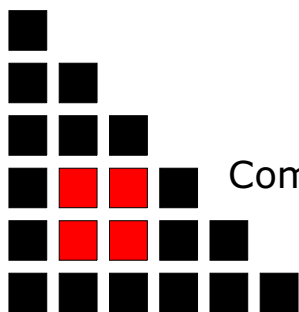


Armour HOUSING STUDY

September 2016

An analysis of the overall housing needs
of the City of Armour



Community Partners Research, Inc.

Faribault, MN 55021

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Introduction

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

Community Partners Research, Inc., was hired by the City of Armour to conduct a study of the housing needs and conditions in the City of Armour.

Goals

The multiple goals of the study include:

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

Methodology

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

- U.S. Census Bureau
- American Community Survey
- Esri, a private data company
- Records and data from the City
- Records and data maintained by Douglas County
- South Dakota State Data Center
- Interviews with City officials, community leaders, housing stakeholders, etc.
- Area housing agencies
- State and Federal housing agencies
- Rental property owner surveys
- Housing and mobile home condition surveys

Limitations

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

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Demographic Data Overview

Sources of Data

The following pages contain demographic data obtained from a variety of local, state and national sources for the City of Armour and Douglas County. For some demographic variables, the 2010 Census represents the most reliable information. However, the 2010 Census was more limited in scope than in the past, and some data, 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 frequency of American Community Survey estimates vary depending on the size of the jurisdiction. For most jurisdictions in South Dakota, the 2014 estimates were derived from sampling that was done over a five-year period, between 2010 and 2014. Unless otherwise noted, the American Community Survey estimates are based on the five-year survey data.

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

Population Data and Trends

Table 1 Population Trends - 1990 to 2015						
	1990 Census	2000 Census	% Change 1990-2000	2010 Census	% Change 2000-2010	2015 Estimate Esri
Armour	854	782	-8.4%	699	-10.6%	725
Douglas Co.	3,746	3,458	-7.6%	3,002	-13.2%	3,016

Source: U.S. Census Bureau; Esri

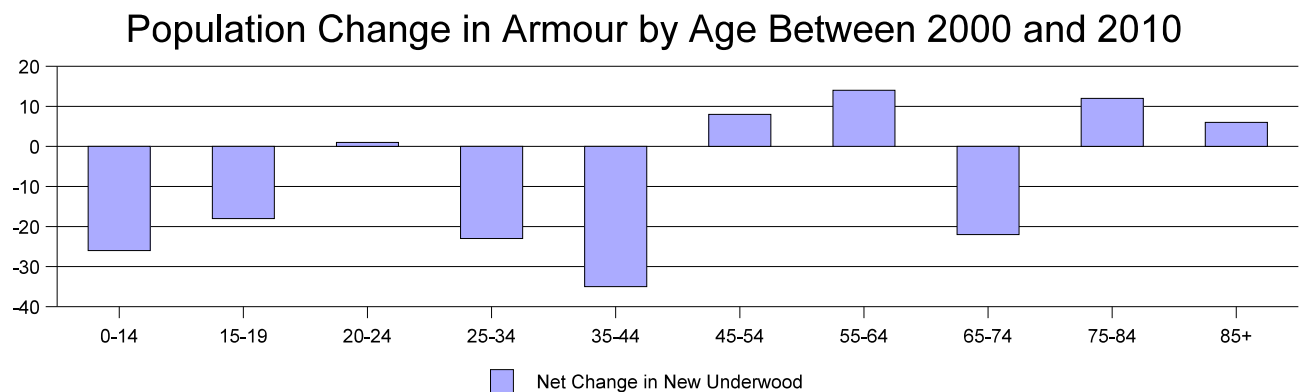
- ▶ According to the 2010 U.S. Census, Armour’s population was 699 people in 2010. When compared to the 2000 Census, the City had a population loss of 83 people from 2000 to 2010. The 83-person loss from 2000 was a population decrease of 10.6%.
- ▶ Douglas County’s population was 3,002 in 2010. This was a decrease of 456 people from 2000, for a population loss of 13.2%.
- ▶ Armour and Douglas County also experienced population losses in the 1990s. Armour’s population decreased by 72 people and Douglas County’s population decreased by 288 people from 1990 to 2000.
- ▶ Esri, a private data reporting service, has released 2015 population estimates. The estimate for the City of Armour is 725, an increase of 26 people from 2010 to 2015. Esri’s 2015 estimate for Douglas County is 3,016, a gain of 14 people since 2010.
- ▶ The Census Bureau has released population estimates. The most recent estimate for Armour is effective June 1, 2015, and shows the City’s population at 686, a loss of 13 people from 2010 to 2015. The 2015 estimate for Douglas County is 2,977 and shows the County down 25 people after the 2010 Census.
- ▶ Armour’s population is primarily White and non-Hispanic/Latino. At the time of the 2010 Census, 95.7% of the City’s residents were White, 2.7% were American Indian and 0.3% were Asian. Additionally, 1.3% of the population identified themselves as two or more races. Only four of the City’s residents were identified as Hispanic/Latino.

Population by Age Trends: 2000 to 2010

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

Table 2 Population by Age - 2000 to 2010						
Age	Armour			Douglas County		
	2000	2010	Change	2000	2010	Change
0-14	125	99	-26	743	542	-201
15-19	59	41	-18	295	200	-95
20-24	16	17	1	91	114	23
25-34	62	39	-23	297	230	-67
35-44	105	70	-35	478	285	-193
45-54	101	109	8	453	482	29
55-64	74	88	14	321	422	101
65-74	105	83	-22	344	302	-42
75-84	82	94	12	292	255	-37
85+	53	59	6	144	170	26
Total	782	699	-83	3,458	3,002	-456

Source: U.S. Census



For many years, demographic analysts have been talking about the impact that is occurring as the large “baby boom” generation moves through the aging cycle. This trend has been evident in Armour and Douglas County from 2000 to 2010. Between 2000 and 2010, Douglas County had a gain of 130 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 County also had a gain of 23 people in the 20 to 24 age range and a gain of 26 people in the 85 and older age ranges.

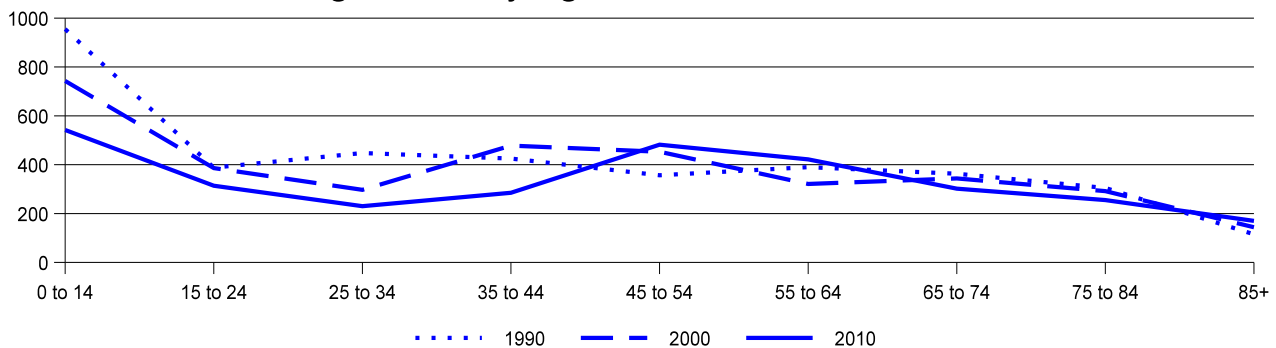
Douglas County had a loss of 296 people in the 0 to 19 age range, a loss of 260 people in the 25 to 44 age ranges and a loss of 79 people in the 65 to 84 age ranges.

Armour had a gain of 22 people in the 45 to 64 age ranges, a gain of one person in the 20 to 24 age range and a gain of 18 people in the 75 and older age ranges.

Armour experienced a population loss of 44 people in the 0 to 19 age ranges, a loss of 58 people in the 25 to 44 age ranges and a loss of 22 people in the 65 to 74 age range.

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

Douglas County Age Distribution: 1990 to 2010



Population Projections

The following table presents population projections using two different sources. The South Dakota State Data Center has issued Douglas County population projections for the year 2020. The other set of projections has been created by Esri, and span the five-year period from 2015 to 2020.

Table 3 Population Projections Through 2020				
	2010 Census	2015 Esri Estimate	2020 Esri Estimate	2020 Projection State Data Center
Armour	699	725	757	N/A
Douglas Co.	3,002	3,016	3,080	2,683

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

- ▶ Esri’s growth projections show a population gain of 32 people in Armour from 2015 to 2020.
- ▶ Esri’s population projection for Douglas County forecasts a gain of 64 people from 2015 to 2020.
- ▶ The State Data Center projects that Douglas County’s population will be 2,683 in 2020. When compared to the County’s population in 2010, this projection assumes a loss of 319 people during the current decade.
- ▶ Esri’s projection of 3,080 people in 2020 is significantly higher than the State Data Center’s projection and estimates a gain of 78 people from 2010 to 2020.

Household Data and Trends

Table 4 Household Trends - 1990 to 2015						
	1990 Households	2000 Households	% Change 1990-2000	2010 Households	% Change 2000-2010	2015 Esri Estimate
Armour	347	342	-1.4%	325	-5.0%	342
Douglas Co.	1,352	1,321	-2.3%	1,210	-8.4%	1,233

Source: U.S. Census; Esri, Inc.

- ▶ According to the Census, Armour had a loss of households from 2000 to 2010. Armour had 325 households in 2010, a decrease of 17 households from 2000, for a household loss of 5.0%.
- ▶ Douglas County had 1,210 households in 2010. This was a decrease of 111 households, or a household loss of 8.4%.
- ▶ Armour had a loss of five households and Douglas County had a loss of 31 households during the 1990s.
- ▶ Esri estimates that Armour has gained 17 households and Douglas County has gained 23 households from 2010 to 2015.

Household by Age Trends: 2000 to 2010

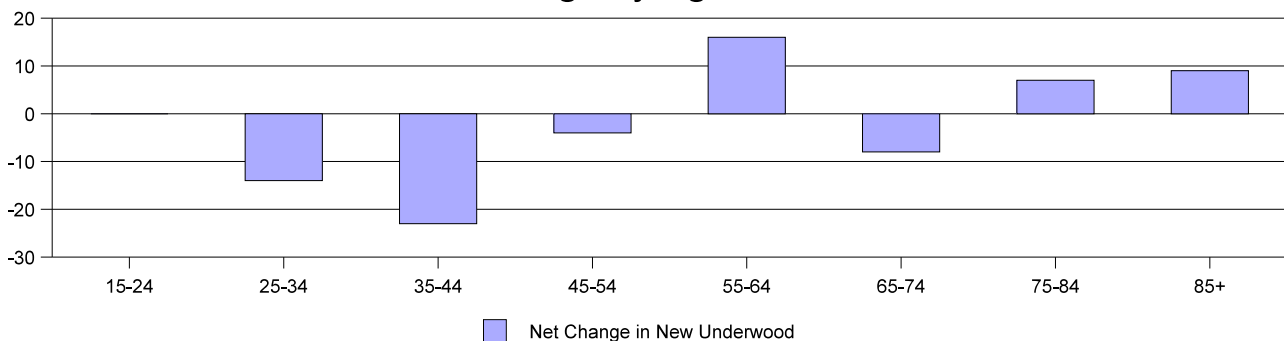
The 2010 Census allows for some analysis of Armour and Douglas County’s changing age patterns. The following table compares households by age of householder in 2000 and 2010, along with the numeric changes.

Table 5 Households by Age - 2000 to 2010						
Age	Armour			Douglas County		
	2000	2010	Change	2000	2010	Change
15-24	9	9	0	42	42	0
25-34	33	19	-14	146	109	-37
35-44	58	35	-23	248	136	-112
45-54	61	57	-4	248	245	-3
55-64	40	56	16	178	240	62
65-74	63	55	-8	197	181	-16
75-84	56	63	7	191	166	-25
85+	22	31	9	71	91	20
Total	342	325	-17	1,321	1,210	-111

Source: U.S. Census

From 2000 to 2010, the major household gains in Armour and Douglas County were in the 45 to 64 ‘baby boom’ age ranges. Armour had a net gain of 12 households in the 45 to 64 age ranges. Armour also added 16 households in the 75 and older age range.

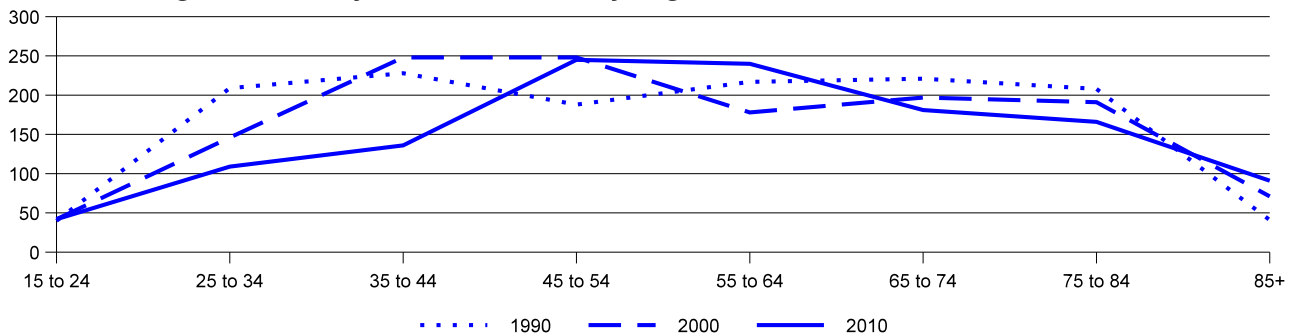
Armour Household Change by Age Between 2000 and 2010



Armour had a decrease of 37 households in the 25 to 54 age ranges and a loss of eight households in the 65 to 74 age range.

Douglas County experienced a net gain of 59 households in the 45 to 64 age ranges and a gain of 20 households in the 85 and older age range. Douglas County had a loss of 152 households in the 25 to 54 age ranges and a loss of 41 households in the 65 to 84 age ranges.

Douglas County Households by Age of Householder: 1990 to 2010



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

Average Household Size

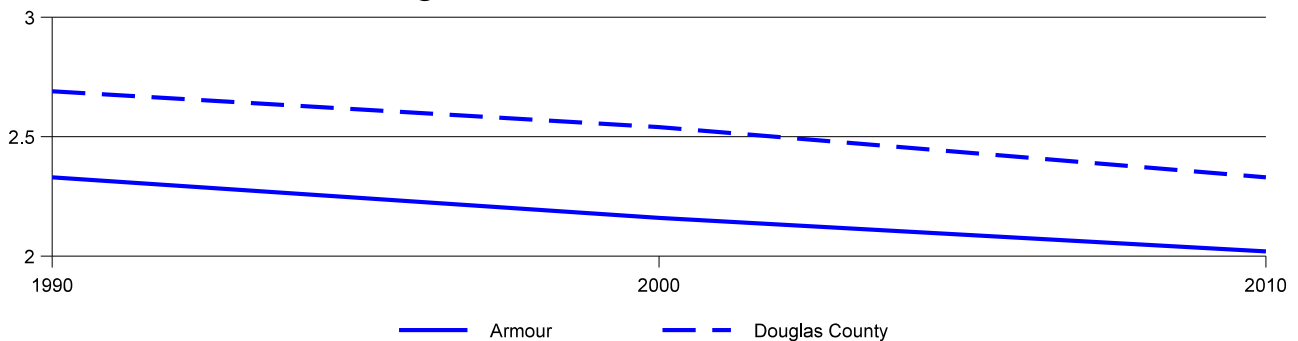
The following table provides decennial Census information on average household size. The 2015 estimates from Esri are also provided.

Table 6 Average Number of Persons Per Household: 1990 to 2015				
	1990 Census	2000 Census	2010 Census	2015 Esri Estimate
Armour	2.33	2.16	2.02	1.98
Douglas County	2.69	2.54	2.33	2.30
South Dakota	2.59	2.50	2.42	N/A

Source: U.S. Census; Esri, Inc.

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: 1990 to 2010



In Armour, the average household size decreased from 2.33 persons per household in 1990 to 1.98 in 2015. In 2010, Armour’s average household size was significantly below the Statewide average.

Douglas County’s average household size decreased from 2.69 in 1990 to 2.30 in 2015. Douglas County’s average household size was also below the Statewide average in 2010.

Household Projections

The following table presents Esri’s 2015 household estimates and 2020 household projections for Armour and Douglas County.

Table 7 Household Projections Through 2020			
	2010 Census	2015 Estimate Esri	2020 Projection Esri
Armour	325	342	358
Douglas County	1,210	1,233	1,264

Source: U.S. Census; Esri

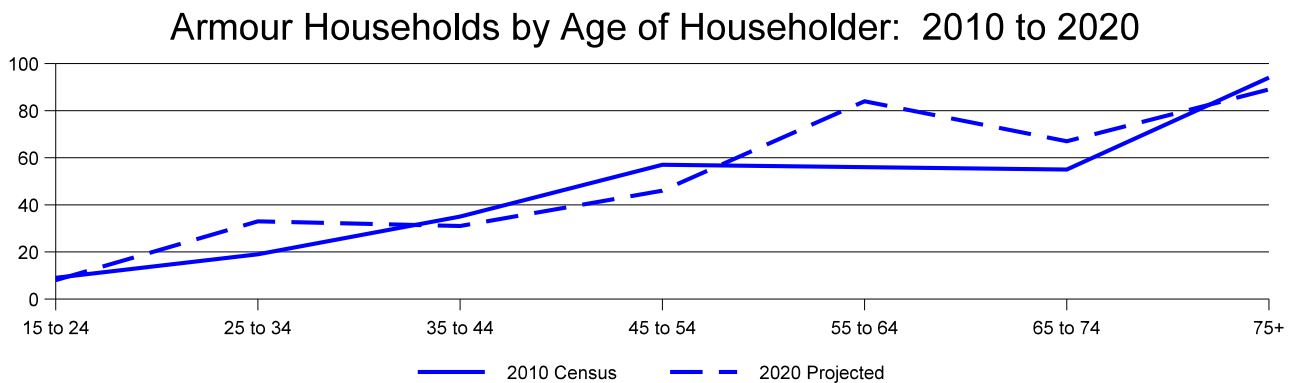
- ▶ The growth estimates and projections calculated by Esri show household growth in Armour and Douglas County from 2010 to 2015 and expect continued household growth in Armour and Douglas County from 2015 to 2020.
- ▶ Esri estimates that Armour has added 17 households from 2010 to 2015 and projects that the City will add 16 households from 2015 to 2020.
- ▶ Esri’s 2015 estimate for Douglas County is 1,233 households, an increase of 23 households from 2010. Esri projects that Douglas County will add an additional 31 households from 2015 to 2020.

Armour Household by Age Projections: 2010 to 2020

Esri has released population by age projections to the year 2020. The following table present's Esri's 2020 household by age projections for Armour, and the household changes from 2010 to 2020.

Table 8 Armour Projected Households by Age - 2010 to 2020			
Age Range	2010 Census	Esri	
		2020 Projection	Change from 2010
15-24	9	8	-1
25-34	19	33	14
35-44	35	31	-4
45-54	57	46	-11
55-64	56	84	28
65-74	55	67	12
75+	94	89	-5
Total	325	358	33

Source: U.S. Census; Esri



Consistent with the age distribution data presented earlier, the movement of the “baby boom” generation through the aging cycle should generate most of the City’s growth in households in the age ranges between 55 and 74 years old. These projections expect an increase of 40 households in Armour from 2010 to 2020 in the 20-year age group between 55 and 74 years old.

Growth of 14 households is also expected in the 25 to 34 age range from 2010 to 2020.

Esri projects that from 2010 to 2020, the City of Armour will lose one household in the 15 to 24 age range, 15 households in the 35 to 54 age ranges and five households in the 75 and older age range.

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 Armour.

Table 9 Armour Household Composition - 2000 to 2010			
	2000 Census	2010 Census	Change
Family Households			
Married Couple with own children	74	52	-22
Single Parent with own children	12	13	1
Married Couple without own children	119	109	-10
Family Householder without spouse	10	7	-3
Total Families	215	181	-44
Non-Family Households			
Single Person	122	135	13
Two or more persons	5	9	4
Total Non-Families	127	144	17

Source: U.S. Census

Between 2000 and 2010, Armour experienced an overall decrease of 44 “family” households. The City had a decrease of 22 married couple families with children, a loss of 10 married couples without children and a loss of three family householder without spouse households. The City gained one single parent without children household.

The City of Armour had an increase of 17 “non-family” households. There was an increase of 13 one-person households and an increase of four households that had two or more unrelated individuals living together.

Housing Tenure

The 2010 Census provided data on housing tenure patterns. The following tables examine tenure rates, along with changes that have occurred.

Table 10 Household Tenure - 2010				
	Number of Owners	Percent of all Households	Number of Renters	Percent of all Households
Armour	244	75.1%	81	24.9%
Douglas Co.	967	79.9%	243	20.1%
State	-	68.1%	-	31.9%

Source: U.S. Census

According to the 2010 Census, the ownership tenure rate in Armour was 75.1% and Douglas County’s ownership rate was 79.9%. Armour’s rental tenure rate of 24.9% was significantly below the Statewide rate of 31.9% renter households.

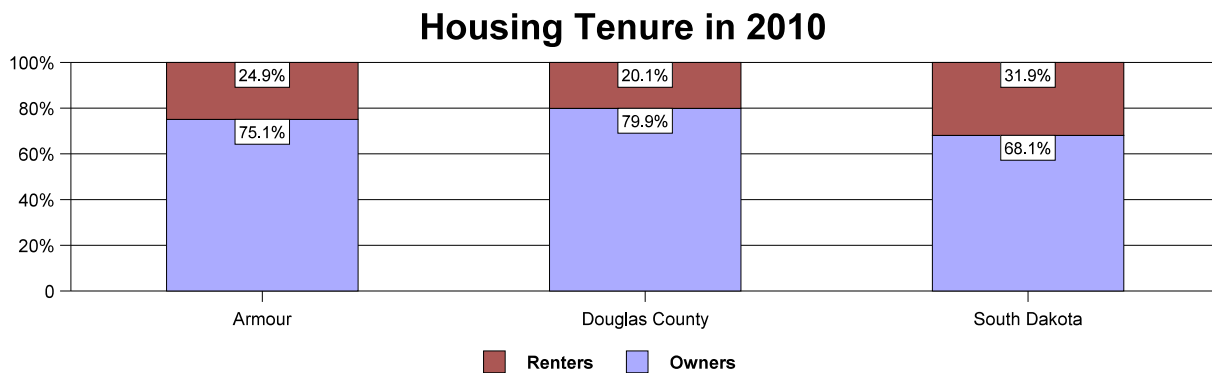


Table 11 Households by Housing Tenure - 2000 to 2010						
Tenure	Armour			Douglas County		
	2000	2010	Change	2000	2010	Change
Owners	263/76.9%	244/75.1%	-19	1,068/80.8%	967/79.9%	-101
Renters	79/23.1%	81/24.9%	2	253/19.2%	243/20.1%	-10
Total	342	325	-17	1,321	1,210	-111

Source: U.S. Census

The City of Armour’s ownership tenure rate decreased from 76.9% in 2000 to 75.1% in 2010. For Douglas County, the ownership tenure rate decreased from 80.8% in 2000 to 79.9% in 2010.

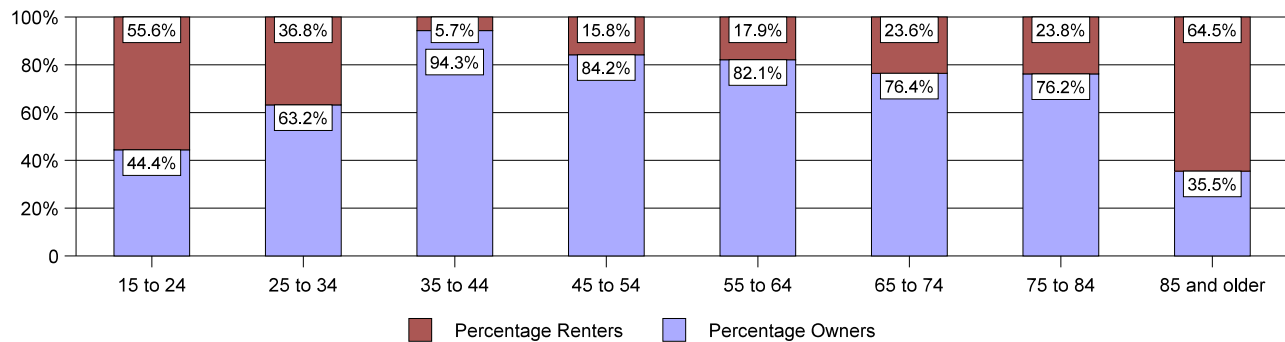
Tenure by Age of Householder

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

Table 12 Armour Tenure by Age of Householder - 2010				
Age	Owners		Renters	
	Number	Percent within age	Number	Percent within age
15-24	4	44.4%	5	55.6%
25-34	12	63.2%	7	36.8%
35-44	33	94.3%	2	5.7%
45-54	48	84.2%	9	15.8%
55-64	46	82.1%	10	17.9%
65-74	42	76.4%	13	23.6%
75-84	48	76.2%	15	23.8%
85+	11	35.5%	20	64.5%
Total	244	75.1%	81	24.9%

Source: U.S. Census

Armour Housing Tenure Patterns by Age in 2010



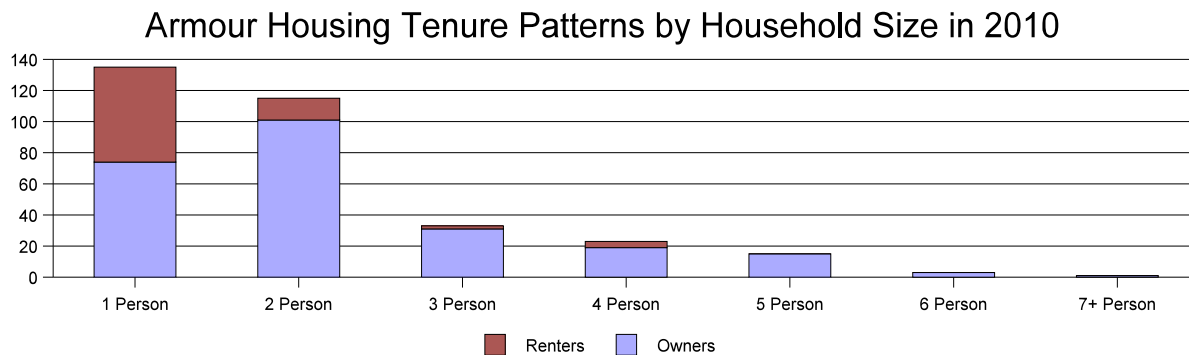
Households at the lowest and highest end of the age spectrum showed a greater preference for rented housing. Approximately 56% of households age 24 and younger, 37% of the households in the 25 to 34 age range and 65% of the households age 85 and older rented their unit. Home ownership rates for each of the 10-year cohorts between the ages of 35 and 84 older were above 76%.

Tenure by Household Size

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

Household Size	Owners			Renters		
	2000	2010	Change	2000	2010	Change
1-Person	70	74	4	52	61	9
2-Person	110	101	-9	17	14	-3
3-Person	32	31	-1	5	2	-3
4-Person	31	19	-12	3	4	1
5-Person	15	15	0	2	0	-2
6-Person	4	3	-1	0	0	0
7-Persons+	1	1	0	0	0	0
Total	263	244	-19	79	81	2

Source: U.S. Census



From 2000 to 2010, there was a decrease of 19 owner households and an increase of two renter households in Armour. There was an increase of four owner households with one household member. There was a decrease of 22 households with two to four household members and a decrease of one household with six household members. There was no change in the number of households with five members and no change in the number of households with seven or more members.

There was a loss of six renter households with two or three household members and a loss of two renter households with five members. There was a gain of nine renter households with one person and a gain of one household with four household members. There was no change in the number of renter households with six or more members.

Approximately 93% of the renter households in Armour were one or two person households in 2010.

2014 Income Data

The 2010 Census did not collect information on household income. However, estimates are available at the city and county level through the American Community Survey. The following table compares the City of Armour and Douglas County’s median household and family incomes from the 2000 U.S. Census with the 2014 American Community Survey median income estimates.

Household income represents all independent households, including people living alone and unrelated individuals together in a housing unit. Families are two or more related individuals living in a household.

Table 14 Median Household Income - 2000 to 2014			
	2000 Median	2014 Median	% Change
Armour	\$28,438	\$44,141	55.2%
Douglas County	\$28,478	\$49,360	73.3%
South Dakota	\$35,271	\$52,535	48.9%

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

Table 15 Median Family Income - 2000 to 2014			
	2000 Median	2014 Median	% Change
Armour	\$41,797	\$53,359	27.7%
Douglas County	\$33,935	\$58,980	73.8%
South Dakota	\$43,237	\$66,936	54.8%

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

Information contained in the 2014 American Community Survey shows that the median household and family incomes have increased significantly from 2000 to 2014 in Armour and Douglas County. Armour’s median household income increased by 55.2% and the City’s median family income increased by 27.7%. Douglas County’s median household income increased by 73.3% and the County’s median family income increased by 73.8%.

Armour and Douglas County’s median household and family income levels were below the comparable Statewide medians.

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

Using the commonly accepted standard that up to 30% of gross income can be applied to housing expenses without experiencing a cost burden, a median income household in Armour could afford approximately \$1,104 per month and a median income family household could afford \$1,334 per month for ownership or rental housing in 2014.

Armour Household Income Distribution

The 2014 American Community Survey household income estimates for Armour can be compared to the same distribution information from 2000 U.S. Census to examine changes that have occurred in the past few years.

Table 16 Armour Income Distribution - 2000 to 2014			
Household Income	Number of Households 2000	Number of Households in 2014	Change 2010 to 2014
\$0 - \$14,999	88	53	-35
\$15,000 - \$24,999	57	59	2
\$25,000 - \$34,999	55	39	-16
\$35,000 - \$49,999	80	69	-11
\$50,000 - \$74,999	44	65	21
\$75,000 - \$99,999	9	54	45
\$100,000+	7	29	22
Total	340	368	28

Source: 2000 Census; 2014 ACS



The 2014 American Community Survey estimated that there were 368 households in Armour. Esri estimated that in 2015 there were 342 households in Armour. Therefore, there may be an overcount of households in this table. However, it is still a good indicator of household income distribution.

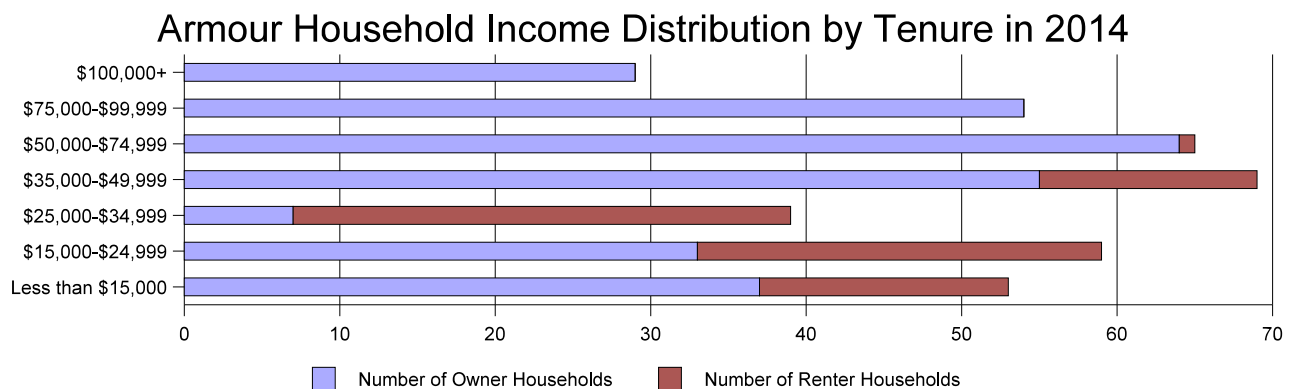
According to income estimates contained in the 2014 American Community Survey, household incomes have improved in Armour in the highest income ranges. When compared to the 2000 Census (1999 income), the number of households with an income of \$50,000, or more, had an increase of 88 households. Conversely, there was a net decrease of 60 households with annual incomes under \$50,000. Although there was a decrease in the number of households in the lower income ranges, there were still 112 households with an annual income below \$25,000 in 2014, which represented 30.4% of all households in Armour.

Armour Income Distribution by Housing Tenure

The 2014 American Community Survey provides income data by owner and renter status. The following table examines income distribution in Armour. The American Community Survey is an estimate, based on limited sampling data, and there are some differences when compared to the 2010 Census. The American Community Survey reported income information on 368 households including 279 owner households and 89 renter households. The U.S. 2010 Census reported that there were 325 households in Armour including 244 owner households and 81 renter households. Therefore, it appears that although there has been household growth in Armour from 2010 to 2015, the total number of households and the total number of owner and renter households in Armour were overcounted by the American Community Survey.

Table 17 Armour Income Distribution by Tenure - 2014			
Household Income	Number of Owner Households	Number of Renter Households	Total Households
\$0 - \$14,999	37/69.8%	16/30.2%	53
\$15,000 - \$24,999	33/55.9%	26/44.1%	59
\$25,000 - \$34,999	7/17.9%	32/82.1%	39
\$35,000 - \$49,999	55/79.7%	14/20.3%	69
\$50,000 - \$74,999	64/98.5%	1/1.5%	65
\$75,000 - \$99,999	54/100%	0/0%	54
\$100,000+	29/100%	0/0%	29
Total	279	89	368

Source: 2014 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 2014, approximately 83% of all renter households in Armour had an annual income below \$35,000. At 30% of income, these households would have \$875, or less, that could be applied to monthly housing costs. The median income for all renter households was approximately \$26,694 in 2014. At 30% of income, a renter at the median level could afford approximately \$667 per month or less for housing costs.

Most owner households had a higher income level than rental households. Approximately 53% of all owner households had an annual income of \$50,000 or more. The estimated median household income for owners in 2014 was approximately \$58,107. At 30% of income, an owner at the median income level could afford approximately \$1,453 per month for housing costs.

2014 Estimated Income and Housing Costs - Renters

The American Community Survey also collected information on housing costs. The following table provides data on the number of renter households that are paying different percentages of their gross household income for housing in the City of Armour. In 2014, the American Community Survey identified 89 renter households. In 2010, based on U.S. Census data, there were 81 renter households in Armour. Therefore, it appears that the American Community Survey may have slightly overcounted the number of renter households in Armour.

Table 18 Gross Rent as a Percentage of Household Income - 2014			
Percent of Income for Housing	Households Age 64 and Younger	Households Age 65 and Older	Total
Less than 20%	25/49.0%	11/29.0%	36/40.5%
20% to 29.9%	1/2.0%	0/0%	1/1.1%
30% to 34.9%	8/15.7%	4/10.5%	12/13.5%
35% or more	17/33.3%	22/57.9%	39/43.8%
Not Computed	0/0%	1/2.6%	1/1.1%
Total	51/100%	38/100%	89/100%

Source: 2014 American Community Survey

According to the American Community Survey, approximately 57% of the renters in Armour were paying 30% or more of their income for rent. Federal standards for rent subsidy programs generally identify 30% of household income as the maximum household contribution. When more than 30% of income is required, this is often called a “rent burden”. When more than 35% is required, this can be considered a “severe rent burden”.

2014 Estimated Income and Housing Costs - Owners

The American Community Survey also provided housing cost estimates for owner-occupants. The following table provides estimates of the number of households in Armour that are paying different percentages of their gross household income for housing costs. The 2014 American Community Survey identified 279 households in Armour. In 2010, the U.S. Census identified 244 households in Armour. Therefore, it appears that the American Community Survey overcounted the number of households in Armour.

Table 19 Ownership Costs as a Percentage of Income - Armour		
Percentage of Household Income for Housing Costs	Number of Owner Households 2014	Percent of All Owner Households 2014
0% to 19.9%	196	70.3%
20% to 29.9%	28	10.0%
30% to 34.9%	21	7.5%
35% or more	32	11.5%
Not Computed	2	0.7%
Total	279	100%

Source: 2014 ACS

Most owner-occupants in Armour, which would include households with and without a mortgage, reported paying less than 30% of their income for housing.

However, approximately 19% of all home owners reported that they paid more than 30% of their income for housing.

Occupancy Status of Housing Units - 2010

Table 20 Occupancy Status of Housing Units - 2010						
	Occupied Units		Vacant Units			
	Owner	Renter	For Rent	For Sale	Seasonal Use	Other Vacant
Armour	244	81	20	2	12	19
Douglas Co.	967	243	47	14	55	113

Source: U.S. Census

- ▶ In 2010, according to the U.S. Census, there were 55 seasonal housing units in Douglas County including 12 units in Armour.
- ▶ In addition to the seasonal units in 2010, there were 174 vacant housing units in Douglas County, including 41 units in Armour.

Existing Home Sales

This section examines houses that have been sold from 2010 to 2015 in the City of Armour. The information was obtained from the South Dakota Department of Revenue website, using information compiled by the Douglas County Equalization Office.

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

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

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

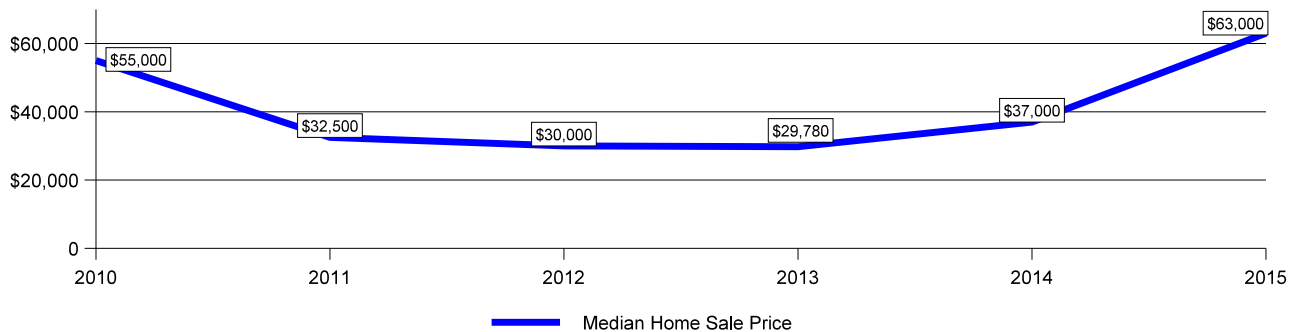
The County's time period for analyzing annual sales differs slightly from the calendar year. It begins on November 1st and ends on October 31st of each year. No sales data was available for 2016 as of June 12, 2016.

Table 21 Armour Residential Sales Activity - 2010 to 2015

Sales Year	Number of Sales	Median Sale Price	Highest Sale	Lowest Sale
2015	13	\$63,000	\$132,000	\$7,750
2014	16	\$37,000	\$175,000	\$2,750
2013	10	\$29,780	\$70,000	\$12,500
2012	5	\$30,000	\$73,500	\$16,500
2011	3	\$32,500	\$56,000	\$13,000
2010	5	\$55,000	\$165,000	\$12,500

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

Over the time period from 2010 to 2015, the median home sale price in Armour has shown significant variation from year to year. Over the years reviewed, the median price has ranged from a low of \$29,780 in 2013, to a high of \$63,000 in 2015. With only a limited number of open market transactions in a single 12-month period, the annual sales sample may not accurately reflect overall home values.

Median Home Sale Price: 2010 to 2015

If all of the good sales over the six-year period are aggregated, the median sale price was \$35,000. If only 2014 and 2015 are aggregated, the median value was \$54,000.

The highest priced sale over the last six years was for \$175,000. In all six years, at least one house sold for less than \$20,000. In five of the six years, at least one sale was for \$70,000 or more.

An alternate estimate of home values exists in the 2014 American Community Survey. This source placed the median value at \$62,300, approximately \$8,300 higher than the median home sales price based on the aggregate value of 2014 and 2015 sales.

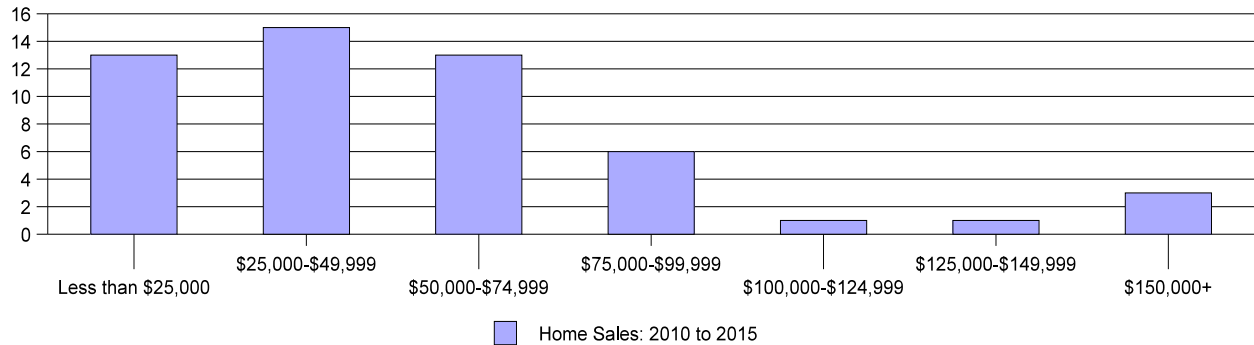
Home Sales by Price Range

The following table looks at single family houses that sold within defined price ranges in the six-year period from November 2009 through October 2015.

Table 22 Home Sales by Price Range: 2010 through 2015		
Sale Price	Number of Sales	Percent of Sales
Less than \$25,000	13	25.0%
\$25,000 - \$49,999	15	28.9%
\$50,000 - \$74,999	13	25.0%
\$75,000 - \$99,999	6	11.5%
\$100,000 - \$124,999	1	1.9%
\$125,000 - \$149,999	1	1.9%
\$150,000 +	3	5.8%
Total	52	100%

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

Armour Home Sales by Price Range



Recent home sales in Armour have been primarily distributed in the low price ranges, with approximately 79% of all sales priced below \$75,000, and 15% of all sales priced between \$75,000 and \$150,000. Only three sales were for more than \$150,000.

Armour Housing Condition

Community Partners Research, Inc. representatives conducted a visual 'windshield' survey of the 287 single family/duplex houses in Armour. The City was divided into two neighborhoods. The boundaries of the two neighborhoods are as follows:

- ▶ Neighborhood #1: East of Braddock Ave.
- ▶ Neighborhood #2: West of Braddock Ave.

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

Dilapidated was the lowest rating used. These 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 23 Windshield Survey Condition Estimate - 2015					
	Sound	Minor Repair	Major Repair	Dilapidated	Total
East of Braddock Ave.	24/39.3%	20/32.8%	10/16.4%	7/11.5%	61
West of Braddock Ave.	115/50.9%	63/27.9%	34/15.0	14/6.2%	226
Total	139/48.5%	83/28.9%	44/15.3%	21/7.3%	287

Source: Community Partners Research, Inc.

- ▶ Approximately 29% of the houses in the City of Armour need minor repair and 15% need major repair. Approximately 49% are sound, with no required improvements. Twenty-one houses are dilapidated and possibly beyond repair.

Armour Mobile Home Housing Condition

Community Partners Research, Inc. representatives conducted a visual 'windshield' survey of 15 mobile homes located in the City of Armour.

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

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

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

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

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

Table 24 Windshield Survey Condition Estimate - 2015					
	Sound	Minor Repair	Major Repair	Dilapidated	Total
Mobile Homes	3/20.0%	10/66.7%	2/13.3%	0	15

Source: Community Partners Research, Inc.

- ▶ The mobile homes in Armour are in good condition. Approximately 67% of the mobile homes need minor repair and 13% need major repair. Approximately 20% are sound, with no required improvements.
- ▶ No mobile homes identified as dilapidated and possibly beyond repair.

Building Permit Data

The City of Armour has experienced limited new housing construction in recent years. From 2000 through 2015, approximately eight new houses were built in the City, or were moved into Armour, based on City records. Three of the houses were constructed/moved in during the early 2000s. Five houses were constructed/moved in from 2010 through 2015.

There were also four rental units constructed in Armour in 2000/2001.

Rental Housing Data

Census Bureau Rental Inventory

According to the 2010 U.S. Census, there were 81 occupied rental units and 20 unoccupied rental units in Armour, for a total estimated rental inventory of 101 units. The City's rental tenure rate was 24.9% in 2010, below the Statewide rental rate of 31.9%.

At the time of the 2000 Census, Armour had 79 occupied rental units, and nine vacant rental units, for a total estimated rental inventory of 88 units. The rental tenure rate in 2000 was 23.1%.

Based on a Census comparison, the City gained two renter-occupancy households, and approximately 13 rental units from 2000 to 2010. The rental tenure rate increased from 23.1% in 2000 to 24.9% in 2010. During the decade, the only identified multifamily rental project constructed in Armour was the Housing and Redevelopment Commission's (HRC) rental project with four units. Much of the remaining gain may have occurred from conversions, as owner-occupied houses changed to rental use.

Rental Housing Survey

As part of this housing study, a telephone survey was conducted of multifamily projects in the City of Armour. The survey was conducted from April through June, 2016. Emphasis was placed on contacting properties that have four or more units, although some smaller rental projects and single family homes were also surveyed. For the purposes of planning additional projects in the future, multifamily properties represent the best comparison of market potential.

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

There were 64 housing units of all types that were contacted in the survey. Based on our research, all of the income-based subsidized and senior with services rental projects and a significant percentage of the market rate multifamily projects in Armour were surveyed. Additionally, we surveyed the nursing home, Golden Living Center, which has 44 beds.

The units that were successfully contacted include:

- ▶ 20 market rate units
- ▶ 28 federally subsidized units
- ▶ 60 senior with services units/beds

The findings of the survey are provided below.

Market Rate Summary

Information was obtained on 20 market rate rental units in general occupancy projects. The 20 units were in a four-unit project, two duplexes, a mixed-use building and single family homes.

Unit Mix

We obtained bedroom mix information on all 20 market rate units. The bedroom mix of these units is:

- ▶ Efficiency - 1 (5.0%)
- ▶ One-bedroom - 5 (25.0%)
- ▶ Two-bedroom - 8 (40.0%)
- ▶ Three-bedroom - 5 (25.0%)
- ▶ Four-bedroom - 1 (5.0%)
- ▶ Total - 20

Occupancy / Vacancy

Within the market rate multifamily segment, the managers and owners reported that there no vacancies in the 20 units surveyed. This represents a vacancy rate of 0%. The managers and owners reported high demand for market rate rental units. However, part of the high demand is based on temporary pipeline employees renting units in Armour.

Rental Rates

The rental rates of the market rate units we surveyed in Armour ranged from \$375 to \$610 plus utilities. The highest rents were in the Armour HRC units, which are \$560 for the two-bedroom and \$610 for the three-bedroom units. The tenants also pay all utilities, which according to the manager are approximately \$100 per month.

There was a wide range of \$375 to \$600 plus utilities for the single family homes we surveyed. The owner of the Perry Studio Apartments and the Antique Store Apartments did not provide rental rate information.

Market Rate Rental Construction from 2000 to 2015

The only market rate units constructed from 2000 to 2015 that we are aware of are the four Armour HRC units. However, some houses were converted from owner to renter occupancy over the past 16 years. Also, a local contractor is currently converting a church into three rental units.

Subsidized Summary

The research completed for this Study surveyed the two income-restricted projects providing rental opportunities for lower income households in Armour. The two projects are:

- ▶ **Lynlo Heights** - Lynlo Heights is a Section 8 project for senior and/or disabled tenant occupancy with 20 one-bedroom apartments.
- ▶ **Meyers Apartments** - Meyers Apartments is an eight-unit USDA Rural Development subsidized project for general occupancy with one one-bedroom and seven two-bedroom units.

Rental Rates

A majority of the subsidized units have access to project-based rent assistance. These units charge rent based on 30% of the tenant's household income. The subsidized projects have a market rent and tenants do not pay more than the market rent.

Unit Mix

The bedroom mix breakdown for the two subsidized housing projects in Armour are as follows:

▶ One-bedroom -	21 (75.0%)
▶ Two-bedroom -	7 (25.0%)
▶ Three or more bedrooms -	<u>0 (0%)</u>
▶ Total -	28

Occupancy / Vacancy

There were five vacant units identified in the subsidized projects, which is a 7.9% vacancy rate. Lynlo Heights had all five vacancies and Meyers Apartments had no vacancies.

Lynlo Heights previously had a higher number of vacancies, however, new management has significantly increased the occupancy rate.

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 1970s and 1980s. Some of the older projects around the State of South Dakota have completed their compliance requirements and have the opportunity to leave their subsidy program and convert to conventional rental housing.

Since 2000, we are aware of no subsidized projects in Armour that have opted of their subsidized program.

Housing Choice Vouchers

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

It appears that Douglas County is one of the few counties in South Dakota that does not have access to the Housing Choice Voucher Program.

Senior Housing with Services

Armour has two senior with services facilities. These facilities include:

- ▶ **Prairie Villa** - Prairie Villa has 16 units, which includes 12 one-bedroom units, two large one-bedroom units and two two-bedroom units. Services include 24-hour staffing, meals, laundry services, housekeeping, medication management, etc. Tenants can move in independently requiring minimal services or move in requiring the full array of senior assisted living services.
- ▶ **Golden Living Center** - Golden Living Center is a nursing home with 44 skilled nursing beds. The facility was constructed in the 1970s.

Occupancy / Vacancy

At the time of the survey, Prairie Villa was fully occupied with a waiting list and Golden Living Center operates at an average 95% capacity.

Table 25 Armour Multifamily Rental Housing Inventory

Name	Number of Units / Bedroom Mix	Rent	Vacancy/ Wait List	Tenant Mix	Comments
Market Rate					
Armour HRC Rental Project	1 - 2 bedroom <u>3 - 3 bedroom</u> 4 total units	\$560 \$610 +utilities	No vacancies, waiting list	General occupancy	The Armour HRC Project includes four units and was constructed in 2000 and 2001. The project is owned and managed by the Armour HRC. Rent is \$560 for the two-bedroom unit and \$610 for the three-bedroom units. Tenants also pay all utilities. The units are fully occupied and there is a waiting list.
Perry Studio Apartments	1 - 1 bedroom <u>1 - 2 bedroom</u> 2 total units	Not provided	No vacancies	General occupancy	Perry Studio Apartments includes two rental units in a building that was constructed in 1883. The building was converted from commercial to rental. The owner reports that the units are fully occupied. The owner did not provide rental rates.
Antique Store Apartments	1 - efficiency <u>2 - 1 bedroom</u> 3 total units	Not provided	No vacancies	General occupancy	Antique Store Apartments includes one efficiency unit and two one-bedroom units on the second floor of a mixed-use building. The units are all occupied. The owner did not provide rental rates.
Eleven single family homes & one duplex	1 - 1 bedroom 4 - 2 bedroom 5 - 3 bedroom <u>1 - 4 bedroom</u> 11 total units	Range from \$375 to \$600 plus utilities	No vacancies	General occupancy	Eleven single family homes and one duplex were surveyed. Rents ranged from \$375 to \$600 plus utilities. The rent was based on the size of the unit and the quality of the unit. All of the units were occupied and the owners reported a high demand for the units.

Table 25 Armour Multifamily Rental Housing Inventory

Name	Number of Units / Bedroom Mix	Rent	Vacancy/ Wait List	Tenant Mix	Comments
Subsidized					
Lynlo Heights	<u>20 - 1 bedroom</u> 20 total units	\$576 30% of income	5 vacancies	Senior/ disabled	Lynlo Heights is a 20-unit senior/disabled HUD Section 8 project. All of the units are one bedroom. The project was constructed in 1989. Tenants pay 30% of income up to a maximum rent of \$576. The project previously had more vacancies, however, new management has increased occupancy. The project is in very good condition.
Meyers Apartments	<u>1 - 1 bedroom</u> <u>7 - 2 bedroom</u> 8 total units	\$492 \$513 30% of income	No vacancies	General occupancy	Meyers Apartments is an eight-unit family USDA Rural Development Project. There is one one-bedroom and seven two-bedroom units. Seven units have rent assistance. Tenants in these units pay 30% of their income up to a maximum rent. One unit does not have rent assistance and the tenant pays 30% of income up to the maximum rent, but not less than the minimum rent. The manager reports no vacancies.

Table 25 Armour Multifamily Rental Housing Inventory					
Name	Number of Units /Bedroom Mix	Rent	Vacancy/ Wait List	Tenant Mix	Comments
Senior with Services					
Prairie Villa Assisted Living	14 - 1 bedroom <u>2- 2 bedroom</u> 16 total units	Based on level of services	No vacancies, waiting list	Assisted Living Center	Prairie Villa is a 16-unit assisted living project. The 16 units include 12 one-bedroom units, two large one-bedroom units that can accommodate two people and two two-bedroom units. Tenants can move in independently requiring minimal services or move in requiring the full array of senior assisted living services. The units are fully occupied and there is a waiting list. Rent and fees are based on the size of the unit and the level of services.
Golden Living Center	<u>44 beds</u> 44 total beds	Based on level of services	95% occupancy	Skilled nursing home	Golden Living Center is a 44-bed nursing home constructed in the 1970s.

Source: Community Partners Research, Inc.

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 afford 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.

Work Force and Unemployment Rates

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

Table 26 Douglas County Annual Labor Statistics: 2010 to 2015						
Year	Labor Force	Employed	Unemployed	Unemployment Rate - County	Unemployment Rate - SD	Unemployment Rate - US
2010	1,762	1,684	78	4.4%	5.0%	9.6%
2011	1,752	1,681	71	4.1%	4.7%	8.9%
2012	1,695	1,638	57	3.4%	4.3%	8.1%
2013	1,708	1,654	54	3.2%	3.8%	7.4%
2014	1,730	1,680	50	2.9%	3.4%	6.2%
2015	1,704	1,662	42	2.5%	3.4%	5.3%

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

The unemployment rate for Douglas County has been on a downward trend since 2010. The unemployment rate decreased from 4.4% in 2010 to 2.5% in 2015. In comparison to national patterns, the unemployment rate in the County has remained low.

Although the unemployment rate has decreased, the labor force and the employed labor force have also decreased from 2010 to 2015.

Employment and Wages by Industry

The following table shows the annual employment and average annual wages by major employment sector in 2014, the last full year of data. It is important to note that the major employment sectors listed do not represent all employment, as some classifications, such as self-employed workers, are not included. Also, because of the small population in Douglas County, information for several industry sectors was listed as confidential and data was not provided. This information is for all of Douglas County.

Table 27 County Average Annual Wages by Industry Detail - 2014		
Industry	2014 Employment	Average Annual Wage
Total All Industry	1,162	\$31,772
Construction	62	\$47,580
Manufacturing	110	\$29,484
Wholesale Trade	203	\$47,112
Professional Scientific and Technical Services	15	\$33,332
Retail Trade	114	\$17,940
Other Services	29	\$31,096
Public Administration	185	\$27,508

Source: South Dakota Department of Labor

The average annual wage for all industry in 2014 was \$31,772 for the Douglas County. The highest wage sector was Construction, with an annual wage of \$47,580. The lowest average wage was paid in the Retail Trade sector, at \$17,940.

In terms of actual employment, the largest single sector was Wholesale Trade with 203 people, followed by Public Administration with 185 employees.

Commuting Patterns of Area Workers

Information is available on workers that commute for employment. Information is included in the 2014 American Community Survey, and has been examined for the City of Armour. The first table only examines people living in Armour that traveled to work and excludes people that work at home.

Table 28 Travel Times for Armour Residents - 2014		
Travel Time	Number	Percent
Less than 10 minutes	274	68.0%
10 to 19 minutes	44	10.9%
20 to 29 minutes	37	9.2%
30 minutes or more	48	11.9%
Total	403	100%

Source: 2014 American Community Survey 5-year estimates

According to the American Community Survey, a majority of Armour residents were commuting 20 minutes or less for employment in 2014. Approximately 79% of residents were commuting 20 minutes or less. Slightly less than 12% of Armour’s residents were commuting 30 minutes or more to work.

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

Table 29 Commuting Times for Armour-based Employees - 2014		
Travel Time	Number	Percent
Less than 10 minutes	296	63.5%
10 to 19 minutes	75	16.1%
20 to 29 minutes	45	9.7%
30 minutes +	50	10.7%
Total	466	100%

Source: 2014 American Community Survey 5-year estimates

The American Community Survey estimated that approximately 80% of people working in Armour in 2014, traveled 20 minutes or less to work. Approximately 11% of Armour’s workers traveled 30 minutes or more to work in Armour.

Findings on Growth Trends

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

Armour's population decreased by 8.4% from 1990 to 2000. The population decreased from 854 in 1990 to 782 in 2000. From 2000 to 2010, Armour's population decreased by 83 people, from 782 to 699 people, which was a population loss of 10.6%.

Douglas County's population decreased from 3,746 in 1990 to 3,458 in 2000, which was a decrease of 7.6%. The population decreased in the 2000s from 3,458 in 2000 to 3,002 in 2010, which was a population loss of 13.2%.

Household levels in Armour also decreased from 1990 to 2010. Armour experienced a loss of five households from 1990 to 2000 and a loss of 17 households from 2000 to 2010. Douglas County had a decrease of 31 households from 1990 to 2000 and a loss of 111 households from 2000 to 2010.

Esri estimates that Armour and Douglas County gained population and households from 2010 to 2015. Esri estimates that Armour gained 26 people and 17 households from 2010 to 2015. Esri estimates that Douglas County gained 14 people and 23 households from 2010 to 2015.

However, the U.S. Census Bureau's estimates contradict Esri's population estimates. From 2010 to 2015, the Census Bureau shows that Armour had a loss of 13 people and Douglas County had a population decrease of 25 people.

Findings on Projected Growth

Esri projects that Armour's population will increase by 32 people and 16 households from 2015 to 2020.

Esri projects that Douglas County will gain approximately 64 people and 31 households from 2015 to 2020.

Summary of Armour’s Growth Projections by Age Group

The Demographic section of this Study presented Armour projection information on anticipated changes by age group from 2010 to 2020. This information can be informative in determining the housing that may be needed due to age patterns of the City’s population.

Consistent with the age distribution data presented earlier, the movement of the “baby boom” generation through the aging cycle should generate much of the City’s growth in households in the age ranges between 55 and 74 years old. Age projections expect the City to add approximately 40 households in the 55 to 74 age ranges from 2010 to 2020.

The Esri age-based projections also expect an increase of 14 households in the 25 to 34 age range.

Esri projects that Armour will have a loss of one household in the 15 to 24 age range, a loss of 15 households in the 35 to 54 age ranges and a loss of five households in the 75 and older age ranges.

The projections assume that historical patterns will continue into the near-future, especially related to household formation and household size within specific age groups. If Armour adds population at a rate that is faster or slower than past patterns would suggest, traditional age-based forecasts would be altered.

<u>Age Range</u>	<u>Projected Change in Households 2010 to 2020</u>
15 to 24	-1
25 to 34	14
35 to 44	-4
45 to 54	-11
55 to 64	28
65 to 74	12
75 and older	-5
Total	33

Findings on Unit Demand by Type of Housing

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

Age 24 and Younger - The projections used for this Study expect a loss of one household in the 15 to 24 age range through the year 2020. Past tenure patterns indicate that a majority of the households in Armour in this age range will rent their housing. A slight decrease in the number of households in this age range should mean that rental demand from younger households will generally remain stable during the projection period.

25 to 34 Years Old - The projections show a gain of 14 households in this age range by 2020. Within this age range households often move from rental to ownership housing. The ownership rate among these households in Armour was approximately 63% in 2010. A household increase of 14 households within this age range indicates demand for both first-time home buyer and rental opportunities will increase slightly during the projection period.

35 to 44 Years Old - The projections for this 10-year age cohort expect a loss of four households between 2010 and 2020 in Armour. In the past, this age group has had a high rate of home ownership in Armour, at approximately 94%. Households within this range often represent both first-time buyers and households looking to trade-up in housing, selling their starter home for a more expensive house.

45 to 54 Years Old - By 2020, this age cohort will represent the front-end of the "baby bust" generation that followed behind the baby boomers. This age group represents a much smaller segment of the population than the baby boom age group. For Armour, the projections show a loss of 11 households in this range. This age group historically has had a high rate of home ownership, approximately 84% in Armour in 2010, and will often look for trade-up housing opportunities. A decrease in the number of households in this age group, indicates that the demand for trade-up housing from this age range will decrease during the projection period.

55 to 64 Years Old - This age range is part of the baby boom generation. The projections show a strong increase of 28 households in this 10-year age range by the year 2020 in the City. This age range has traditionally a high rate of home ownership in Armour, at approximately 82% in 2010. Age-appropriate housing, such as town house or twin home units, is often well suited to the life-cycle preferences of this age group, as no maintenance/low maintenance housing has become a popular option for empty-nesters.

65 to 74 Years Old - A gain of 12 households is expected by the year 2020 in the 65 to 74 age range. While this group will begin moving to life-cycle housing options as they age, the younger seniors are still predominantly home owners. At the time of the 2010 Census, approximately 76% of the households in this age range owned their housing in Armour. Once again, preferences for age-appropriate units would increase from household growth within this age cohort.

75 Years and Older - There is a projected loss of five households in Armour in this age range between 2010 and 2020. In the past, older senior households have had approximately a 36% rate of home ownership in Armour. An expansion of housing options for seniors, including high quality rental housing, should appeal to this age group. In most cases, income levels for senior households have been improving, as people have done better retirement planning. As a result, households in this age range may have fewer cost limitations for housing choices than previous generations of seniors.

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

Findings on Housing Unit Demand and Tenure

Calculations for total future housing need are generally based on three demand generators; household growth, replacement of lost housing units, and pent-up, or existing demand for units from households that already exist but are not being served.

Demand from Growth - The Esri household projections used for this Study expect Armour to gain 16 households and Douglas County to gain 31 households from 2015 to 2020. Household growth in Armour and Douglas County will yield some demand for new housing production in Armour.

Replacement of Lost Owner-Occupancy Units - It is difficult to quantify the number of units that are lost from the housing stock on an annual basis. Unit losses may be caused by demolition activity, losses to fire or natural disasters, and to causes such as deterioration or obsolescence. In Armour, some dilapidated housing has been demolished, and more units will be removed in the future. As a result, we have included an allowance for unit replacement in the recommendations that follow.

Replacement of Lost Renter-Occupancy Units - It is also difficult to accurately quantify the number of units that are lost from the rental housing stock on an annual basis, however, we are projecting that rental units will be removed from the rental inventory over the next several years. As a result, we have included a minor allowance for unit replacement in the recommendations that follow.

Pent-Up Demand - The third primary demand-generator for new housing is caused by unmet need among existing households, or pent-up demand. Household growth and shifting age patterns have created demand for certain types of age-appropriate housing in Armour. We have included our estimates of pent-up demand into the specific recommendations that follow later in this section.

Strengths for Housing Development

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

- ▶ **Armour serves as a small regional center** - Armour provides educational and employment opportunities, retail/service options, governmental services and recreational facilities for a small geographical area that surrounds the City.
- ▶ **Affordable priced housing stock** - The City of Armour has a stock of affordable, existing houses. Our analysis shows that the City's median home value based on home sales in 2014 and 2015 was approximately \$54,000. This existing stock, when available for sale, provides an affordable option for home ownership.
- ▶ **Adequate land for development** - Armour has adequate land available for both residential and commercial/industrial development. However, some of this land needs to be serviced with infrastructure improvements and/or annexed into the City limits.
- ▶ **Educational system** - Armour has an excellent public K-12 school system.
- ▶ **Infrastructure** - Armour's water and sewer infrastructure can accommodate future expansion.
- ▶ **Armour Housing and Redevelopment Commission and Armour Community Development Corporation** - The Armour Housing and Redevelopment Commission and the Armour Community Development Corporation are active in promoting economic development and housing in the City of Armour.
- ▶ **Leadership** - Armour has leadership who are active in promoting and developing housing opportunities in the City.
- ▶ **Health facilities** - The City of Armour has a clinic, hospital and assisted living.
- ▶ **Commercial Development** - Armour's commercial district is adequate to meet daily needs.

- ▶ **Small town atmosphere** - Armour is a small town with real and perceived amenities of a small town. This small town living is attractive to some households.
- ▶ **Commuters** - Approximately 95 employees are commuting more than 20 minutes into the City of Armour daily for work. These commuters are a potential market for future housing construction.

Barriers or Limitations to Housing Activities

Our research also identified the following barriers or limitations that hinder or prevent certain housing activities in Armour.

- ▶ **Age and condition of the housing stock** - While the existing stock is affordable, some of the housing is in need of improvements to meet expectations of potential buyers.
- ▶ **Low rent structure** - The City's rent structure is relatively low, which makes it difficult to construct new rental housing.
- ▶ **Value gap deters new owner-occupied construction** - Based on market values from 2014 and 2015 homes sales, we estimate that the median priced home in Armour is valued at approximately \$54,000. This is significantly below the comparable cost for new housing construction, which will generally be above \$175,000 for a stick built home with commonly expected amenities. This creates a value gap between new construction and existing homes. This can be a disincentive for any type of speculative building and can also deter customized construction, unless the owner is willing to accept a potential loss on their investment.
- ▶ **Commercial/retail** - Armour's commercial/retail options address daily needs, however, commercial/retail options are limited.
- ▶ **Proximity to a large regional center** - Armour is located 45 miles from Mitchell, 90 miles from Sioux Falls and 72 miles from Yankton. Some households prefer or need to be in closer proximity to a regional center to access their amenities and services such as employment, medical facilities, etc.
- ▶ **Lot Availability** - Currently, there is a very limited number of lots available for new residential development and the available lots are primarily in-fill lots.
- ▶ **Employment opportunities** - Although Armour has several large employers, employment opportunities are limited.

Recommendations, Strategies and Housing Opportunities

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

- ▶ **Be realistic in expectations for housing development** - Large-scale residential growth has not occurred in the recent past and is not likely to occur in the near future. The scale of activities proposed for the future should be comparable with the area's potential for growth.
- ▶ **Proactive community involvement** - New home and apartment construction will more likely occur in Armour if there is continued proactive support from the City of Armour, local and regional housing agencies, economic development agencies and the South Dakota Housing Development Authority.
- ▶ **Protect the existing housing stock** - The future of Armour will be heavily dependent on the City's appeal as a residential location. The condition of the existing housing stock is a major factor in determining the City's long-term viability. The existing housing stock is in good condition and is a major asset, however, rehabilitation efforts are needed to preserve the housing stock.
- ▶ **Protect the existing assets and resources** - Armour has several assets including a k-12 school, a commercial district, an affordable housing stock, recreational opportunities, several employers, medical facilities, etc. These are assets that make Armour a desirable community to live in, and are key components to the City's long-term success and viability. These assets must be protected and improved.
- ▶ **Develop a realistic action plan with goals and time lines** - In the past the City has been involved in housing issues. The City should prioritize its housing issues and establish goals and time lines to achieve success in addressing its housing needs.
- ▶ **Access all available resources for housing** - In addition to the local efforts, the City has other resources to draw on including USDA Rural Development, the South Dakota Housing Development Authority, Planning and Development District III, the Rural Office of Community Services, Inc., and Grow South Dakota. These resources should continue to be accessed as needed to assist with housing activities.

Summary of Findings/Recommendations

The findings/recommendations for the City of Armour have been formulated through the analysis of the information provided in the previous sections and include 20 recommendations. The findings/recommendations have been developed in the following five categories:

- ▶ **Rental Housing Development**
- ▶ **Home Ownership**
- ▶ **Single Family Housing Development**
- ▶ **Housing Rehabilitation**
- ▶ **Other Housing Issues**

The findings/recommendations for each category are as follows:

Rental Housing Development

1. Develop six to eight general occupancy market rate rental units
2. Promote the development/conversion of four to six affordable market rate housing units
3. Monitor the need for additional subsidized rental housing units
4. Preserve the existing supply of subsidized housing
5. Monitor the need for additional senior with services units
6. Consider the development of a mixed-use commercial/housing project
7. Apply for access to the Housing Choice Voucher Program

Home Ownership

7. Utilize and promote all programs that assist with home ownership
8. Develop a purchase/rehabilitation program

Single Family Housing Development

10. Lot availability and lot development
11. Strategies to encourage residential lot sales and new home construction in Armour
12. Promote twin home/townhome development
13. Coordinate with agencies/nonprofits that develop affordable housing

Housing Rehabilitation

14. Promote rental housing rehabilitation
15. Promote owner-occupied housing rehabilitation efforts

Other Housing Initiatives

16. Continue to acquire and demolish dilapidated structures
17. Create a plan and a coordinated effort among housing agencies
18. Promote commercial rehabilitation and development
19. Develop home ownership and new construction marketing programs
20. Competition with other jurisdictions

Armour - Rental Housing Development

Rental Housing Development

Overview: In recent decades it has been difficult to produce new rental housing units that are viewed as “affordable” when compared to existing rental housing. A number of factors, including federal tax policy, state property tax rates, high construction costs and a low rent structure, have all contributed to the difficulty in developing rental housing in most South Dakota communities.

From 2000 to 2015, four rental units were constructed in Armour. However, some single family homes were converted from owner-occupied to rental use.

Demand for new rental housing is typically generated from three factors:

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

Esri’s household projections for Armour expect household growth over the next several years. From 2015 to 2020, it is projected that there will be a gain of approximately 16 households. It is estimated that approximately 30% of these households will be rental households, thus, there will be a demand of approximately five additional rental units due to household growth over the next five years.

Demand created by replacement of lost units is more difficult to determine, but the best available evidence suggests that the City will lose as many as three to four units over the next five years. As a result, approximately three to four additional units will be needed over the next five years to replace lost units. In some cases, this unit replacement will be necessary as existing units are removed from the inventory through demolition or conversion. In other cases, this replacement is appropriate due to the deteriorating condition of older, substandard rental housing that should be removed from the occupied stock. Rental units will also be lost due to rental units converting to owner occupancy.

Pent-up demand also exists. As part of this study, a rental survey was conducted. The survey found no vacancies in general occupancy market rate units. Also, Prairie Villa, the assisted living project, and the nursing home, the Good Samaritan Center, operate at a very high occupancy rate. Based on the high occupancy rates in existing housing, and a limited supply of rental options, we identified pent-up demand for market rate rental units.

These three demand generators show a need for 14 to 20 rental units over the next five years. Based on the factors stated above, we recommend the development of the following new rental units over the next five years from 2016 to 2021.

▶ General Occupancy Market Rate	6-8 units
▶ Subsidized	0 units
▶ Affordable/Conversions	4-6 units
▶ Senior Independent/Light Services	4-6 units
	<hr/>
Total	14-20 units

1. Develop six to eight general occupancy market rate rental units

Findings: Approximately 66% of the rental housing units in the City of Armour can be classified as general occupancy market rate housing. These units are free of any specific occupancy restrictions such as financial status, age, or student enrollment. Market rate housing does not have any form of rent controls, other than those imposed by the competitive marketplace.

In the market rate rental units we surveyed, we found no vacancies. The owners of rental properties reported very high occupancy rates and strong demand for rental housing.

There is a wide variation in rental rates in the market rate segment in the City of Armour. The existing rents range from \$375 to \$610 plus utilities.

From 2000 to 2015, only four market rate rental units were constructed in Armour. However, a local contractor is in the process of converting a church into one two-bedroom and two three-bedroom units.

Recommendation: As stated earlier in this section, rental housing demand is based on household growth, pent-up demand and replacement of housing units that have been demolished or converted.

Based on this combination of demand generators, we believe that it is reasonable to plan for the production of six to eight market rate rental units over the next five years.

The majority of the new units constructed over the next five years should be two-bedroom units.

Town house-style units or a high quality apartment building are both options in addressing the need for market rate units. The projects, to be successful, should have 'state of the art' amenities.

The first option to developing market rate housing would be to encourage private developers to undertake the construction of market rate rental housing. If private developers do not proceed, the Armour HRC could potentially utilize essential function bonds, or similar funding sources, to construct market rate units. The Armour HRC constructed four market rate units in 2000 and 2001.

Also, the Armour HRC could partner with private developers to construct units. Additionally, the City of Armour could assist with land donations, tax increment financing, tax abatement, reduced water and sewer hook up fees, etc. To achieve the rents stated in the table, City financial assistance will be necessary.

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

<u>Unit Type</u>	<u>No. of Units</u>	<u>Size/Sq. Ft.</u>	<u>Rent</u>
One Bedroom	1-2	750 - 850	\$675 - \$725
Two Bedroom	4-5	900 - 1,000	\$725 - \$825
Three Bedroom	<u>1</u>	1,100 - 1,200	\$850 - \$1,000
Total	6-8		

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

2. Promote the development/conversion of four to six affordable market rate rental housing units

Findings: The previous recommendation had addressed the market potential to develop high quality rental units in Armour. Unfortunately, these units would tend to be beyond the financial capability of many area renters. Many of Armour’s renter households have an annual income below \$25,000. These households would need a rental unit at \$600 per month or less including utilities.

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

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

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

It would be difficult to create units through new construction. Instead, it may be more practical to work on building renovation or conversion projects that can create housing. This opportunity may arise in commercial buildings, or through the purchase and rehabilitation of existing single family homes.

The estimated prevailing rent range for older rental units in Armour is typically between \$375 and \$500 per month. Creating some additional units with contract rents below \$600 per month including utilities would help to expand the choices available to a majority of the City's renter households.

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

3. Monitor the need for additional subsidized rental housing units

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

The research completed for this Study found two subsidized projects in Armour, Meyers Apartments, which is a USDA Rural Development General Occupancy project, and Lynlo Heights, which is a 20-unit HUD Section 8 Senior/Disabled project. The tenants pay 30% of their income up to a maximum rent. The manager of the two projects reported no vacancies in Meyers Apartments and five vacancies in Lynlo Heights. Lynlo Heights had a significantly higher number of vacancies prior to new management.

The 2014 American Community survey estimated that 51 renters in the City of Armour were paying 30% or more of their income for rent.

Recommendation: We do not recommend the development of additional subsidized rental housing at this time. When the rental survey was conducted, there were five vacancies in Lynlo Heights, which is a 20-unit subsidized project. Also, 28 units of subsidized housing are a significant number of units for a city of Armour's size.

We have recommended the construction of six to eight market rate units. We also recommended four to six affordable/conversion market rate units. We do recommend that the City monitor the need for the production of subsidized housing in the future.

4. Preserve the existing supply of subsidized housing

Findings: The City of Armour has two "deep subsidy" rental housing projects that allow tenants to pay rent based on 30% of income. These projects were constructed in the 1980s when the federal government was actively involved in producing low income housing.

The subsidized housing represents the most affordable option available to lower income households. Since most of these units charge rent based on income, even extremely low income households can afford their housing.

The "deep subsidy" rental housing projects are privately owned. In some communities, privately owned subsidized housing has been lost as owners have the ability to opt-out of subsidy contracts after their original obligations have been met. Subsidized housing that is lost cannot be cost-effectively replaced with the low income housing production resources that are available today.

Recommendation: The South Dakota Housing Development Authority (SDHDA) tracks subsidized housing in South Dakota that is at risk of being lost. Owners of subsidized housing that are considering the option to drop their subsidy contract may notify SDHDA and the tenants prior to taking any action.

The City of Armour and the Armour HRC should check with SDHDA and the owners of the subsidized projects on an ongoing basis to determine if either of the two subsidized housing projects in the City are considering the option to drop their subsidy contract. In some communities, public or nonprofit agencies have been able to purchase projects that are at risk of being lost, to preserve their affordable housing resources.

5. Monitor the need for four to six additional senior with services units

Findings: Armour has two specialized senior housing facilities, serving residents as they move through the aging cycle. The housing options are:

- ▶ **Prairie Villa** - Prairie Villa has 16 units, which includes 12 one-bedroom units, two large one-bedroom units and two two-bedroom units. Services include 24-hour staffing, meals, laundry services, housekeeping, medication management, etc. Tenants can move in independently requiring minimal services or move in requiring the full array of senior assisted living services.
- ▶ **Golden Living Center** - Golden Living Center is a nursing home with 44 skilled nursing beds. The facility was constructed in the 1970s.

Based on 2015 estimates from Esri, there are 140 older senior citizens age 75 and above residing in Armour, and 425 people over the age of 75 living in Douglas County. Projections indicate that the senior population will be relatively stable from 2015 to 2020.

Older seniors tend to represent the primary target market for specialized senior housing. There is larger-scale growth expected within the younger senior ranges, age 65 to 74, indicating growing demand for specialized housing after the year 2020.

Using the current estimates for the senior population, the current estimated capture rates of Douglas County residents over the age of 75 for the existing providers are as follows.

Skilled Nursing Beds - When compared to the older senior population in Douglas County, the total supply of longer-term nursing home beds in the Golden Living Care Center require a capture rate of approximately 10.4% of the total population of older seniors (age 75+).

Assisted Living and Light Services - There are approximately 380 older senior households, age 75 and above, in 2015 in Douglas County and not living in a nursing home. There are 16 assisted living units and 18 available beds in Prairie Villa. In 2015, a capture rate of approximately 4.2% is required to maintain full occupancy in the units and a 4.7% capture rate to fully occupy the beds. It should be noted that in addition to Douglas County residents, some senior with services residents in Armour come from other counties.

Recommendation: Based on the research completed for this Study, we would recommend some limited additional development of specialized senior housing in Armour through the year 2020.

With Prairie Villa providing units for both light services and assisted living, a modest expansion may be warranted. The scale of recommended development is limited, and the best possibility would be to plan for an expansion of an existing senior facility, rather than proceed with a stand-alone project.

Assisted Living and Light Services - With 16 units and 18 beds currently available, a small expansion of four to six units may be justified by the year 2020. However, Prairie Villa's occupancy rate and waiting list should continue to be monitored to determine the need for additional units.

Memory Care Housing - Armour does not have any current provider of housing specifically designed for people with memory care needs. Prairie View and the Golden Living Care Center do serve people in the early stages of dementia. It is our opinion that a specific memory care project cannot be justified based on the size of the primary target population.

Skilled Nursing Home - The research for this study points to a decreasing reliance on nursing homes as a long-term residence option for older senior citizens. Over time, nursing homes have tended to use more beds for rehab/recovery stays or other specialized uses. No recommendations are offered for this type of specialized service. Armour has a well-established provider, the Golden Living Center, that serves this section of the market.

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

6. Consider the Development of a Mixed-Use Commercial/Housing Project

Findings: A new mixed-use rental housing/commercial project would be an asset to Armour.

New mixed-use projects have been developed in several smaller cities. Some of these projects were developed because of market demand while others were developed to enhance the downtown, to introduce a new product to the market or to serve as a catalyst for downtown redevelopment.

Recommendation: We recommend the development of a mixed-use building in Armour's commercial district. There are several potential sites for a mixed-use project.

We recommend commercial space on the first floor and three to four rental units on the second floor. Prior to construction, a portion of the commercial space should be leased to an anchor tenant who would attract people to Armour.

The units should be primarily one-bedroom and two-bedroom units. Please note that these units are not in addition to the units recommended in the first and second recommendations of this section. If a mixed use building was constructed, the number of units recommended previously should be reduced.

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

7. Apply for access to utilize the Housing Choice Voucher Program

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

Although the federal government provides almost no funding for subsidized housing construction, it has provided new Housing Choice Voucher allocations over the last two decades. Because of the flexibility offered through the program, eligible households often prefer the portable rent assistance to other forms of subsidized housing that are project-based, and can only be accessed by living in a specific rental development.

Based on the research for this study, it appears that the Housing Choice Voucher Program is currently not available in Armour and Douglas County.

Recommendation: The City of Armour and the Armour HRC should work with area and regional housing agencies and SDHDA to determine if Armour and Douglas County can obtain access to the Housing Choice Voucher Program.

Armour - Home Ownership

Home Ownership

Findings: Expanding home ownership opportunities is one of the primary goals for most cities. High rates of home ownership promote stable communities and strengthen the local tax base. The median owner-occupied home value in Armour is estimated to be approximately \$54,000 based on sales activity in 2014 and 2015. The home values in Armour provide a good opportunity for first time buyers and households seeking moderately priced homes.

Our analysis of Armour demographic trends shows an increase in the number of households in the traditionally strong home ownership age ranges between 55 and 74 years old, during the current decade. The 25 to 34 age range is also expected to add households. Some households in these age ranges as well as other age ranges that have not been able to achieve the goal of home ownership may need the assistance of special programs to help them purchase their first home.

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

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

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

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

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

Recommendation: Armour should work with area housing agencies, the South Dakota Housing Development Authority, USDA Rural Development and local financial institutions to utilize all available home ownership assistance programs. Private and nonprofit agencies should also be encouraged to provide home ownership opportunities.

The City of Armour, the Armour Community Development Corporation and the Armour HRC should also work with housing agencies to assure that they are receiving their share of resources that are available in the region.

Funding sources for home ownership programs may include USDA Rural Development, the South Dakota Housing Development Authority and the Federal Home Loan Bank. Also, Grow South Dakota utilizes several funding sources to provide home ownership programs.

9. Develop a Purchase/Rehabilitation Program

Findings: Armour has a stock of older, lower valued homes, many of which need repairs. Our analysis of recent sales activity indicates that approximately 50% of the homes in Armour are valued less than \$54,000. As some lower valued homes come up for sale, they may not be attractive options for potential home buyers because of the amount of repair work that is required.

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

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

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

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

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

Additionally, private individuals have purchased homes in Armour, rehabbed and then re-sold the homes. There may be an opportunity for local housing agencies to financially assist the private sector with purchasing, rehabilitating and selling homes. This may increase the inventory of substandard homes that economically can be rehabilitated and sold.

Armour - Single Family Housing Development

Single Family Housing Development

Findings: Based on City and U.S. Census information, Armour has experienced some single family housing development from 2000 to 2015. Over the past 16 years, an estimated eight single family owner-occupied homes have been constructed or moved into Armour. Five of these eight new houses have been added since 2010.

It is our opinion that if the City, housing agencies, the Community Development Corporation, employers, community leaders, and builders are proactive, seven to 10 homes can be constructed in or moved into Armour from 2016 to 2021.

The breakdown of our projection of seven to 10 new owner-occupied housing units over the next five years is as follows:

▶ Higher and medium priced homes	2-3
▶ Affordable Homes	2-3
▶ Twin homes/Town homes	<u>3-4</u>
	Total
	<u>7-10</u>

10. Lot availability and lot development

Findings: As part of this Study, we attempted to identify the inventory of available residential lots for single family housing construction in the City of Armour.

Based on city data, there are approximately 30 miscellaneous infill lots scattered around the city. We do not know how many of the lots are for sale, suitable for new construction, have available utilities, etc. Also, there are vacant and dilapidated homes in the City. Some of these homes may be demolished and the cleared lots may be potential sites for new construction.

Recommendation: With projections that seven to 10 new owner-occupied housing units could be constructed in Armour over the next five years, the City must have residential lots available to meet the expected demand. Part of this demand would be for attached unit construction.

We recommend that the City and the Community Development Corporation inventory the in-fill lots to determine each lot's availability and feasibility, how many of the miscellaneous lots are available for sale and whether they are suitable for new construction. The inventory of available lots should be maintained and marketed.

Currently, only miscellaneous lots are available. Some households and builders may prefer to build in a new subdivision. Therefore, it would be advantageous to develop additional residential lots that expand the choices available for newly constructed homes. There are several potential sites, which may be conducive to lot development.

We would recommend the development of a five to seven-lot subdivision, based on the following:

- ▶ If possible, the site should have land available for future lot development phases.
- ▶ To keep development costs as low as possible, sites with easy access to existing infrastructure should be considered.
- ▶ The lots must be as aesthetically acceptable as possible and include high quality amenities.
- ▶ The subdivision should have covenants that assure quality development. However, the covenants should not be so restrictive that they eliminate the target market's ability to construct a home.
- ▶ The subdivision should accommodate a variety of home designs and home prices.
- ▶ All stakeholders should be involved in promoting and publicizing the subdivision.
- ▶ To be successful, the homes must be available to households with as wide an income range as possible.
- ▶ Lots should be available for twin home/town home development.
- ▶ A successful subdivision will need the cooperation of financial institutions, private investors, funding agencies, employers, home builders, the City, and the Community Development Corporation. Financial assistance such as tax increment financing and tax abatement may be necessary to make the development of lots feasible.

A new subdivision should expect no more than one new home constructed annually in the subdivision.

11. Strategies to encourage residential lot sales and new home construction in Armour

Findings: There are infill lots available in the City of Armour. Also, we have recommended that the City, Community Development Corporation, or a private developer create additional lots in a new subdivision.

Recommendation: We recommend that the City of Armour, the Community Development Corporation, and the private sector coordinate efforts to promote lot sales and housing development in Armour.

Our recommendations to promote lot sales and housing development include:

- ▶ **Competitive pricing** - There are lots available in communities throughout the Region. Lot prices in Armour will need to be competitive.
- ▶ **Plan for long-term absorption** - The research completed for this Study expects limited annual absorption of lots in Armour over the next five years. If a new subdivision is developed, it is necessary to view the residential development of the subdivision as a long-term plan.
- ▶ **Generate initial activity** - To stimulate new construction in a new subdivision, proactive efforts, such as the sale of some lots at discounted prices, reduction of hookup and permit fees or other incentives should be provided if the buyer agrees to build a home of a certain quality and style within a designated time period. This will help create momentum for more houses to be built.
- ▶ **Consider developing an exclusive builder(s) relationship** - Several lots could be sold to a builder or builders. Momentum can be created when a builder has access to several lots. This allows for marketing opportunities and efficiencies in the home building process. The subdivision owner, however, should stipulate that the builder is obligated to construct a minimum number of homes over a specified time period. Builders are more willing to enter a market when the lots are attractive and very affordable. Several lots available to an exclusive builder or developer should be explored, even if price concessions are required.
- ▶ **User-Friendly** - The lot purchase and homebuilding process must be 'user-friendly.' This includes builders, who are readily available to build custom homes.

- ▶ ***Allow for a range of house prices*** - Lots should be available in Armour in as wide a range of home sizes and prices as possible. This would broaden the lot buyer market.
- ▶ ***Incentives*** - Many cities throughout South Dakota are offering incentives to construct new homes, including reduced lot prices, reduced water and sewer hookup fees, tax abatements, cash incentives, etc. Incentives should be considered to promote new home construction.
- ▶ ***Lot availability for twin home/town home development*** - It is our opinion that there will be a demand for twin homes/town homes over the next five years. Lots should be available for twin home/town home lot development.
- ▶ ***Marketing*** - The City of Armour and the Community Development Corporation should develop a marketing strategy to sell the available lots. All stakeholders including realtors, financial institutions, builders, employers, etc. should be included in marketing strategies. In addition to marketing the lots, the City of Armour and its amenities should be marketed.
- ▶ ***Consider partnerships that share and split financial risk to construct spec homes*** - Given the limited demand for new construction in Armour, it is difficult to recommend that any speculative homes be constructed. However, a spec home could potentially attract a buyer that is not interested in going through the home building process, but instead wants a turnkey unit. A spec home can also serve as a model, allowing potential home buyers to examine specific floor plans and features in the home before committing to buy. In an attempt to spur spec home construction, some communities have formed partnerships with private home builders to share the financial risks. For example, subdivision owners have been willing to defer the payment for the lot until the spec home is sold. Another builder incentive is for the city to waive any water/sewer hook up fees, special assessment payments and building permit fees until the home is sold. A more aggressive approach is to become directly involved in helping cover the payments on a home builder's construction loan, if the house does not sell within a reasonable period of time. A community risk pool would need to be established for this type of activity. These types of approaches would somewhat reduce the builder's risk, by lowering the upfront development costs.

12. Promote twin home/town home development

Findings: Attached housing provides desirable alternatives for empty nesters and seniors to move out of their single family homes, thus, making homes available for families. Also, it is important for the community to offer a range of life-cycle housing options. In Armour, since 2000, no new ownership housing has been twin homes/town homes.

In 2010, Armour had 111 households and Douglas County had 421 households in the 55 to 74 age ranges. The number of households in Armour in the 55 to 74 age ranges is expected to increase by 40 households from 2010 to 2020. In 2020, it is estimated that Armour will have 150 households in the 55 to 74 age ranges. Household growth among empty-nester and senior households should result in demand for attached single family units. It is likely that demand for attached housing units will also be dependent on the product's ability to gain additional market acceptance among the households in the prime target market, and among other households.

Recommendation: It is our projection that approximately three to four new owner-occupied twin home or town home units could be constructed in Armour over the next five years. Our projection is based on the availability of an ideal location for twin home/town home development as well as high quality design and workmanship. We recommend that for twin home/town home development to be successful, the following should be considered:

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

Armour's role could include assuring that adequate land continues to be available for development and that zoning allows for attached housing construction.

It may be advantageous to meet with a group of empty nesters and seniors who are interested in purchasing a twin home or townhome to solicit their ideas.

A corporation has been developed in Arlington, MN, that includes local contractors, the local bank and local investors to construct twin homes. They have been very successful.

13. Coordinate with agencies/nonprofits that develop affordable housing

Findings: With the difficulty of producing new housing units that are affordable to lower income people, it is important to take advantage of opportunities presented by housing and development agencies and nonprofit groups that may have the capacity to construct new affordable housing. These sources can help generate new homes for moderate income families in Armour.

Recommendation: We recommend that the City coordinate with housing agencies, nonprofit groups and private sector builders to produce housing units for lower income ownership. The City may be able to contribute to the project through land donations, tax increment financing, tax abatement, or project coordination activities.

If dilapidated homes are demolished, some of the cleared lots may be suitable for redevelopment and these in-fill lots may be good sites for this type of new construction activity.

Also, the City should work with housing agencies and builders to utilize the Governor's Home Program. Potentially a partnership could be created between the City, the HRC or the Community Development Corporation and a contractor to move Governors Homes into the City at an affordable price. Several Governors Homes have been moved into Armour since 2000.

Armour - Housing Rehabilitation

Housing Rehabilitation

Findings: Armour has an asset in its existing housing stock. Existing units, both now and into the future, will represent the large majority of the affordable housing options. 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. Investment in housing rehabilitation will be critical to offering affordable housing opportunities.

It is our opinion that Armour and area housing agencies will need to make housing rehabilitation a priority in the future. New housing construction that has occurred is often in a price range that is beyond the affordability level for many Armour households. Housing for households at or below the median income level will largely be met by the existing, more affordable stock. As this existing housing ages, more maintenance and repair will be required. Without rehabilitation assistance, there is a chance that this affordable stock could 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

Findings: Based on the U.S. Census data, the City of Armour had approximately 101 rental units in 2010. These rental units are in multi-family projects, small rental buildings, single family homes and mobile homes. Many of these rental structures could benefit from rehabilitation as most of these rental structures are more than 25 years old and some rental units are in poor condition.

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

Recommendation: The City of Armour, the Armour HRC and the Armour Community Development Corporation should work with housing agencies to seek funds that allow for program design flexibility that make a rental rehabilitation program workable. Potential funding sources may include USDA Rural Development, Grow South Dakota, the South Dakota Housing Development Authority and the Federal Home Loan Bank.

15. Promote owner-occupied housing rehabilitation efforts

Findings: The affordability and quality of the existing housing stock in Armour will continue to be an attraction for families that are seeking housing in Armour. Investment in owner-occupied housing rehabilitation activities will be critical to offering affordable housing opportunities.

Our housing condition survey of the 287 homes in Armour found 83 homes that need minor repairs and 44 homes that need major repairs. Without rehabilitation assistance, the affordable housing stock will shrink in Armour.

Recommendation: We recommend that the City of Armour, the Armour HRC and the Armour Community Development Corporation seek local, state and federal funds to assist in financing housing rehabilitation. USDA Rural Development, the South Dakota Housing Development Authority, the Federal Home Loan Bank and Grow South Dakota are potential funding sources.

Grow South Dakota have several housing programs to assist households with housing rehabilitation. The Rural Office of Community Services, Inc., administers the Weatherization Program in Armour and Douglas County.

Some programs offer households that meet program requirements, a deferred loan to rehabilitate their homes. Deferred loans do not have to be paid back if the household lives in the rehabilitated home for a stipulated amount of time after the rehabilitation is completed. We encourage Armour households to utilize these housing rehabilitation programs.

Armour - Other Housing Initiatives

Other Housing Initiatives

16. Continue to acquire and demolish dilapidated structures

Findings: Our housing condition survey identified 21 single family houses in Armour that are dilapidated and too deteriorated to rehabilitate. We also identified 44 single family houses in Armour as needing major repair and some of these homes may be too dilapidated to rehabilitate. The City of Armour staff also conducted a survey and identified 13 dilapidated homes in Armour. To improve the quality of the housing stock and to maintain the appearance of the City, dilapidated structures should be demolished.

The City of Armour has been active in demolishing dilapidated structures over the years, however, it currently is very costly to dispose of the demolition debris.

Recommendation: We recommend that the City of Armour continue to work with property owners to demolish dilapidated structures. The appearance of the City is enhanced when blighted and dilapidated structures are removed. Also, some of the cleared lots can be utilized for the construction of new affordable housing units.

Also, the City should continue to maintain an inventory of structures that may be candidates for future acquisition. Additionally, an inventory of in-fill lots for future development should to be maintained.

We also recommend that the City continue to seek an option for the disposal of demolition debris that is affordable and not a detriment to dilapidated housing demolition.

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

Findings: Armour will continue to need staff resources in addition to existing City staff to plan and implement many of the housing recommendations advanced in this Study. In addition to local resources, the City of Armour has access to Grow South Dakota, the Rural Office of Community Services, Inc., Planning and Development District III, the South Dakota Housing Development Authority and USDA Rural Development. These agencies all have experience with housing and community development programs.

Recommendation: The City of Armour has access to multiple agencies that can assist with addressing housing needs. It is our recommendation that the City prioritize the recommendations of this Study and develop a plan to address the identified 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 of Armour to look for opportunities to work cooperatively with other area cities to address housing issues. With the number of small cities in the Region, and 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.

18. Promote Commercial Rehabilitation and Development

Findings: The City of Armour's commercial district is in fair condition and several buildings are well maintained, however, there are several vacant and substandard commercial buildings in Armour.

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

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

Additionally, the City of Armour and the Armour Community Development Corporation should seek funding to assist property owners with rehabilitating their commercial buildings.

19. Develop home ownership and new construction marketing programs

Findings: With the downturn in the housing economy, the competition among cities and towns for households looking to buy or build a home has been greater than in the past. Also, some cities and towns have an excess inventory of residential lots, homes for sale, vacant homes and homes in foreclosure. Additionally, households are evaluating the appropriate timing to buy or build a home.

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

Recommendation: We recommend that the City of Armour, the Armour HRC and the Armour Community Development Corporation consider the following:

- ▶ Determine the City's strengths and competitive advantages and heavily promote them
- ▶ Create marketing materials that can be distributed regionally (including internet, TV, radio, etc.)
- ▶ Work closely with employers (Armour and the entire region) to provide employees with housing opportunities in Armour
- ▶ Work with housing agencies to provide down payment assistance, low interest loans, home owner education and home owner counseling programs
- ▶ Work with builders to make the construction of new homes or rental units a very user friendly process
- ▶ Develop new home construction and home purchase incentive programs.

20. Competition with Other Jurisdictions

Findings: During the interview process, several individuals expressed concern regarding the City of Armour’s ability to compete for new development in the region.

Recommendation: The City of Armour can enhance its position as a viable location for new households. We recommend the following:

- ▶ Review the City’s policies to assure that the City’s process for working with builders is user-friendly, fair and receptive.
- ▶ Continue to work on the creation of jobs and the development of retail, service and recreational opportunities that make the City a “full service” community
- ▶ Provide attractive lots at an affordable price for a variety of home sizes, styles and price ranges
- ▶ Provide financing mechanisms for households to build new homes, purchase existing homes and to rehabilitate older homes
- ▶ Preserve the quality of the existing housing stock through the rehabilitation of substandard housing and the demolition of dilapidated structures that are beyond repair
- ▶ Develop new housing choices that serve housing needs, such as new rental housing and twin homes/town homes
- ▶ Publicize and market Armour throughout the Region and among the employers and employees in Armour and the Region
- ▶ Develop a coordinated housing plan

Agencies and Resources

The following regional and state agencies administer programs or provide funds for housing programs and projects in Armour and Douglas County:

Planning and Development District III

1808 Summit Street
Yankton, SD 57078
(605) 665-4408

Rural Office of Community Services, Inc.

214 W. Main Street
P.O. Box 70
Lake Andes, SD 57356
(605) 487-7634

Grow South Dakota

104 Ash Street East
Sisseton, SD 57262
(605) 698-7654

South Dakota Housing Development Authority

221 South Central Avenue
Pierre, SD 57501
(605) 773-3181

USDA Rural Development

1820 North Kimball, Suite C
Mitchell, SD 57301
(605) 996-1564 x4