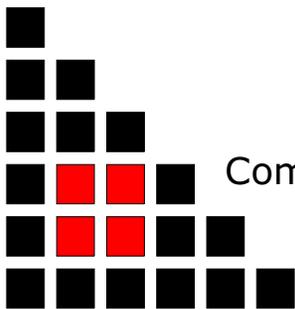


Campbell County HOUSING STUDY

February 2013

An analysis of the overall housing needs
of Herreid, Mound City and Pollock



Community Partners Research, Inc.

1011 Newhall Drive

Faribault, MN 55021

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Introduction

Overview

Local elected and public officials are often held responsible for conditions and circumstances over which they have limited control. This is particularly true of housing. Most of the housing units in Campbell 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 Campbell County Economic Development to conduct a study of the housing needs and conditions in the Campbell County Cities of Herreid and Pollock, and the Town of Mound City.

Goals

The multiple goals of the study include:

- ▶ Provide updated demographic data including the 2010 Census
- ▶ 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 in October and November, 2012. Data sources included:

- U.S. Census Bureau
- American Community Survey
- Records and data from the Cities
- Records and data maintained by Campbell County
- South Dakota State Data Center
- Interviews with City Officials
- Area housing agencies
- State and Federal housing agencies
- Rental property owner surveys
- Housing condition surveys

Limitations

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

This study was prepared by:

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

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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 Cities of Herreid and Pollock, the Town of Mound City, and for Campbell County. At the time that research was completed for this Study, the 2010 Census information was available. However, the 2010 Census was more limited in scope than in the past. As a result, some of the demographic variables, such as income and housing cost information, were not available.

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

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

Population Data and Trends

Table 1 Population Trends - 1980 to 2010						
	1980 Population	1990 Population	2000 Population	% Change 1990-2000	2010 Population	% Change 2000-2010
Herreid	570	488	482	-1.2%	438	-10%
Pollock	355	379	339	-11.8%	241	-40.7%
Mound City	111	89	84	-6.0%	71	-18.3%
Campbell County	2,243	1,965	1,782	-10.3%	1,466	-21.6%

Source: U.S. Census

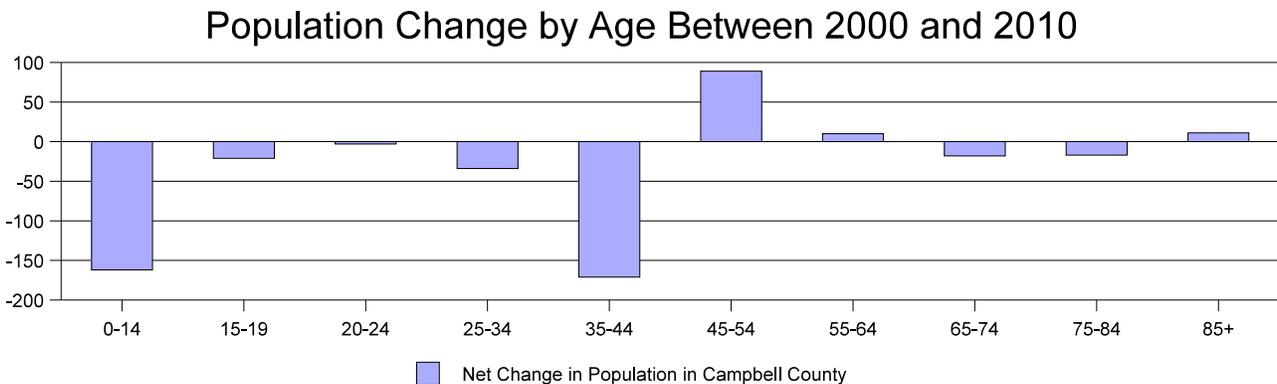
- ▶ The 2010 U.S. Census Bureau’s population data was released in March, 2011. All three Campbell County cities and Campbell County lost population from 2000 to 2010.
- ▶ Herreid’s population was 438 in 2010. This is a 44-person decrease since 2000, which is a population loss of 10%.
- ▶ Pollock’s population was 241 in 2010. This is a 98-person decrease since 2000, which is a population loss of 40.7%.
- ▶ Mound City’s population was 71 in 2010. This is a 13-person decrease since 2000, which is a population loss of 18.3%.
- ▶ Campbell County’s population was 1,466 in 2010. This is a 316-person decrease since 2000, which is a population loss of 21.6%.
- ▶ The three cities and Campbell County also experienced population decreases in the 1990s, although, the losses weren’t as severe as the population losses of the past decade.

Population by Age Trends: 2000 to 2010

The release of demographic information from the 2010 Census allows for some analysis of Campbell County’s changing age patterns. 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	Campbell County		
	2000	2010	Change
0-14	366	204	-162
15-19	133	112	-21
20-24	34	31	-3
25-34	144	110	-34
35-44	293	122	-171
45-54	209	298	89
55-64	209	219	10
65-74	200	182	-18
75-84	146	129	-17
85+	48	59	11
Total	1,782	1,466	316

Source: U.S. Census



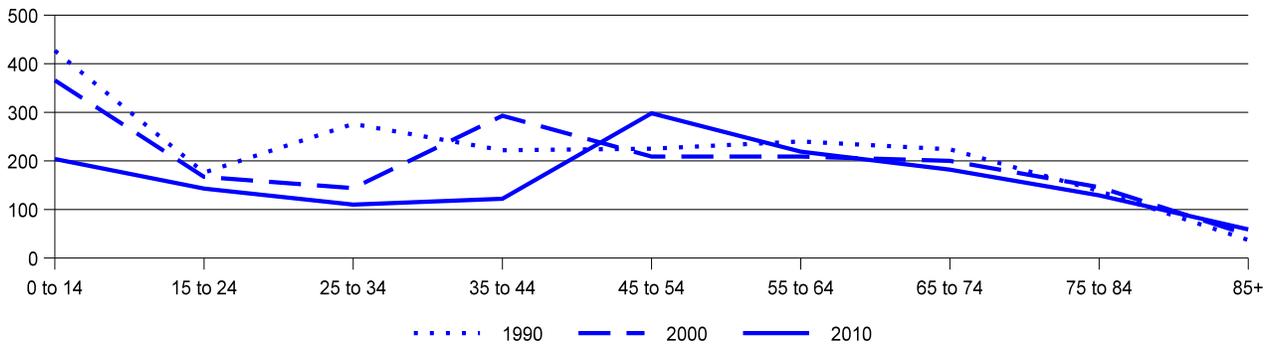
For many years, demographic analysts have been talking about the impact that is occurring as the large “baby boom” generation moves through the aging cycle. This trend has been evident in Campbell County. However, with the population losses Campbell County has experienced over the past two decades, the “baby boom” impact has been somewhat limited.

Between 2000 and 2010, Campbell County had a net gain of 99 people in the age ranges between 45 and 64 years old. In 2010, nearly all of the baby boomers were within these age ranges. The aging of the baby boomers, as reflected in the numeric net gain in the 45 to 54 year old age group, was the largest change within any of the defined age cohorts.

Campbell County also had net growth in the 85 and over age range with a gain of 11 people.

All of the other age ranges experienced population losses from 2000 to 2010. The most significant losses were in the 0 to 14 age range, which decreased by 162 people, and the 35 to 44 age range, which decreased by 171 people. Overall, Campbell County’s population decreased by 316 people.

Campbell County Area Age Distribution: 1990 to 2010



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

Population Projections

The following table presents population projections using two different sources. The South Dakota State Data Center has issued preliminary population projections at the County level. These projections were issued in 2012, and reflect the new data presented in the 2010 Census. The following table shows the State Data Center projections for Campbell County. Projections are not available from the State Data Center for cities.

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

Table 3 Population Projections Through 2015				
	2010 Population Census	2015 Projection from 10-year trend	2015 Projection from 20-year trend	2015 Projection State Data Center Extrapolation
Herreid	438	418	427	N/A
Pollock	241	206	219	N/A
Mound City	71	66	67	N/A
Campbell County	1,466	1,336	1,373	1,323

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

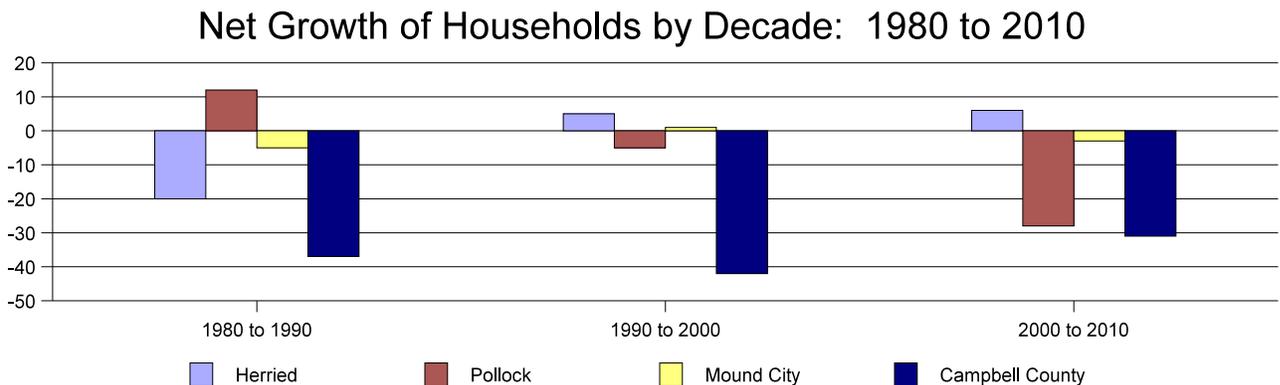
- ▶ The growth projections based on 10-year and 20-year growth trends show population losses from 2010 to 2015 for the three Campbell County cities and Campbell County. The State Data Center also projects population losses for Campbell County.
- ▶ The 10-year and 20-year growth trend population projections for Herreid estimate a decrease of 11 to 20 people by 2015. Pollock’s population is projected to decrease by 22 to 35 people and Mound City’s population is estimated to decrease by four to five people.
- ▶ Campbell County’s population, based on 10-year and 20-year growth trends, is projected to lose between 93 and 130 people from 2010 to 2015. The State Data Center projects Campbell County will lose 143 people by 2015.

Household Data and Trends

Table 4 Household Trends - 1980 to 2010						
	1980 Households	1990 Households	2000 Households	% Change 1990-2000	2010 Households	% Change 2000-2010
Herreid	222	202	207	2.4%	213	2.8%
Pollock	157	169	164	-3.0%	136	-20.6%
Mound City	47	42	43	2.3%	40	-7.5%
Campbell County	804	767	725	-5.8%	694	-4.5%

Source: U.S. Census

- ▶ According to the 2010 Census, Pollock, Mound City and Campbell County lost households from 2000 to 2010, while Herreid gained households.
- ▶ Herreid had 213 households in 2010. This is a six-household increase since 2000, which is a household gain of 2.8%.
- ▶ Pollock had 136 households in 2010. This is a 28-household decrease since 2000, which is a household loss of 20.6%.
- ▶ Mound City had 40 households in 2010. This is a three-household decrease since 2000, which is a household loss of 7.5%.
- ▶ Campbell County had 694 households in 2010. This is a decrease of 31 households, which is a household loss of 4.5%.
- ▶ Pollock and Campbell County also experienced household losses during the 1990s, while Mound City gained one household and Herreid gained five households.



Household by Age Trends: 2000 to 2010

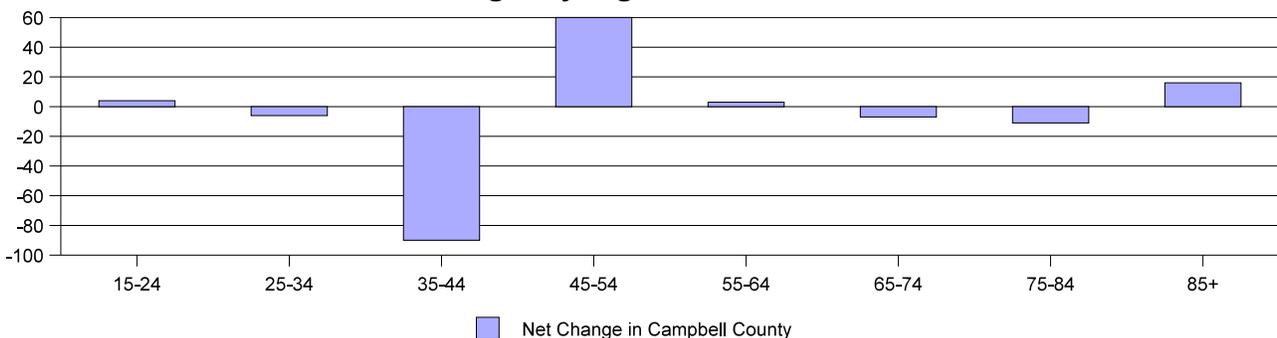
The 2010 Census allows for some analysis of Campbell County’s changing age patterns. The following table compares households by age of householder in 2000 and 2010, along with the numeric changes.

Table 5 Households by Age - 2000 - 2010			
Age	Campbell County		
	2000	2010	Change
15-24	8	12	4
25-34	66	60	-6
35-44	156	66	-90
45-54	109	169	60
55-64	123	126	3
65-74	119	112	-7
75-84	112	101	-11
85+	32	48	16
Total	725	694	-31

Source: U.S. Census

Consistent with the population by age data presented earlier, the household patterns show some net growth occurring in the baby boomer age groups. Campbell County is expected to gain 63 households in the 45 to 64 age ranges. Campbell County is also projected to gain 16 households in the 85 and over age range and four households in the 15 to 24 age range. The largest numeric loss is projected in the 35 to 44 age range, which is projected to decrease by 90 households.

Household Change by Age Between 2000 and 2010



Average Household Size

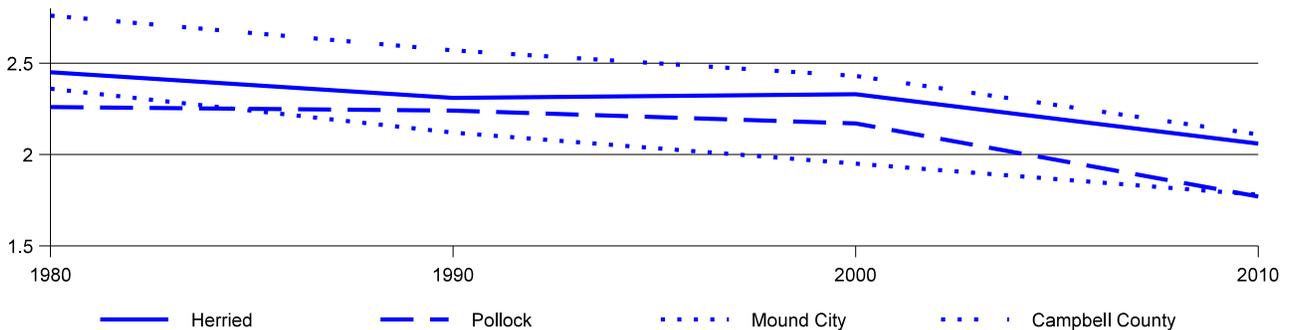
The following table provides decennial Census information on average household size.

Table 6 Average Number of Persons Per Household: 1990 to 2010				
	1980 Census	1990 Census	2000 Census	2010 Census
Herreid	2.45	2.31	2.33	2.06
Pollock	2.26	2.24	2.17	1.77
Mound City	2.36	2.12	1.95	1.78
Campbell County	2.76	2.57	2.43	2.11

Source: U.S. Census

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

Average Household Size: 1980 to 2010



The average household size in the three cities and Campbell County has continued to decrease over the past three decades. In Campbell County, the average household size has decreased from 2.76 persons per household in 1980 to 2.11 persons in 2010. This same pattern was evident in the three communities.

Pollock and Mound City’s average household size was below two persons per household in 2010, which is very low.

Household Projections

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

Table 7 Household Projections Through 2015			
	2010 Census	2015 Projection from 10-year trend	2015 Projection from 20-year trend
Herreid	213	216	216
Pollock	136	124	129
Mound City	40	39	39
Campbell County	694	679	677

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

- ▶ The growth projections based on 10- and 20-year trends estimate household losses for Pollock, Mound City and Campbell County, and household gains for Herreid from 2010 to 2015.
- ▶ From 2010 to 2015, Pollock is expected to decrease by seven to 12 households, Mound City is projected to decrease by one household and Campbell County is projected to decrease by 15 to 17 households.
- ▶ Herreid is projected to gain three households from 2010 to 2015.

Household by Age Projections: 2010 to 2015

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

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

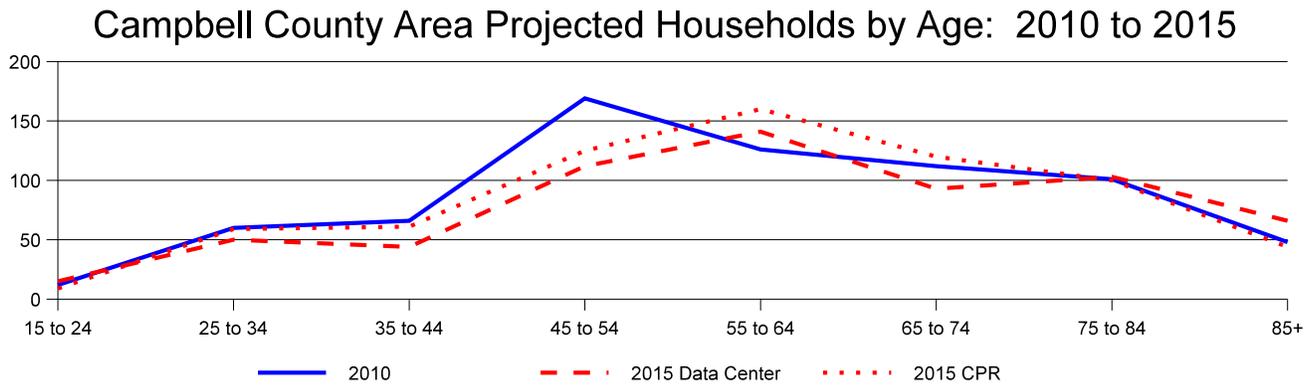
The second set of projections was created by Community Partners Research by trending forward past retention rates within defined age cohorts, and assuming that these past patterns are a reasonable predictor of future changes.

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

Table 8 Campbell County Projected Households by Age - 2010 to 2015					
Age Range	2010 Census	Extrapolated from State Data Center		Community Partner Research	
		2015 Projection	Change from 2010	2015 Projection	Change from 2010
15-24	12	15	3	9	-3
25-34	60	50	-10	59	-1
35-44	66	44	-22	61	-5
45-54	169	112	-57	125	-44
55-64	126	141	15	160	34
65-74	112	93	-19	120	8
75-84	101	103	2	100	-1
85+	48	66	18	44	-4
Total	694	624	-70	678	-16

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

While the two projection methods do yield some differences for the age-based forecasts, in general terms they offer a somewhat similar expectation through the year 2015. The relative similarity becomes more evident when viewed as a line chart showing the progression from 2010 to 2015.



The projections from Community Partners Research tend to be more optimistic for the number of younger households. If all of the age groups age 54 and younger are aggregated, the Community Partners Research projections point to a probable loss of 53 households. The extrapolation from the State Data Center indicates a probable loss of 86 households within this younger adult group.

Community Partners Research is also more optimistic in the empty-nester adult and younger senior age ranges. The Community Partners Research projection shows a net increase of 41 households in the age ranges between 55 and 84 years old, while the Data Center extrapolation shows net loss of two households.

The extrapolated projection from the State Data Center expects growth in the oldest senior citizen group, age 85 and above. The extrapolated projections from the Data Center show the possible net gain of 18 households age 85 and older, compared to a net loss of four households under the Community Partners Research projection.

It is the analysts’ opinion that to achieve this relatively large net growth in older seniors, Campbell County would need to attract people from outside the immediate area, as growth of approximately 38% within this one defined age cohort would not occur within a five-year time period from natural age progression patterns.

Households by Type

The 2010 Census can be compared to statistics from 2000 to examine changes in household composition. The following table looks at household trends within Campbell County.

Table 9 County Household Composition - 2000 to 2010			
	2000 Census	2010 Census	Change
Family Households			
Married Couple with own children	200	117	-83
Single Parent with own children	12	24	12
Married Couple without own children	269	269	0
Family Householder without spouse	19	13	-6
Total Families	500	423	-77
Non-Family Households			
Single Person	207	247	40
Two or more persons	10	24	14
Total Non-Families	217	271	54

Source: U.S. Census

Between 2000 and 2010, Campbell County experienced an overall net decrease in “family” households with two or more related individuals living together. This was due to a net decrease of 83 married couple families that had their own children in the household. The County did have a net gain of 12 single parent families. The largest family group, married couples without children, did not change.

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

Housing Tenure

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

Table 10 Household Tenure - 2010				
	Number of Owners	Percent of all Households	Number of Renters	Percent of all Households
Herreid	175	82.2%	38	17.8%
Pollock	101	74.3%	35	25.7%
Mound City	33	82.5%	7	17.5%
Campbell County	580	83.6%	114	16.4%
State	-	68.1%	-	31.9%

Source: U.S. Census

According to the 2010 Census, the ownership tenure rate in the three cities and Campbell County was above 74%. Campbell County's ownership rate was 83.6% in 2010, Mound City's was 82.5%, Herreid's was 82.2% and Pollock's ownership rate was 74.3%.

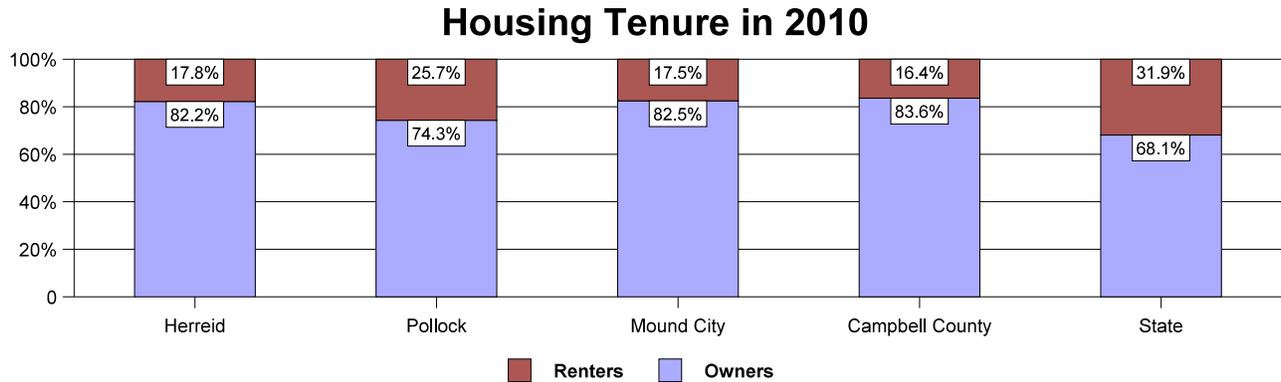


Table 11 Households by Housing Tenure - 2000 to 2010			
Tenure	Campbell County		
	2000	2010	Change
Owners	596	580	-16
Renters	129	114	-15
Total	725	694	-31

Source: U.S. Census

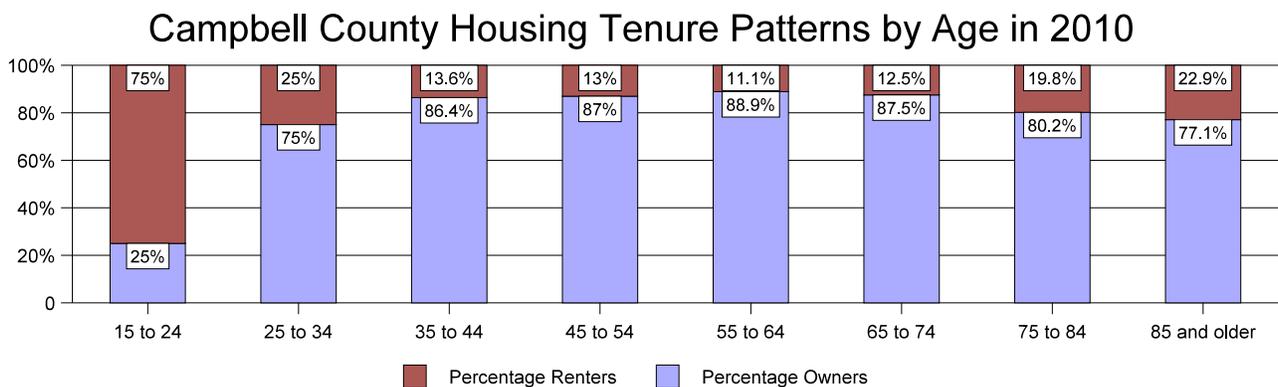
Although, Campbell County’s ownership rate increased from 82.2% in 2000 to 83.6% in 2010, the number of owner households decreased from 596 to 580 households. This was due to an overall loss of households in the County between 2000 and 2010.

Tenure by Age of Householder

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

Table 12 Campbell County Tenure by Age of Householder - 2010				
Age	Owners		Renters	
	Number	Percent within age	Number	Percent within age
15-24	3	25.0%	9	75.0%
25-34	45	75.0%	15	25.0%
35-44	57	86.4%	9	13.6%
45-54	147	87.0%	22	13.0%
55-64	112	88.9%	14	11.1%
65-74	98	87.5%	14	12.5%
75-84	81	80.2%	20	19.8%
85+	37	77.1%	11	22.9%
Total	580	83.6%	114	16.4%

Source: U.S. Census



Home ownership rates for each of the 10-year age cohorts between 35 and 84 years old were above 80%. The only age range with a majority of renters was 15 to 24, which had 75% of their households renting their unit.

Tenure by Household Size

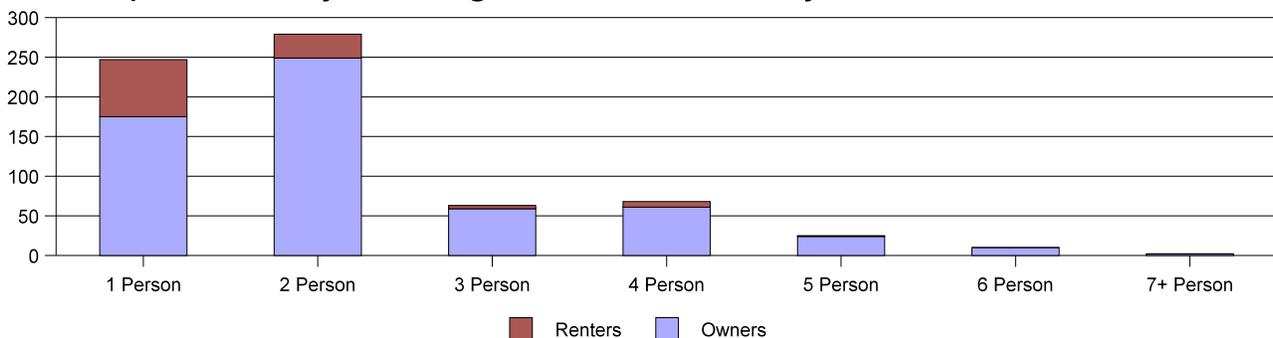
The 2010 Census did provide information on housing tenure by household size. This can be compared to 2000 Census information to better understand trends for housing unit needs. The following table provides information for Campbell County.

Table 13 County Tenure by Household Size - 2000 to 2010						
Household Size	Owners			Renters		
	2000	2010	Change	2000	2010	Change
1-Person	139	175	36	68	72	4
2-Person	251	249	-2	25	30	5
3-Person	66	59	-7	9	4	-5
4-Person	72	61	-11	16	7	-9
5-Person	48	24	-24	9	1	-8
6-Person	14	10	-4	1	0	-1
7-Persons+	6	2	-4	1	0	-1
Total	596	580	-16	129	114	-15

Source: U.S. Census

Over the past decade, there was growth in the number of smaller households in Campbell County. Among home owners, all of the net growth occurred among households with only one household member. Overall, there was a net increase of 36 one-person owner households with two or more household members, and a net decrease of 52 owner households with three or more household members. This would be consistent with some of the other demographic characteristic information provided earlier, including an aging population and fewer married couples with children. The patterns were generally similar for renters in Campbell County, but there also was an increase of five renter households with two members.

Campbell County Housing Tenure Patterns by Household Size in 2010



2010 Income Data

The 2010 Census did not collect information on household income. However, estimates are available at the city and county level through the 2010 American Community Survey.

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

Table 14 Median Household Income - 2000 to 2010			
	2000 Median	2010 Median	% Change
Herreid	\$29,444	\$32,105	9.0%
Pollock	\$24,545	\$26,500	8.0%
Mound City	\$24,375	\$42,500	74.4%
Campbell County	\$28,793	\$42,833	48.8%
South Dakota	\$35,271	\$46,369	31.5%

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

Table 15 Median Family Income - 2000 to 2010			
	2000 Median	2010 Median	% Change
Herreid	\$40,000	\$47,891	19.7%
Pollock	\$36,250	\$42,917	18.4%
Mound City	\$25,536	\$41,875	64.0%
Campbell County	\$35,938	\$48,864	36.0%
South Dakota	\$43,237	\$58,958	36.4%

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

Information contained in the 2010 American Community Survey shows income growth over the past decade for the three Campbell County cities and Campbell County. The rate of income growth for Herreid and Pollock lagged behind the Statewide growth rate over the last decade. However, Mound City's household and family incomes grew at a faster rate than the State's growth rate.

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

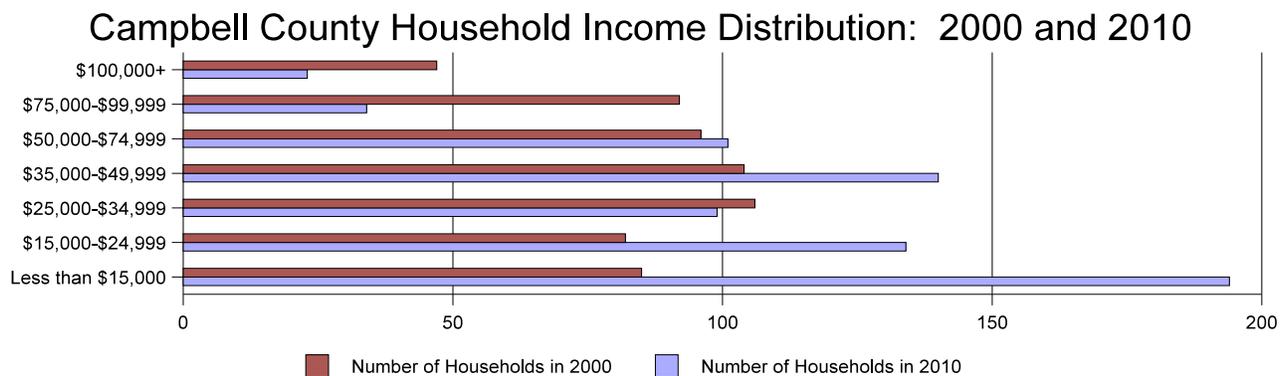
Using the commonly accepted standard that up to 30% of gross income can be applied to housing expenses without experiencing a cost burden, a median income household in Campbell County could afford approximately \$1,071 per month for ownership or rental housing in 2010. However, renter households tend to be below the overall median, while owner households tend to be above the overall median level.

Campbell County Household Income Distribution

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

Table 16 Campbell County Household Income Distribution - 2000 to 2010			
Household Income	Number of Households 2000	Number of Households in 2010	Change 2000 to 2010
\$0 - \$14,999	194	85	-109
\$15,000 - \$24,999	134	82	-52
\$25,000 - \$34,999	99	106	7
\$35,000 - \$49,999	140	104	-36
\$50,000 - \$74,999	101	96	-5
\$75,000 - \$99,999	34	92	58
\$100,000+	23	47	24
Total	725	612	-113

Source: 2000 Census; 2010 ACS



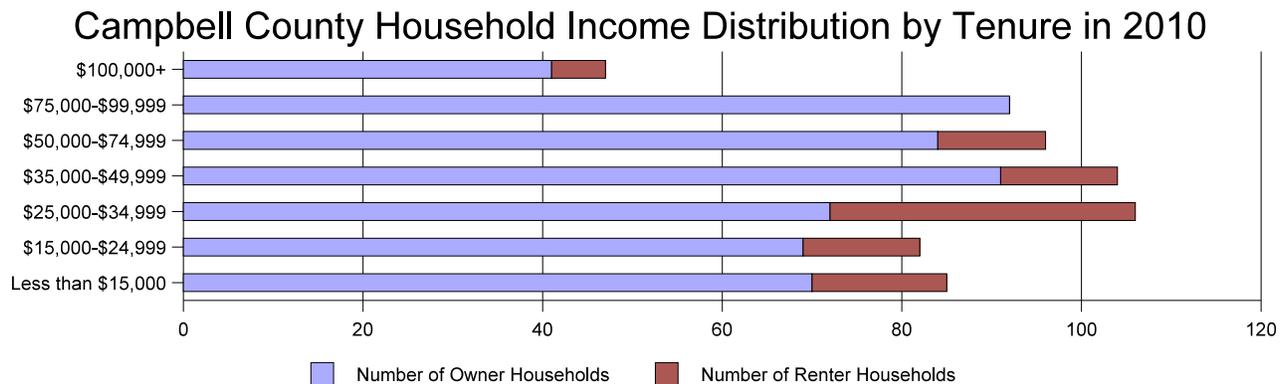
According to income estimates contained in the 2010 American Community Survey, household incomes have generally improved in Campbell County, especially in the highest income ranges. When compared to the 2000 Census (1999 income), the number of households with an income of \$75,000, or more, increased by 82 households. Although there was a decrease in the number of households in each of the lower income ranges, there were still 167 households with an annual income below \$25,000 in 2010.

Campbell County Income Distribution by Housing Tenure

The 2010 American Community Survey provides income data by owner and renter status. The following table examines income distribution in Campbell County. 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 612 households and the U.S. 2010 Census reported that there are 694 households in Campbell County.

Household Income	Number of Owner Households	Number of Renter Households	Total Households
\$0 - \$14,999	70	15	85
\$15,000 - \$24,999	69	13	82
\$25,000 - \$34,999	72	34	106
\$35,000 - \$49,999	91	13	104
\$50,000 - \$74,999	84	12	96
\$75,000 - \$99,999	92	0	92
\$100,000+	41	6	47
Total	519	93	612

Source: 2010 American Community Survey



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

In 2010, approximately 67% of all renter households in Campbell County 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 \$28,000 in 2010. At 30% of income, a renter at the median level could afford approximately \$700 per month for housing costs.

Most owner households had a higher income level than rental households. Approximately 42% of all owner households had an annual income of \$50,000 or more. The estimated median household income for owners in 2010 was approximately \$47,000. At 30% of income, an owner at the median income level could afford approximately \$1,175 per month for housing costs.

2010 Estimated Income and Housing Costs - Renters

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

Table 18 Gross Rent as a Percentage of Household Income - Campbell County		
Percentage of Household Income for Housing Costs	Number of Renter Households 2010	Percent of All Renter Households 2010
0% to 19.9%	35	37.6%
20% to 29.9%	5	5.4%
30% to 34.9%	2	2.2%
35% or more	15	16.1%
Not Computed	36	38.7%
Total	93	100%

Source: 2010 American Community Survey

Based on the more recently released tenure information from the 2010 Census, the 2010 American Community Survey did underestimate the number of renter households in Campbell County by nearly 19%. However, the estimates on housing cost burden are the best available information on income and expenses for housing.

According to the American Community Survey, more than 18% of all renters in the City were paying 30% or more of their income for rent. The large majority of these households were actually paying 35% or more of their income for housing. Federal standards for rent subsidy programs generally identify 30% of income as the maximum household contribution. When more than 30% of income is required, this is often called a "rent burden". When more than 35% is required, this can be considered a "severe rent burden".

Many of the renter households with a housing cost burden had an annual household income below \$20,000. To avoid a cost burden, these lower income households would have needed a unit with a gross monthly rent of \$500 or less.

2010 Estimated Income and Housing Costs - Owners

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

Table 19 Ownership Costs as a Percentage of Income - Campbell County		
Percentage of Household Income for Housing Costs	Number of Owner Households 2010	Percent of All Owner Households 2010
0% to 19.9%	358	69.0%
20% to 29.9%	46	8.8%
30% to 34.9%	40	7.7%
35% or more	71	13.7%
Not Computed	4	0.8%
Total	519	100%

Source: 2010 ACS

The 2010 American Community Survey underestimated the number of owner households in the County by approximately 12%. However, this source still represents the best available information on income compared to housing costs.

Most owner-occupants, which would include households with and without a mortgage, reported paying less than 20% of their income for housing. However, more than 21% of all home owners reported that they paid more than 30% of their income for housing. Most of these households were paying more than 35% of income for housing costs.

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
Herreid	175	38	5	0	9	12
Mound City	33	7	2	0	6	3
Pollock	101	35	2	1	49	15
Campbell Co.	580	114	10	2	180	94

Source: U.S. Census

- ▶ In 2010, according to the U.S. Census, there were 180 seasonal housing units in Campbell County including nine units in Herreid, six units in Mound City and 49 units in Pollock.
- ▶ There were 106 vacant housing units in Campbell County in 2010 in addition to the seasonal units, including 17 units in Herreid, five units in Mound City and 18 units in Pollock.

Existing Home Sales

This section examines houses that have been sold in Herreid, Mound City and Pollock from November, 2008, to September, 2012. It is important to note that the number of houses that have sold is limited, and may not be an accurate indicator of overall home values in each City. However, this sample does provide some insight into those units that have turned-over during this time period.

This table primarily reflects existing home sales. New construction sales activity would generally not be recorded in the data that was used for this analysis.

Table 21 Median Value of Recent Residential Sales - November, 2008, to September, 2012			
	Number of Good Sales	Median Sale Price	Average Sale Price
Herreid	23	\$39,500	\$45,337
Mound City	5	\$40,000	\$46,400
Pollock	21	\$31,000	\$35,881

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

- ▶ For the sales period from November, 2008, to September, 2012, there were 23 improved residential sales of single family houses in Herreid, five sales in Mound City and 21 sales in Pollock that were considered to be "arms length" transactions, according to the County's Director of Equalization. Sales that are not "arms length" include, but are not limited to, sales between relatives, forced sales and foreclosures, and estate transfers that are not available on the open market. Only the "arms length" transactions have been reviewed for this study.
- ▶ The median sales price for the residential sales in Herreid was \$39,500. The highest valued sale was for \$118,500 and the lowest valued sale was for \$6,500.
- ▶ The median sales price for the residential sales in Mound City was \$40,000. The highest valued sale was for \$108,000 and the lowest valued sale was for \$5,000.
- ▶ The median sales price for the residential sales in Pollock was \$31,000. The highest valued sale was for \$65,000 and the lowest valued sale was for \$11,500.

Herreid Housing Condition

Community Partners Research, Inc. representatives conducted a visual 'windshield' survey of the 200 single family/duplex houses and mobile homes in Herreid.

Houses that appeared to contain three or more residential units were excluded from the survey. Houses and 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 houses and mobile homes 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 or 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 houses and mobile homes are judged to be generally in good condition and require less extensive repair, such as one major improvement. Houses and mobile homes 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 and mobile homes are judged to be in good, 'move-in' condition. Sound houses and mobile homes may contain minor code violations and still be considered Sound.

Table 22 Windshield Survey Condition Estimate - 2012					
	Sound	Minor Repair	Major Repair	Dilapidated	Total
Single family homes/duplexes	90/47.1%	59/30.9%	31/16.2%	11/5.8%	191
Mobile homes	3/3.3%	3/3.3%	3/3.3%	0/0%	9
Total	92/46.5%	62/31%	34/17%	11/5.5%	200

Source: Community Partners Research, Inc.

- ▶ The existing housing stock in Herreid is in good condition. Approximately 31% of the houses and mobile homes in the City need minor repair and 17% need major repair. Approximately 47% are sound, with no required improvements.
- ▶ Eleven houses are dilapidated and possibly beyond repair.

Mound City Housing Condition

Community Partners Research, Inc. representatives conducted a visual 'windshield' survey of the 54 single family/duplex houses and mobile homes in Mound City.

Houses that appeared to contain three or more residential units were excluded from the survey. Houses and 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 houses and mobile homes 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 or 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 houses and mobile homes are judged to be generally in good condition and require less extensive repair, such as one major improvement. Houses and mobile homes 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 and mobile homes are judged to be in good, 'move-in' condition. Sound houses and mobile homes may contain minor code violations and still be considered Sound.

Table 23 Windshield Survey Condition Estimate - 2012					
	Sound	Minor Repair	Major Repair	Dilapidated	Total
Single family homes/duplexes	12/23.1%	11/21.2%	15/28.8%	14/26.9%	52
Mobile homes	0/0%	2/100%	0/0%	0/0%	2
Total	12/22.2%	13/24.1%	15/27.8%	14/25.9%	54

Source: Community Partners Research, Inc.

- ▶ The existing housing stock in Mound City is in fair condition. Approximately 24% of the houses and mobile homes in the City need minor repair and 28% need major repair. Approximately 22% are sound, with no required improvements.
- ▶ Fourteen houses are dilapidated and possibly beyond repair.

Pollock Housing Condition

Community Partners Research, Inc. representatives conducted a visual 'windshield' survey of the 175 single family/duplex houses and mobile homes in Pollock.

Houses that appeared to contain three or more residential units were excluded from the survey. Houses and 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 houses and mobile homes 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 or 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 houses and mobile homes are judged to be generally in good condition and require less extensive repair, such as one major improvement. Houses and mobile homes 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 and mobile homes are judged to be in good, 'move-in' condition. Sound houses and mobile homes may contain minor code violations and still be considered Sound.

Table 24 Windshield Survey Condition Estimate - 2012					
	Sound	Minor Repair	Major Repair	Dilapidated	Total
Single family homes/duplexes	48/29.6%	62/38.3%	46/28.4%	6/3.7%	162
Mobile homes	3/23.1%	3/23.1%	6/46.1%	1/7.7%	13
Total	51/29.2%	65/37.1%	52/29.7%	7/4.0%	175

Source: Community Partners Research, Inc.

Note: Mobile home count does not include the 12 vacant mobile homes adjacent to the motel.

- ▶ The existing housing stock in Pollock is in fair condition. Approximately 37% of the houses and mobile homes need minor repair and 30% need major repair. Approximately 29% are sound, with no required repairs.
- ▶ Six houses and one mobile home were rated as dilapidated and possibly beyond repair.

Rental Housing Data

Census Bureau Rental Inventory

According to the 2010 U.S. Census, there were 38 occupied rental units and at least five unoccupied rental units in Herreid, for a total estimated rental inventory of 43 units. The City's rental tenure rate was 17.8%, based on renter-occupancy households, which is below the Statewide rate in 2010 of 31.9%.

At the time of the 2000 Census, Herreid had 32 occupied rental units, and no vacant rental units, for a total estimated rental inventory of 32 units. The rental tenure rate in 2000 was 15.5%.

Based on a Census comparison, the City added six renter-occupancy households, and approximately 11 rental units during the last decade. Although the last decade was generally regarded as a very strong period for home ownership, the rental tenure rate in Herreid actually increased, while the home ownership rate decreased.

Rental Survey

As part of the research for this Study, Community Partners Research contacted the multifamily rental projects in Herreid.

The City of Herreid has two rental projects. The Herreid Development Corporation Apartment project is an eight-unit USDA Rural Development project constructed in the 1970s. The project includes four one-bedroom and four two-bedroom units. The project currently has one vacancy, however, the manager reported that the project is usually fully occupied. All tenants have access to rent assistance that allows rent based on 30% of income.

The second project is a general occupancy market rate four-plex developed by the Herreid Housing and Redevelopment Commission. The four-plex has a town home style design and includes three two-bedroom units and one three-bedroom unit. Rents range from \$695 to \$895 per month. Currently, there is one vacant two-bedroom unit.

Also, the Herreid Food Samaritan Center is located in Herreid and has 16 private and semi-private beds. The project provides assisted living services including meals, laundry, housekeeping, medication distribution, activities, etc. Currently, the facility has two vacancies, however, the facility is usually fully occupied. Rent and fees are \$2,200 to \$2,400 per month.

Table 25 Herreid Multifamily Rental Housing Inventory

Name	Number of Units /Bedroom Mix	Rent	Vacancy/ Wait List	Tenant Mix	Comments
Market Rate					
Herreid Housing & Redevelopment Commission 4-plex	3 - 3 bedroom <u>1 - 3 Bedroom</u> 4 Total Units	\$695-\$795 \$895	One vacant 2-bedroom	General occupancy	Four essential function bond units developed by the Herreid Housing and Redevelopment Commission. Townhouse style units with attached garages. Tenants pay utilities. Currently, there is one vacant two-bedroom unit.
Subsidized					
Herreid RD 8-plex	4 - 1 bedroom <u>4 - 2 bedroom</u> 8 Total Units	Varies based on level of services	One vacant 2-bedroom	General occupancy	This is an 8-unit Rural Development Project constructed in the mid 1970s. Currently, there is one vacant two-bedroom unit, however, according to the manager, the units are usually fully occupied.
Senior Housing with Services					
Herreid Good Samaritan Center	16 semi-private and private beds	semi-private- \$2,200 private- \$2,400	2 vacancies	Seniors	The Herreid Good Samaritan Center is an assisted living facility with 16 beds. Services include meals, laundry, bathing, housekeeping, activities, etc. The facility includes private and semi-private rooms. Currently, there are two vacancies, however, the facility is usually fully occupied.

Source: Community Partners Research

Findings on Growth Trends

The City of Herreid's population decreased by 44 people, however, the City gained six households from 2000 to 2010. In the 1990s, Herreid's population decreased by six people, but there was an increase of five households.

In the 1990s, Campbell County's population decreased by 183 people and there was a decrease of 42 households. From 2000 to 2010, Campbell County decreased by 316 people and 31 households.

Findings on Growth Projections

As part of this Study, we have provided population and household projections to the year 2015 for Herreid and Campbell County. Projections have been calculated from the 10- and 20-year growth trends for the City and the County, and reflect the patterns of population and household gains or losses.

The projection for Herreid calculated by Community Partners Research, Inc., has incorporated 1990s and 2000s trends and shows the City potentially losing population but gaining a limited number of households from 2010 and 2015. Based on 10- and 20-year growth trends, we are projecting that the City's population will decrease by 11 to 20 people. Our household projections expect a gain of three households from 2010 to 2015.

For all of Campbell County, based on 10- and 20-year trends, we expect a loss of between 93 and 130 people and a loss of between 15 and 17 households from 2010 to 2015.

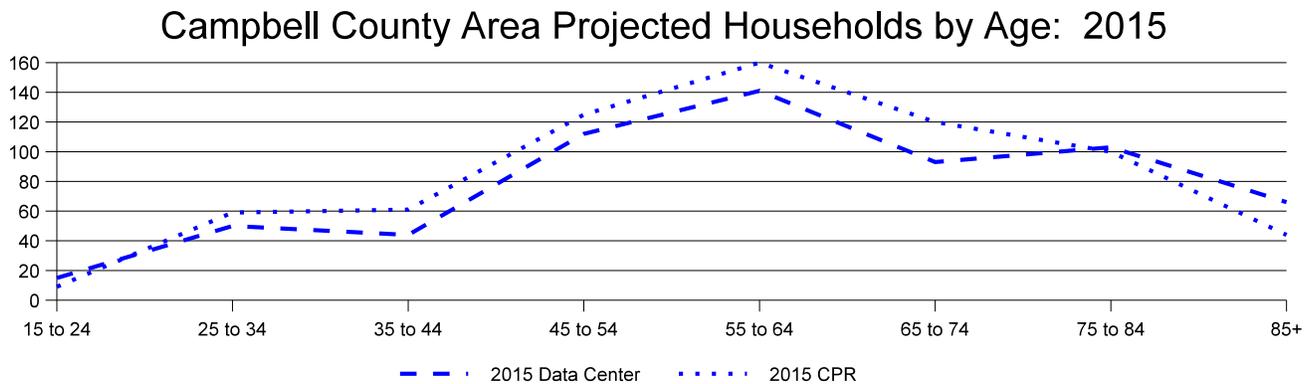
The State Data Center has projected that Campbell County's population will decrease by 143 people from 2010 to 2015.

Summary of Growth Projections by Age Group

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

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

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



The following ranges show the expected net change in the number of Campbell County households in each 10-year age cohort between 2010 and 2015. The first column reflects the changes derived from the medium series population projections from the State Data Center. The second column reflects the median change from the projection range by age as calculated by Community Partners Research, Inc.

<u>Age Range</u>	<u>Projected Change in Households 2010 to 2015</u>
15 to 24	+3 to -3
25 to 34	-10 to -4
35 to 44	-22 to -8
45 to 54	-57 to -49
55 to 64	+15 to +27
65 to 74	-19 to +3
75 to 84	+2 to -5
85 and Older	+18 to -6

In general terms, both forecasts expect most of the projected net growth to occur among households in the 55 to 64 age range. This would largely reflect the aging “baby boomers”, nearly all of whom will be age 55 or older by the year 2015.

Overall, the number of households above 55 years old is expected to increase. In 2000, approximately 53.2% of all Campbell County households had a head-of-household that was age 55 or older. By 2010, these older adult age groups had grown to 55.8% of all households. By 2015, the projections used for this Study indicate that between 62.6% and 64.6% of all Campbell County households will have a household age 55 or older.

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

Findings on Housing Unit Demand and Tenure

Comparing the projected age-based household changes with past tenure patterns results in a forecast of the tenure mix that will be needed for new units added between 2010 and 2015. Our calculations are based largely on the tenure preferences by age group that were evident in the 2010 Census, with some adjustment for a greater acceptance of certain housing types as people become more familiar with newer housing options.

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 - Based on 10- and 20-year growth projections, Campbell County is expected to lose approximately 15 to 17 households from 2010 to 2015 and Herreid will gain three households. It is projected that there will be a gain of 15 to 27 households in the 55 to 64 age ranges in Campbell County from 2010 to 2015. Many households in this age range look for trade-up housing and/or no maintenance options such as twin homes/town homes and condos.

Replacement of Lost Owner-Occupied and Rental 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 Herreid, some dilapidated housing stock has been demolished, thus, 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. Certain segments of the Herreid and Campbell County housing market do show signs of pent-up demand. We have included our estimates of pent-up demand into the specific recommendations that follow later in this section.

Findings on Unit Demand by Type of Housing

Based on the household by age projections presented earlier, the changing age composition of Campbell County's population through 2015 will have an impact on demand for housing.

Age 24 and Younger - The projections used for this Study expect a stable number of households in the 15 to 24 age range through the year 2015 with a potential loss of three households to a gain of three households. Past tenure patterns indicate that as many as 75% of these households will rent their housing. A stable number of households in this age range should mean that rental demand from younger households will remain relatively unchanged for the remainder of the decade.

25 to 34 Years Old - The projections show a small numeric decrease in this age cohort, with an expected loss of four to 10 households by 2015. Within this age range households often move from rental to ownership housing. The ownership rate among these households in Campbell County was nearly 75% in 2010. The projected small decrease within this age range will limit demand for both first-time home buyer and rental opportunities.

35 to 44 Years Old - This 10-year age cohort is expected to decrease by eight to 22 households between 2010 and 2015. In the past, this age group has had a high rate of home ownership, approximately 86% in Campbell County. Households within this range often represent both first-time buyers and households looking to trade-up in housing, selling their starter home for a more expensive house. A decrease in this age cohort will have some negative impact on overall demand for owner-occupied housing.

45 to 54 Years Old - By 2015, this age cohort will represent the front-end of the "baby bust" generation that followed behind the baby boomers. This age group represents a smaller segment of the population than the baby boom age group. For Campbell County, the projections show a loss of 49 to 57 households in this range. This age group historically has had a high rate of home ownership, approximately 87% in 2010, and will often look for trade-up housing opportunities. With a household decrease in this age group, there will be a decrease in the demand for trade-up housing.

55 to 64 Years Old - This age range is part of the baby boom generation. The projections show an expected increase of 15 to 27 additional households in this 10-year age range by the year 2015. This age range has traditionally a high rate of home ownership in the County, at 89%. Attached housing construction, such as town house 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 - The two projections have discrepancies in this age range. The State Data Center projects a loss of 19 households and Community Partners Research, Inc., projects a gain of three households by the year 2015. While this group will begin moving to other life-cycle housing options as they age, the younger seniors are still predominantly home owners. At the time of the 2010 Census, approximately 88% of households in this age range owned their housing. This age range often prefers town house-style and condominium units. Increased demand for this type of housing should increase as these units continue to gain greater acceptance with the marketplace.

75 to 84 Years Old - The two projections expect a range of a gain of two households to a loss of five households in this age co-hort between 2010 and 2015. In the past, households within this 10-year age range have had a relatively high rate of home ownership, at approximately 80%. While this is likely to continue, we believe that an expansion of housing options for seniors, including high quality rental housing, will 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.

85 Years and Older - A range of a gain of 18 households to a loss of six households is projected among older seniors. Historic home ownership rates in this age group in Campbell County was approximately 77% in 2010.

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

Strengths for Housing Development

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

- ▶ **Herreid is within commuting distance of Mobridge and Linton** - The City of Herreid is located within commuting distance of Mobridge and Linton, both of which have employment, health care, service, commercial and entertainment opportunities.
- ▶ **Affordable priced housing stock** - The City has a stock of affordable houses. Our analysis shows that the City's median home value based on recent sales from 2008 to 2012 is approximately \$39,500. This existing stock, when available for sale, provides an affordable option for home ownership.
- ▶ **Adequate land for development** - The City has adequate land available for both residential and commercial/industrial development.
- ▶ **Proactive City involvement** - The City and its community leaders have a track record of being proactive and working with housing agencies and the private sector to develop housing opportunities, including rental housing, subdivision development and housing development.
- ▶ **Educational System** - Herreid has a public K-12 school system.
- ▶ **Senior with Services Housing** - The City of Herreid has an assisted living facility.
- ▶ **Commercial Development** - Herreid's commercial district is adequate to meet daily needs.
- ▶ **Herreid Economic Development Corporation and Herreid Housing and Redevelopment Commission** - The Herreid Economic Development Corporation and the Herreid Housing and Redevelopment Commission have been very involved in housing and economic development projects.
- ▶ **Small-town atmosphere** - Herreid is a small town, with the real and perceived amenities of a small community. This small-town living is attractive to some households.
- ▶ **City Amenities** - The City of Herreid has a medical clinic, community center, indoor skating rink, fitness center and day care center.

- ▶ **Recreational Area** - Herreid is in a recreational area, which provides excellent hunting and fishing, and is in close proximity to Lake Oahe and the Missouri River.
- ▶ **Employers** - Several large employers are located in or near Herreid, including PIC Apex, Dairiconcepts,, the Good Samaritan Center, the Herreid School District and Valley Telecommunications.
- ▶ **Household Growth** - Although Herreid's population is projected to decrease over the next five years, the City is projected to gain several households.
- ▶ **Housing Incentive Program** - Herreid has a Housing Incentive Program that provides up to \$5,000 to a household that purchases an existing home or constructs a home in Herreid.

Barriers or Limitation to Housing Activities

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

- ▶ **Age and condition of the housing stock** - While the existing stock is very 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 low, which makes it difficult to construct new rental housing.
- ▶ **Value gap deters new owner-occupied construction** - Based on market values for 2008 and 2012 residential sales, we estimate that the median priced home in Herreid is valued at \$39,500. This is below the comparable cost for new housing construction, which will generally be above \$150,000 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 investments.
- ▶ **Competition with Mobridge, Linton and other surrounding communities** - Although it is an asset to be located within commuting distance of Mobridge and Linton, it can be a barrier to new housing construction. Mobridge and Linton have employment, service, retail, entertainment and housing opportunities. The amenities Mobridge and Linton have to offer make them the preferred location for many households.
- ▶ **Distance from a major regional center** - The nearest regional centers are Aberdeen, Bismarck and Pierre, all of which are approximately 100 miles from Herreid. Many households desire or need to be near a regional center for employment, health care, entertainment, retail, etc.
- ▶ **Projected household growth** - Historical data indicates that the City is expected to add only a minimal number of households from 2010 to 2015. The City has to use realistic expectations when planning for the future.

Recommendations, Strategies and Housing Market Opportunities

Based on the research contained in this study, and the housing strengths and barriers identified above, we believe that the following recommendations are realistic options for Herreid. 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 City's potential for growth.
- ▶ **New housing development generally will not occur without proactive community involvement** - To attract new home or apartment construction in Herreid, subsidies or some other form of financial assistance will be needed from the City of Herreid, regional housing agencies and the South Dakota Housing Development Authority.
- ▶ **Protect the City's existing housing stock** - The future of Herreid 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 fair condition and the City's major asset, however, rehabilitation efforts are needed to preserve the housing stock.
- ▶ **Protect the City's existing assets and resources** - Herreid has many assets including a K-12 school, employment opportunities, a Downtown Commercial District, etc. These are assets that make Herreid 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 the Mobridge Housing Authority, the Northeast Council of Governments, Grow South Dakota (also known as NESDCAP or NESDEC), Homes are Possible, Inc., USDA Rural Development and the South Dakota Housing Development Authority. These resources should be accessed as needed to assist with housing activities.

Summary of Findings/Recommendations

The findings/recommendations for the City of Herreid have been formulated through the analysis of the information provided in the previous sections and include 14 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 four to six general occupancy market rate rental units
2. Monitor the need for additional senior with services rental units
3. Monitor the need for subsidized rental housing
4. Utilize the Housing Choice Voucher Program

Home Ownership

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

Single Family Housing Development

7. Support Lot/Subdivision Development
8. Coordinate with housing agencies and non-profit groups to construct affordable housing

Housing Rehabilitation

9. Promote rental housing rehabilitation
10. Promote owner-occupied housing rehabilitation efforts

Other Housing Issues

11. Acquire and demolish dilapidated structures
12. Create a plan and a coordinated effort among housing agencies
13. Continue and possibly expand the City of Herreid Housing Incentive Program
14. Promote commercial rehabilitation and development

Rental Housing Development

Findings: It is difficult to produce new affordable rental units. A number of factors including Federal tax policy, State property tax rates, low rent structure and high construction costs have all contributed to making rental housing difficult, especially in small cities.

The City of Herreid has two rental projects. The Herreid Development Corporation Apartments is an eight-unit USDA Rural Development project constructed in the 1970s. The project includes four one-bedroom and four two-bedroom units. The project currently has one vacancy, however, the manager reported that the project is usually fully occupied. All tenants have access to rent assistance that allows rent based on 30% of income.

The second project is a general occupancy market rate four-plex developed by the Herreid Housing and Redevelopment Commission. The four-plex has a town home style design and includes three two-bedroom units and one three-bedroom unit. Rents range from \$695 to \$895 per month. Currently, there is one vacant two-bedroom unit.

Also, the Herreid Food Samaritan Center is located in Herreid and has 16 private and semi-private beds. The project provides assisted living services including meals, laundry, housekeeping, medication distribution, activities, etc. Currently, the facility has two vacancies, however, the facility is usually fully occupied. Rent and fees are \$2,200 to \$2,400.

Our projections indicate that the City of Herreid is expected to add three households from 2010 to 2015 and Campbell County is projected to decrease by 15 to 17 households.

Although there will be limited household growth in Herreid of three households over the next five years, we are recommending the development of four to six market rate units. This recommendation is based on continued pent-up demand for quality rental units and the success of the market rate four-plex constructed by the Herreid Housing and Redevelopment Commission.

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

Findings: Herreid has a limited number of market rate rental units. There is one market rate multi-family rental project in Herreid that has 'State of the Art' amenities. This project was developed by the Herreid Housing and Redevelopment Commission. The project includes three two-bedroom units and one three-bedroom unit. Rents range from \$695 to \$895. Currently, there is one vacancy. There are also market rate rental units in single family homes and mixed-use buildings.

From 2010 to 2015, there is a projected growth of three households in Herreid. Also, the number of Campbell County households 55 to 64 is expected to increase by 15 to 27 households by the year 2015. While this projection is for overall growth in Campbell County, Herreid has the potential to capture a share of this growth. Many of the households in this age range will prefer to rent and have incomes that are too high to qualify for subsidized rental housing.

Recommendation: We recommend that the City of Herreid consider the development of four to six market rate rental housing units. A twin home or town home unit similar to the existing market rate rental project, would be the preferred style, to cater to active renter households.

The first option to developing market rate housing would be to encourage a private developer to undertake the project. However, for multiple reasons, it has been difficult for private developers to construct market rate housing in small cities. If a private developer does not come forward, the Herreid Housing and Redevelopment Commission could utilize essential function bonds to construct additional market rate units.

Essential function bonds are governed by State law and would require compliance with locally-defined income limits for tenants. It is our understanding that it was a difficult process for the Herreid Housing and Redevelopment Commission to develop the existing four market rate units and the Commission may not have an interest in developing additional units at this time.

Potentially, the City of Herreid and the Herreid Housing and Redevelopment Commission could partner with a private developer to construct additional units. The City could assist with land donations, tax increment financing, reduced water and sewer hook up fees, etc. Additionally, housing vouchers could be utilized by households renting the units if they meet income requirements and the rents are at or below fair market rents. Currently, fair market rents are \$635 for a two-bedroom and \$876 for a three-bedroom unit.

The design of any future units should be based on the preferences that have been evident in the existing project. For example, certain unit styles and designs have been more popular in current project, and these designs should be replicated in any future units.

Some cities have been able to add units in small two- or three-unit phases, as demand dictates the need for additional units. In this way they have expanded the supply without saturating the market.

We recommend the development of four to six twin home or town house style units and the unit mix and rents should be as follows:

**Recommended unit mix, sizes and rents for the Herreid
Market Rate Housing Project:**

<u>Unit Type</u>	<u>No. of Units</u>	<u>Size/Sq. Ft.</u>	<u>Rent</u>
Two Bedroom	3-4	950-1,050	\$650-\$700
Three Bedroom	1-2	1,150-1,250	\$850-\$900
Total	4-6		

Note: Rents are quoted in 2012 dollars and include utilities.

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

2. Monitor the need for additional senior with services rental units

Findings: The Good Samaritan Center is located in Herreid and has 16 assisted living beds. The facility offers the full array of senior assisted living services including meals, laundry, housekeeping, medication distribution, activities, etc. The rent and fees for services are \$2,200 to \$2,400 per month.

Based on our projections, the number of Campbell County senior age 75 and over households will remain relatively stable from 2010 to 2015.

Recommendation: With no projected increase in the senior population, and the assisted living beds that currently exist in Herreid, we are not recommending the development of additional senior with services units at this time.

We do recommend that the need for additional senior with services units continue to be monitored. If a need is identified in the future, the Herreid Good Samaritan Center may have the capacity and flexibility to address future needs that are identified.

3. Monitor the need for subsidized rental housing

Findings: The City of Herreid has one eight-unit subsidized general occupancy rental project. The project includes four one-bedroom and four two-bedroom units.

Findings: We do not recommend the development of additional subsidized rental housing at this time. We have recommended four to six market rate units. Rents can be affordable in these units if the Housing Voucher Program is utilized. We do recommend that the City monitor the need for the production of subsidized housing in the future.

4. 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.

Based on the research for this study, it appears that the Housing Choice Voucher Program is an underutilized form of subsidized housing in Herreid. 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.

The Housing Choice Voucher Program is administered in Campbell County by the Mobridge Housing Authority. The Mobridge Housing Authority has the ability to issue approximately 150 Vouchers, but nearly 50 Vouchers are currently unused and available.

Recommendation: The Mobridge Housing Authority should work with the City of Herreid and the Herreid Housing and Redevelopment Commission to assure that Herreid receives its share of Housing Choice Vouchers and that tenants are aware of the program. Currently, the Housing Choice Voucher program is under-utilized and approximately 50 Vouchers are available for households in a multi-county area.

Also, Mobridge Housing Authority staff has indicated that potentially housing Vouchers could be project based. Therefore, a rental project could be constructed in Herreid and housing vouchers could be set aside and assigned to this specific project.

Home Ownership

Findings: Expanding home ownership opportunities is a primary goal for most cities. High rates of home ownership promote stable communities and strengthen the local tax base. The median owner-occupied home value in Herreid is estimated to be \$39,500 based on sales activity from 2008 to 2012. The home values in Herreid provide an excellent market for first time buyers and households seeking moderately priced homes.

Our analysis of Campbell County demographic trends shows an increasing number of households in the traditionally strong home ownership age range between 55 and 64 years old. The other age ranges are projected to lose households or will remain relatively stable. Some households in these 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:

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

Findings: We believe that affordable home ownership is one of the issues facing Herreid 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 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: Herreid should work with area housing agencies, the South Dakota Housing Development Authority and local financial institutions to utilize all available home ownership assistance programs. Private and non-profit agencies should also be encouraged to provide home ownership opportunities.

The City should also work with housing agencies to access programs that provide financial assistance for households to purchase a home and to assure the City of Herreid is receiving its share of resources that are available in Campbell County and 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 in the Region.

6. Develop a Purchase/Rehabilitation Program

Findings: Herreid has a large stock of older, lower valued homes, many of which need repairs. Our analysis of recent sales activity indicates that most of the homes in Herreid are valued under \$75,000. 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 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 and a subsidy will be needed to fill the gap. Although a public subsidy may be involved, the cost to rehab and sell an existing housing unit are generally lower than the subsidy required to provide an equally affordable unit through new construction.

Recommendation: We recommend that the City of Herreid 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, the large majority of survey respondents who were renters indicated an interest in buying a home in need of repair if rehabilitation assistance was also available.

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

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

Single Family Housing Development

Findings: Herreid has experienced significant single family housing development since 2000. Over the past 13 years, six single family homes have been constructed and 10 homes have been moved in, nine of which were double wide/modular homes.

Household growth projections for Herreid indicate limited demand for owner-occupied housing construction. Growth is anticipated over the next five years among Campbell County households in the 55 and 64 year old age range. Households in these age ranges tend to be predominantly home owners, and form a market for higher priced and trade-up housing.

Our projections also expect a relatively stable number of households in the 25 to 34 age range. Many households in this age range are first-time home buyers and may be in the market for new affordable homes.

It is our opinion that if the City, housing agencies, and builders are proactive, five to six homes can be constructed or moved in to Herreid over the next five years from 2013 to 2018.

7. Support Lot / Subdivision 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 Herreid. Buildable lots are defined as having sewer and water available to the lots. The City's newest subdivision has three lots available. There are also several in fill lots available throughout the community. We do not know the availability of these lots.

Recommendation: We use a standard that a 2 ½-year supply of lots should be available in the marketplace, based on annual lot usage. Using our projections that one house will be constructed or moved in annually, there currently is an adequate supply of lots in Herreid. However, lot options are limited for buyers and in a few years, there will be a lot shortage. Therefore, using our projections that one new house will be constructed or moved in per year, we are recommending that the City of Herreid coordinate with an area housing agency or private developer to plan and develop a six- to eight-lot subdivision. The subdivision should also be, if possible, developed on land that has capacity for future phases.

The six- to eight-lot subdivision should include the following:

- ▶ The subdivision should be no more than six to eight lots, but the subdivision and infrastructure should be planned and developed to accommodate future phases.
- ▶ The subdivision must be as aesthetically acceptable as possible.
- ▶ The subdivision should accommodate a variety of home designs and home prices.
- ▶ Major employers should be involved in the financing and publicity.
- ▶ Financing programs should be available for the home buying households including down payment assistance and low interest mortgage programs.
- ▶ To be successful, the homes must be available to as wide an income range as possible.
- ▶ A successful subdivision will need the cooperation of the Herreid Economic Development Corporation, the Herreid Housing and Redevelopment Commission, funding agencies, employers and the City of Herreid.

We are recommending that the subdivision is developed within three years. We are also estimating a five-to-six year lot absorption timeframe.

8. Coordinate with housing agencies and nonprofit groups to construct affordable housing

Findings: There are several housing agencies and non-profit groups that may have the capacity to construct new housing for low and moderate income households including the Herreid Economic Development Corporation, Homes are Possible, Inc., and Grow South Dakota. However, due to the downturn in the housing economy, most housing agencies have cut back on new housing production.

Recommendation: We encourage the City of Herreid to actively work with housing agencies or non-profit groups to develop affordable housing.

As the housing economy improves and home values increase, a housing agency or non-profit may become involved in new affordable home construction production in Herreid.

Additionally, the City should work with housing agencies to market Governors Homes.

Housing Rehabilitation

Findings: Herreid 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 opportunities. Existing units generally sell at a discount to their replacement value. Units that are not maintained and improved may slip into disrepair and be lost from the housing stock. Efforts and investment in housing rehabilitation activities will be critical to offering affordable housing opportunities.

It is our opinion that the City of Herreid 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 Herreid households. Housing options for households at or below the median income level will largely be met by the existing, more affordable housing stock. As this existing stock 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.

9. Promote rental housing rehabilitation

Findings: Herreid has rental properties that need repair. Our condition analysis identified several substandard rental units. The rental units in need of repair are primarily single family homes. 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 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, the South Dakota Housing Development Authority and the Federal Home Loan Bank.

10. Promote owner-occupied housing rehabilitation efforts

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

Our 2012 housing condition survey of 191 Herreid homes found 59 homes that need minor repairs and 31 homes that need major repairs. Without rehabilitation assistance, there is the potential that the affordable housing stock will shrink in Herreid.

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

Currently, Grow South Dakota and Homes are Possible, Inc., are implementing owner occupied housing rehabilitation programs in Herreid and Campbell County. Households that meet eligibility requirements are eligible for a deferred loan to rehabilitate their homes. Deferred loans do not have to be paid back if the households lives in the rehabilitated home for a stipulated amount of time after the rehabilitation is completed. We encourage Herreid and Campbell County households to utilize these programs.

Other Housing Initiatives

11. Acquire and Demolish Dilapidated Structures

Findings: Our housing condition survey identified that of the 191 homes in Herreid, a total of 11 homes are dilapidated and too deteriorated to rehabilitate. We also identified 31 homes as needing major repair and several of these homes may be too dilapidated to rehabilitate. Also, City of Herreid personnel have identified dilapidated homes in the City. To improve the quality of the City's housing stock and to maintain the appearance of the community, these structures should be demolished. In the past, the City has worked with property owners to demolish several dilapidated structures.

Recommendation: The City should continue to work with property owners to demolish severely dilapidated structures. 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. Some cities are adopting ordinances that give cities more authority to require property owners to demolish vacant, dilapidated homes.

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

Findings: Herreid will need staff resources in addition to existing city personnel and volunteers to plan and implement many of the housing recommendations advanced in this Study. The City has access to the Herreid Housing and Redevelopment Commission, the Herreid Economic Development Corporation, the Mobridge Housing Authority, the Northeast Council of Governments, Grow South Dakota, Homes are Possible, Inc., the USDA Rural Development Office and the South Dakota Housing Development Authority. These agencies all have experience with housing and community development programs.

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

It will also be important for the City 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.

13. Continue and possibly expand the City of Herreid Housing Incentive Program

Findings: The City of Herreid has developed an Incentive Program to encourage new home construction or the purchase of an existing home in Herreid.

The Incentive Program guidelines are as follows:

- ▶ A loan up to \$1,000 per person not to exceed \$5,000 per family will be awarded to a person or family to purchase an existing home or for the construction of a new home located within the city limits of Herreid.
- ▶ 0% interest and no principle due for five years. After five years of residency, the loan will be forgiven.
- ▶ Loan must be used toward down payment or closing costs. Not applicable if financing is not required.
- ▶ Homes \$100,000 and over may qualify for the \$5,000 maximum, homes under \$100,000 will be pro-rated based on 5% of the purchase price.

Recommendation: We recommend that the City of Herreid continue the Incentive Program. Also, we recommend that the City consider expanding the program to include additional incentives, such as:

- ▶ Free water and sewer for a period of time
- ▶ Permit and water and sewer hook up fees waived
- ▶ Discounts at area businesses

14. Promote Commercial Rehabilitation and Development

Findings: The City of Herreid’s commercial district is in good condition, and a number of commercial buildings have been renovated over the past several years, however, there are still several substandard commercial buildings in Herreid.

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 Herreid and the Herreid Economic 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 Herreid.

The City of Herreid and the Herreid Economic Development Corporation should be encouraged to seek funding to assist property owners with rehabilitating their commercial buildings. A goal of one commercial rehab project annually in Herreid would be a realistic goal.

Rental Housing Data

Census Bureau Rental Inventory

According to the 2010 U.S. Census, there were seven occupied rental units and two unoccupied rental units in Mound City, for a total estimated rental inventory of nine units. The Town's rental tenure rate was 17.5%, based on renter-occupancy households, which is below the Statewide rate in 2010 of 31.9%.

At the time of the 2000 Census, Mound City had six occupied rental units, and one vacant rental units, for a total estimated rental inventory of eight units. The rental tenure rate in 2000 was 16.3%.

Based on a Census comparison, the Town added one renter-occupancy household, and one rental unit during the last decade

Rental Survey

As part of the research for this Study, Community Partners Research attempted to contact owners or managers of the multifamily buildings with six or more units. There are no multifamily projects with six or more units in Mound City, thus, no survey was completed.

Findings on Growth Trends

Mound City's population decreased by 13 people and there was a loss of three households from 2000 to 2010. In the 1990s, Mound City's population decreased by five people, but there was an increase of one household.

In the 1990s, Campbell County's population decreased by 183 people and there was a decrease of 42 households. From 2000 to 2010, Campbell County decreased by 316 people and 31 households.

Findings on Growth Projections

As part of this Study, we have provided population and household projections to the year 2015 for Mound City and Campbell County. Projections have been calculated from the 10- and 20-year growth trends for the Town and the County, and reflect the patterns of population and household gains or losses.

The projection for Mound City calculated by Community Partners Research, Inc., has incorporated 1990s and 2000s trends and shows the Town potentially losing population and households from 2010 and 2015. Based on 10- and 20-year growth trends, we are projecting that the Town's population will decrease by four to five people. Our household projections expect a loss of one household from 2010 to 2015.

For all of Campbell County, based on 10- and 20-year trends, we expect a decrease of between 93 and 130 people and a loss of between 15 and 17 households from 2010 to 2015.

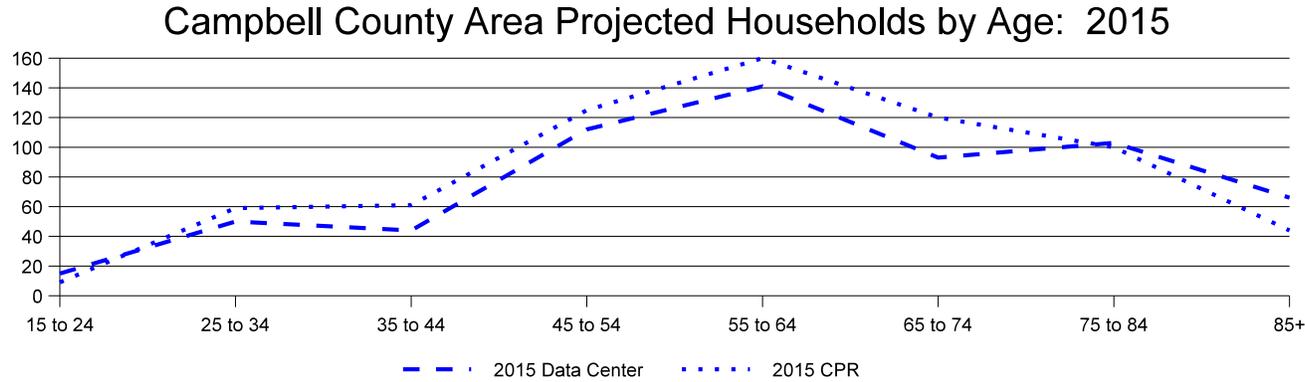
The State Data Center has projected that Campbell County's population will decrease by 143 people from 2010 to 2015.

Summary of Growth Projections by Age Group

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

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

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



The following ranges show the expected net change in the number of Campbell County households in each 10-year age cohort between 2010 and 2015. The first column reflects the changes derived from the medium series population projections from the State Data Center. The second column reflects the median change from the projection range by age as calculated by Community Partners Research, Inc.

<u>Age Range</u>	<u>Projected Change in Households 2010 to 2015</u>
15 to 24	+3 to -3
25 to 34	-10 to -4
35 to 44	-22 to -8
45 to 54	-57 to -49
55 to 64	+15 to +27
65 to 74	-19 to +3
75 to 84	+2 to -5
85 and Older	+18 to -6

In general terms, both forecasts expect most of the projected net growth to occur among households in the 55 to 64 age range. This would largely reflect the aging “baby boomers”, nearly all of whom will be age 55 or older by the year 2015.

Overall, the number of households above 55 years old is expected to increase. In 2000, approximately 53.2% of all Campbell County households had a head-of-household that was age 55 or older. By 2010, these older adult age groups had grown to 55.8% of all households. By 2015, the projections used for this Study indicate that between 62.6% and 64.6% of all Campbell County households will have a household age 55 or older.

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

Findings on Housing Unit Demand and Tenure

Comparing the projected age-based household changes with past tenure patterns results in a forecast of the tenure mix that will be needed for new units added between 2010 and 2015. Our calculations are based largely on the tenure preferences by age group that were evident in the 2010 Census, with some adjustment for a greater acceptance of certain housing types as people become more familiar with newer housing options.

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 - Based on 10- and 20-year growth projections, Campbell County is expected to lose approximately 15 to 17 households from 2010 to 2015 and Mound City will lose one household. It is projected that there will, however, be a gain of 15 to 27 households in the 55 to 64 age ranges in Campbell County from 2010 to 2015. Many households in this age range look for trade-up housing and/or no maintenance options such as twin homes/town homes and condos.

Replacement of Lost Owner-Occupied and Rental 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 Mound City, some dilapidated housing stock has been demolished.

Pent-Up Demand - The third primary demand-generator for new housing is caused by unmet need among existing households, or pent-up demand. Certain segments of the Campbell County housing market do show signs of pent-up demand.

Findings on Unit Demand by Type of Housing

Based on the household by age projections presented earlier, the changing age composition of Campbell County through 2015 will have an impact on demand for housing.

Age 24 and Younger - The projections used for this Study expect a stable number of households in the 15 to 24 age range through the year 2015 with a potential loss of three households to a gain of three households. Past tenure patterns indicate that as many as 75% of these households will rent their housing. A stable number of households in this age range should mean that rental demand from younger households will remain relatively unchanged for the remainder of the decade.

25 to 34 Years Old - The projections show a small numeric decrease in this age cohort, with an expected loss of four to 10 households by 2015. Within this age range households often move from rental to ownership housing. The ownership rate among these households in Campbell County was nearly 75% in 2010. The projected small decrease within this age range will limit demand for both first-time home buyer and rental opportunities.

35 to 44 Years Old - This 10-year age cohort is expected to decrease by eight to 22 households between 2010 and 2015. In the past, this age group has had a high rate of home ownership, approximately 86% in Campbell County. Households within this range often represent both first-time buyers and households looking to trade-up in housing, selling their starter home for a more expensive house. A decrease in this age cohort will have some negative impact on overall demand for owner-occupied housing.

45 to 54 Years Old - By 2015, this age cohort will represent the front-end of the "baby bust" generation that followed behind the baby boomers. This age group represents a smaller segment of the population than the baby boom age group. For Campbell County, the projections show a loss of 49 to 57 households in this range. This age group historically has had a high rate of home ownership, approximately 87% in 2010, and will often look for trade-up housing opportunities. With a household decrease in this age group, there will be a decrease in the demand for trade-up housing.

55 to 64 Years Old - This age range is part of the baby boom generation. The projections show an expected increase of 15 to 27 additional households in this 10-year age range by the year 2015. This age range has traditionally a high rate of home ownership in the County, at 89%. Attached housing construction, such as town house 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 - The two projections have discrepancies in this age range. The State Data Center projects a loss of 19 households and Community Partners Research, Inc., projects a gain of three households by the year 2015. While this group will begin moving to other life-cycle housing options as they age, the younger seniors are still predominantly home owners. At the time of the 2010 Census, approximately 88% of households in this age range owned their housing. This age range often prefers town house-style and condominium units. Increased demand for this type of housing should increase as these units continue to gain greater acceptance with the marketplace.

75 to 84 Years Old - The two projections expect a range of a gain of two households to a loss of five households in this age co-hort between 2010 and 2015. In the past, households within this 10-year age range have had a relatively high rate of home ownership, at approximately 80%. While this is likely to continue, we believe that an expansion of housing options for seniors, including high quality rental housing, will 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.

85 Years and Older - A range of a gain of 18 households to a loss of six households is projected among older seniors. Historic home ownership rates in this age group in Campbell County was approximately 77% in 2010.

Strengths for Housing Development

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

- ▶ **Mound City is within commuting distance of Mobridge, Herreid and Linton** - Mound City is located within commuting distance of Mobridge, Herreid and Linton, which have employment, health care, service, commercial and entertainment opportunities.
- ▶ **Affordable priced housing stock** - The Town has a stock of affordable houses. Our analysis shows that the Town's median home value based on recent sales from 2008 to 2012 is approximately \$40,000. This existing stock, when available for sale, provides an affordable option for home ownership.
- ▶ **Small-town atmosphere** - Mound City is a small town, with some of the real and perceived amenities of a small community. This small-town living is attractive to some households.
- ▶ **Recreational Area** - Mound City is in a recreational area, which provides excellent hunting and fishing, and is in close proximity to Lake Oahe, Lake Campbell and the Missouri River.
- ▶ **Infrastructure** - Mound City's water and sewer infrastructure can accommodate future expansion.
- ▶ **Campbell County Seat** - Mound City is the county seat for Campbell County.
- ▶ **Community Center** - The school has closed, however, it is now used as a Community Center.
- ▶ **PIC Apex** - PIC Apex is a hog breeding operation located in the Mound City area. PIC Apex has approximately 55 full-time employees.

Barriers or Limitations to Housing Activities

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

- ▶ **Age and condition of the housing stock** - While the existing stock is very affordable, some of the housing is in need of improvements to meet expectations of potential buyers.
- ▶ **Value gap deters new owner-occupied construction** - Based on market values for 2008 through 2012 residential sales, we estimate that the median priced home in Mound City is valued at \$40,000. This is below the comparable cost for new housing construction, which will generally be above \$150,000 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 investments.
- ▶ **Competition with Mobridge, Herreid and Linton and other surrounding communities** - Although it is an asset to be located within commuting distance of Mobridge, Herreid and Linton, it can be a barrier to new housing construction. Mobridge, Herreid and Linton have more employment, service, retail, entertainment and housing opportunities. The amenities Mobridge, Herreid and Linton have to offer will often make it the preferred location for many households.
- ▶ **Projected household growth** - Historical data indicates that the Town is expected to lose population and households from 2010 to 2015. The Town has to have realistic expectations when planning for the future.
- ▶ **School Closing** - Mound City's school has closed, thus, students must commute to surrounding communities to attend school.
- ▶ **Distance from a major regional center** - The nearest regional centers are Aberdeen, Bismarck and Pierre, all of which are 100 miles from Mound City. Many households desire or need to be near a regional center for employment, health care, entertainment, retail, etc.
- ▶ **Lack of Commercial/Retail/Services** - Mound City does not have commercial, retail and service opportunities to meet many of its residents' daily needs.

Recommendations, Strategies and Housing Market Opportunities

Based on the research contained in this study, and the housing strengths and barriers identified above, we believe that the following recommendations are realistic options for Mound City. 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 Town's potential for growth.
- ▶ **New housing development generally will not occur without proactive community involvement** - To attract new home or apartment construction in Mound City, subsidies or some other form of financial assistance will be needed from Mound City, regional housing agencies and the South Dakota Housing Development Authority.
- ▶ **Protect the Town's existing housing stock** - The future of Mound City will be heavily dependent on the Town's appeal as a residential location. The condition of the existing housing stock is a major factor in determining the Town's long-term viability. The existing housing stock is in fair condition and the Town's major asset, however, rehabilitation efforts are needed to preserve the housing stock.
- ▶ **Develop a realistic action plan with goals and time lines** - The Town 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 Town has other resources to draw on including the Moberg Housing Authority, the Northeast Council of Governments, Grow South Dakota (also known as NESDCAP or NESDEC), Homes are Possible, Inc., USDA Rural Development and the South Dakota Housing Development Authority. These resources should be accessed as needed to assist with housing activities.

Summary of Findings/Recommendations

The findings/recommendations for Mound City have been formulated through the analysis of the information provided in the previous sections and include 12 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. Monitor the need to develop new market rate or subsidized housing
2. Utilize vacant homes for rental housing
3. Utilize the Housing Choice Voucher Program

Home Ownership

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

Single Family Housing Development

6. Lot Availability and Development
7. Coordinate with housing agencies and non-profit groups to construct affordable housing

Housing Rehabilitation

8. Promote rental housing rehabilitation
9. Promote owner-occupied housing rehabilitation efforts

Other Housing Issues

10. Acquire and demolish dilapidated structures
11. Create a plan and a coordinated effort among housing agencies
12. Promote commercial rehabilitation and development

Rental Housing Development

Findings: There are no rental projects in Mound City. The 2010 U.S. Census reports that there are seven rental households in Mound City. It is assumed that these households are renting single family homes.

Our projections indicate that Mound City is expected to decrease by one household from 2010 to 2015 and Campbell County is projected to decrease by 15 to 17 households.

Based on no demand for rental housing from household growth and limited pent-up demand, we are not recommending new rental housing construction in Mound City over the next five years. However, we are recommending the development of additional rental housing utilizing existing homes in the Town.

1. Monitor the need to develop new market rate or subsidized rental housing

Findings: Mound City has a limited number of market rate units and no subsidized units. From 2010 to 2015, Mound City's population is projected to decrease by five to six people and one household.

Also, Mound City lacks amenities to attract rental households including employment, commercial, health care, retail and service opportunities.

Recommendation: We do not recommend the construction of market rate or subsidized rental housing at this time. We do recommend that the Town monitor the need for the production of market rate or subsidized housing in the future.

2. Utilize vacant homes for rental housing

Findings: We are not recommending the construction of new rental housing, based on the lack of demand from household growth. However, we do believe there is limited demand for affordable rental housing. PIC Apex, a major employer, is located in close proximity to Mound City and is hiring full and part-time employees. Some of these employees will look for housing in the Mound City area. According to the 2010 U.S. Census, there are several vacant homes and seasonal homes in Mound City.

Recommendation: We recommend that Mound City coordinate with private rental property owners and regional housing agencies to acquire vacant and/or seasonal homes for rental housing. Private rental property owners could purchase the homes and utilize funding from housing agencies to rehabilitate the homes. Potential funding sources include USDA Rural Development, the South Dakota Housing Development Authority and the Federal Home Loan Bank. Grow South Dakota and HAPI, Inc., are regional housing agencies that could potentially assist with coordinating this project.

Additionally, housing Vouchers may be available to assist eligible rental households with the rent.

3. 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.

Based on the research for this study, it appears that the Housing Choice Voucher Program is an under-utilized form of subsidized housing in Mound City. 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.

The Housing Choice Voucher Program is administered in Campbell County by the Mobridge Housing Authority. The Mobridge Housing Authority has the ability to issue approximately 150 Vouchers, but nearly 50 Vouchers are currently unused and available.

Recommendation: The Mobridge Housing Authority should work with the Mound City to assure that Mound City receives its share of Housing Choice Vouchers and that tenants are aware of the program. Currently, the Housing Choice Voucher program is under-utilized and approximately 50 vouchers are available for households in a multi-county area.

Home Ownership

Findings: Expanding home ownership opportunities is a primary goal for most cities. High rates of home ownership promote stable communities and strengthen the local tax base. The median owner-occupied home value in Mound City is estimated to be \$40,000 based on sales activity from 2008 to 2012. The home values in Mound City provide an excellent market for first time buyers and households seeking moderately priced homes.

Our analysis of Campbell County demographic trends shows an increasing number of households in the traditionally strong home ownership age range between 55 and 64 years old. Households in these age ranges tend to be predominantly home owners, and form a market for higher priced and trade-up housing. The other age ranges are projected to lose households or will remain relatively stable. Some households in these 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:

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

Findings: We believe that affordable home ownership is one of the issues facing Mound City 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 Town 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: Mound City should work with area housing agencies, the South Dakota Housing Development Authority and local financial institutions to utilize all available home ownership assistance programs. Private and non-profit agencies should also be encouraged to provide home ownership opportunities.

The Town should also work with housing agencies to assure that Mound City is receiving its share of resources that are available in Campbell County and the region.

Funding sources for home ownership programs may include 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 in the Region.

5. Develop a Purchase/Rehabilitation Program

Findings: Mound City has a large stock of older, lower valued homes, many of which need repairs. Our analysis of recent sales activity indicates that most of the homes in Mound City are valued under \$75,000. 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 Town or a housing agency purchases an existing home that needs rehabilitation, rehabilitates the home, sells the home to a low 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 and a subsidy will be needed to fill the gap. Although a public subsidy may be involved, the cost to rehab and sell an existing housing unit are generally lower than the subsidy required to provide an equally affordable unit through new construction.

Recommendation: We recommend that Mound City 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 small communities, the large majority of survey respondents who were renters indicated an interest in buying a home in need of repair if rehabilitation assistance was also available.

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

Because a purchase/rehabilitation program can be expensive and its cost effectiveness in some cases may be marginal, it may be advantageous in some cases to directly assist low and moderate income households with purchasing and rehabilitating homes. Local housing agencies and financial institutions could offer some rehabilitation assistance in conjunction with first-time home buyer programs to make the Town'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.

Single Family Housing Development

Findings: Mound City has experienced limited single family housing development since 2000. Over the past 13 years, two single family homes have been constructed in the Town.

Household projections for Mound City expected the loss of one household, thus, there is limited demand for owner-occupied housing construction. Growth is anticipated over the next five years among Campbell County households in the 55 and 64 year old age range. Households in these age ranges tend to be predominantly home owners, and form a market for higher priced and trade-up housing.

Our projections also expect Campbell County's number of households in the 25 to 34 age range to remain relatively stable over the next five years. Many households in this age range are first-time home buyers and may be in the market for new affordable homes.

It is our opinion that new housing construction will be limited over the next five years. This is due to multiple factors including the small size of the community, the projected loss of households, the current low property values, the limited supply of infill lots and a history of limited housing construction over the past 13 years. It is our projection that two homes may be constructed or moved into Mound City over the next five years, from 2013 to 2018.

6. Lot Availability and Development

Findings: As part of this Study, we attempted to identify the inventory of available residential lots for single family housing construction in Mound City. Buildable lots are defined as having sewer and water available to the lots. There are no new lots or subdivisions in the Town, however, there are several in fill lots available throughout the community.

Recommendation: We use a standard that a 2.5-year supply of lots should be available in the marketplace, based on annual lot usage. Using our projections that two houses will be constructed or moved in over the next five years, there currently is an adequate supply of in fill lots in Mound City and these lots can meet demand.

7. Coordinate with housing agencies and nonprofit groups to construct affordable housing

Findings: There are several housing agencies and non-profit groups that may have the capacity to construct new housing for low and moderate income households including Homes are Possible, Inc., and Grow South Dakota. However, due to the downturn in the housing economy, most housing agencies have cut back on new housing production.

Recommendation: We encourage Mound City to actively work with housing agencies or non-profit groups to develop affordable housing.

As the housing economy improves and home values increase, a housing agency or non-profit may become involved in new affordable home construction production in Mound City. However, a housing agency or non-profit will not construct housing in Mound City until it is confident that the Town's home values can support new construction.

Additionally, Mound City should work with housing agencies to market Governors Homes.

Housing Rehabilitation

Findings: Mound City 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 opportunities. Existing units generally sell at a discount to their replacement value. Units that are not maintained and improved may slip into disrepair and be lost from the housing stock. Efforts and investment in housing rehabilitation activities will be critical to offering affordable housing opportunities.

It is our opinion that Mound City and area housing agencies will need to make housing rehabilitation a priority in the future. Housing options for households at or below the median income level will largely be met by the existing, more affordable housing stock. As this existing stock 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.

8. Promote rental housing rehabilitation

Findings: Mound City has rental properties that need repair. Our condition analysis identified several substandard rental units. The rental units in need of repair are in single family homes. 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 Town 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, the South Dakota Housing Development Authority and the Federal Home Loan Bank.

9. Promote owner-occupied housing rehabilitation efforts

Findings: The affordability of the existing housing stock in Mound City will continue to be a major attraction for households that are seeking housing in Mound City. Investment in owner-occupied housing rehabilitation activities will be critical to offering affordable housing opportunities.

Our 2012 housing condition survey of 52 Mound City homes found 11 homes that need minor repairs and 15 homes that need major repairs. Without rehabilitation assistance, there is the potential that the affordable housing stock will shrink in Mound City.

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

Currently, Grow South Dakota and Homes are Possible, Inc., are implementing owner occupied housing rehabilitation programs in Mound City and Campbell County. Households that meet eligibility requirements are eligible for a deferred loan to rehabilitate their homes. Deferred loans do not have to be paid back if the households lives in the rehabilitated home for a stipulated amount of time after the rehabilitation is completed. We encourage Mound City and Campbell County households to utilize these programs.

Other Housing Initiatives

10. Acquire and Demolish Dilapidated Structures

Findings: Our housing condition survey identified that of the 52 homes in Mound City, a total of 14 homes are dilapidated and too deteriorated to rehabilitate. We also identified 15 homes as needing major repair and several of these homes may be too dilapidated to rehabilitate. To improve the quality of the Town's housing stock and to maintain the appearance of the community, these structures should be demolished. In the past, the Town has worked with property owners to demolish several dilapidated structures.

Recommendation: The Town should continue to work with property owners to demolish severely dilapidated structures. The Town 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. Some cities are adopting ordinances that give cities more authority to require property owners to demolish vacant, dilapidated homes.

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

Findings: Mound City will need staff resources in addition to existing Town personnel and volunteers to plan and implement many of the housing recommendations advanced in this Study. The Town has access to the Mobridge Housing Authority, the Northeast Council of Governments, Grow South Dakota, Homes are Possible, Inc., the USDA Rural Development Office and the South Dakota Housing Development Authority. These agencies all have experience with housing and community development programs.

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

It will also be important for the Town to look for opportunities to work cooperatively with other area towns and cities to address housing issues. With the number of small towns and cities in the Region, and limited staff capacity at the town 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.

12. Promote Commercial Rehabilitation and Development

Findings: Mound City's commercial district is in poor condition, and there are several vacant and substandard commercial buildings.

When households are selecting a town to purchase a home in, they often determine if the town'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 Mound City work with commercial property owners to rehabilitate their buildings and to demolish the buildings if they are beyond repair. Also, new businesses should, to the extent that it is feasible, be encouraged to locate in Mound City.

Rental Housing Data

Census Bureau Rental Inventory

According to the 2010 U.S. Census, there were 35 occupied rental units and two unoccupied rental units in Pollock, for a total estimated rental inventory of 37 units. The City's rental tenure rate was 25.7%, based on renter-occupancy households, which was below the Statewide rate in 2010 of 31.9%.

At the time of the 2000 Census, Pollock had 40 occupied rental units, and five vacant rental units, for a total estimated rental inventory of 45 units. The rental tenure rate in 2000 was 24.4%.

Based on a Census comparison, the City's number of renter-occupancy households decreased by five households, and there was a loss of eight rental units during the last decade.

Rental Survey

As part of the research for this Study, Community Partners Research attempted to contact owners or managers of the multifamily buildings with six or more units.

The City of Pollock has one rental project. The project is an eight-unit USDA Rural Development project constructed in approximately 1990. The project includes four one-bedroom and four two-bedroom units. The project currently has one vacancy, however, the manager reported that the project is usually fully occupied. All tenants have access to rent assistance that allows rent based on 30% of income.

Table 26 Pollock Multifamily Rental Housing Inventory					
Name	Number of Units /Bedroom Mix	Rent	Vacancy/ Wait List	Tenant Mix	Comments
Subsidized					
Pollock RD 8-plex	4 - 1 bedroom 4 - 2 bedroom 8 Total Units	30% of income	One vacant 1-bedroom	General occupancy	This is an 8-unit Rural Development Project constructed in approximately 1990. Currently, there is one vacant one-bedroom unit, however, according to the manager, the units are usually fully occupied.

Source: Community Partners Research

Findings on Growth Trends

The City of Pollock's population decreased by 98 people, and there was a loss of 28 households from 2000 to 2010. In the 1990s, Pollock's population decreased by 40 people, and there was a decrease of five households.

In the 1990s, Campbell County's population decreased by 183 people and there was a loss of 42 households. From 2000 to 2010, Campbell County decreased by 316 people and 31 households.

Findings on Growth Projections

As part of this Study, we have provided population and household projections to the year 2015 for Pollock and Campbell County. Projections have been calculated from the 10- and 20-year growth trends for the City and the County, and reflect the patterns of population and household gains or losses.

The projection for Pollock calculated by Community Partners Research, Inc., has incorporated 1990s and 2000s trends and shows the City potentially losing population and households from 2010 and 2015. Based on 10- and 20-year growth trends, we are projecting that the City's population will decrease by 22 to 35 people. Our household projections expect a loss of seven to 12 households from 2010 to 2015.

For all of Campbell County, based on 10- and 20-year trends, we expect a decrease of between 93 and 130 people and a loss of between 15 and 17 households from 2010 to 2015.

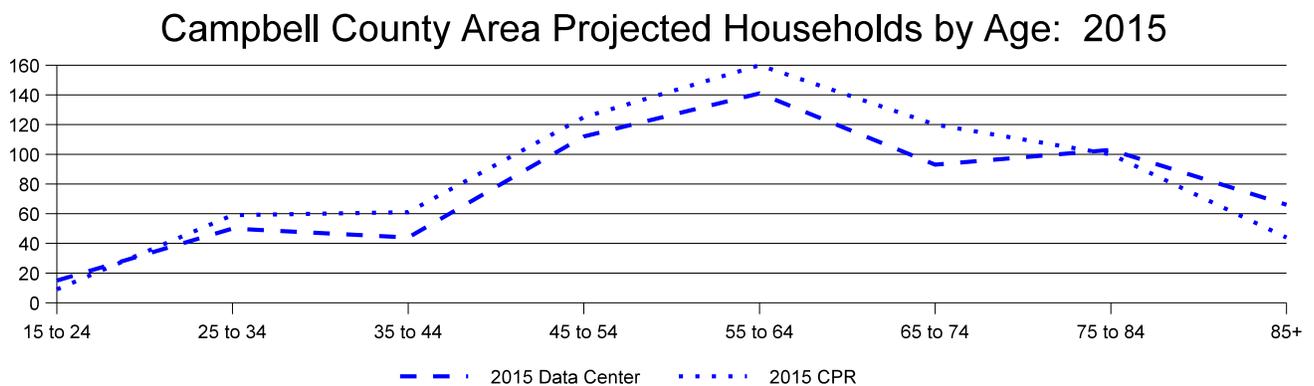
The State Data Center has projected that Campbell County's population will decrease by 143 people from 2010 to 2015.

Summary of Growth Projections by Age Group

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

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

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



The following ranges show the expected net change in the number of Campbell County households in each 10-year age cohort between 2010 and 2015. The first column reflects the changes derived from the medium series population projections from the State Data Center. The second column reflects the median change from the projection range by age as calculated by Community Partners Research, Inc.

<u>Age Range</u>	<u>Projected Change in Households 2010 to 2015</u>
15 to 24	+3 to -3
25 to 34	-10 to -4
35 to 44	-22 to -8
45 to 54	-57 to -49
55 to 64	+15 to +27
65 to 74	-19 to +3
75 to 84	+2 to -5
85 and Older	+18 to -6

In general terms, both forecasts expect most of the projected net growth to occur among households in the 55 to 64 age range. This would largely reflect the aging “baby boomers”, nearly all of whom will be age 55 or older by the year 2015.

Overall, the number of households above 55 years old is expected to increase. In 2000, approximately 53.2% of all Campbell County households had a head-of-household that was age 55 or older. By 2010, these older adult age groups had grown to 55.8% of all households. By 2015, the projections used for this Study indicate that between 62.6% and 64.6% of all Campbell County households will have a household age 55 or older.

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

Findings on Housing Unit Demand and Tenure

Comparing the projected age-based household changes with past tenure patterns results in a forecast of the tenure mix that will be needed for new units added between 2010 and 2015. Our calculations are based largely on the tenure preferences by age group that were evident in the 2010 Census, with some adjustment for a greater acceptance of certain housing types as people become more familiar with newer housing options.

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 - Based on 10- and 20-year growth projections, Campbell County is expected to lose approximately 15 to 17 households from 2010 to 2015 and Pollock will lose seven to 12 households. It is projected that there will be a gain of 15 to 27 households in the 55 to 64 age ranges in Campbell County from 2010 to 2015. Many households in this age range look for trade-up housing and/or no maintenance options such as twin homes/town homes and condos.

Replacement of Lost Owner-Occupied and Rental 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 Pollock, some dilapidated housing stock has been demolished, thus, 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. Certain segments of the Campbell County housing market do show signs of pent-up demand. We have included our estimates of pent-up demand into the specific recommendations that follow later in this section.

Findings on Unit Demand by Type of Housing

Based on the household by age projections presented earlier, the changing age composition of Campbell County through 2015 will have an impact on demand for housing.

Age 24 and Younger - The projections used for this Study expect a stable number of households in the 15 to 24 age range through the year 2015 with a potential loss of three households to a gain of three households. Past tenure patterns indicate that as many as 75% of these households will rent their housing. A stable number of households in this age range should mean that rental demand from younger households will remain relatively unchanged for the remainder of the decade.

25 to 34 Years Old - The projections show a small numeric decrease in this age cohort, with an expected loss of four to 10 households by 2015. Within this age range households often move from rental to ownership housing. The ownership rate among these households in Campbell County was nearly 75% in 2010. The projected small decrease within this age range will limit demand for both first-time home buyer and rental opportunities.

35 to 44 Years Old - This 10-year age cohort is expected to decrease by eight to 22 households between 2010 and 2015. In the past, this age group has had a high rate of home ownership, approximately 86% in Campbell County. Households within this range often represent both first-time buyers and households looking to trade-up in housing, selling their starter home for a more expensive house. A decrease in this age cohort will have some negative impact on overall demand for owner-occupied housing.

45 to 54 Years Old - By 2015, this age cohort will represent the front-end of the "baby bust" generation that followed behind the baby boomers. This age group represents a smaller segment of the population than the baby boom age group. For Campbell County, the projections show a loss of 49 to 57 households in this range. This age group historically has had a high rate of home ownership, approximately 87% in 2010, and will often look for trade-up housing opportunities. With a household decrease in this age group, there will be a decrease in the demand for trade-up housing.

55 to 64 Years Old - This age range is part of the baby boom generation. The projections show an expected increase of 15 to 27 additional households in this 10-year age range by the year 2015. This age range has traditionally a high rate of home ownership in the County, at 89%. Attached housing construction, such as town house 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 - The two projections have discrepancies in this age range. The State Data Center projects a loss of 19 households and Community Partners Research, Inc., projects a gain of three households by the year 2015. While this group will begin moving to other life-cycle housing options as they age, the younger seniors are still predominantly home owners. At the time of the 2010 Census, approximately 88% of households in this age range owned their housing. This age range often prefers town house-style and condominium units. Increased demand for this type of housing should increase as these units continue to gain greater acceptance with the marketplace.

75 to 84 Years Old - The two projections expect a range of a gain of two households to a loss of five households in this age co-hort between 2010 and 2015. In the past, households within this 10-year age range have had a relatively high rate of home ownership, at approximately 80%. While this is likely to continue, we believe that an expansion of housing options for seniors, including high quality rental housing, will 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.

85 Years and Older - A range of a gain of 18 households to a loss of six households is projected among older seniors. Historic home ownership rates in this age group in Campbell County was approximately 77% in 2010.

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

Strengths for Housing Development

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

- ▶ **Pollock is within commuting distance of Mobridge, Herreid and Linton** - The City of Pollock is located within commuting distance of Mobridge, Herreid and Linton, which have employment, health care, service, commercial and entertainment opportunities.
- ▶ **Affordable priced housing stock** - The City has a stock of affordable houses. Our analysis shows that the City's median home value based on recent sales from 2008 to 2012 is approximately \$31,000. This existing stock, when available for sale, provides an affordable option for home ownership.
- ▶ **Adequate land for development** - The City has adequate land available for both residential and commercial/industrial development.
- ▶ **Commercial Development** - Pollock's commercial district is adequate to meet daily needs.
- ▶ **Small-town atmosphere** - Pollock is a small town, with the real and perceived amenities of a small community. This small-town living is attractive to some households.
- ▶ **Recreational Area** - Pollock is in a recreational area, which provides excellent hunting and fishing, and is in close proximity to the West Pollock Recreational Area, Lake Oahe and the Missouri River. Pollock also has a campground.
- ▶ **Major Employer** - Dairiconcepts is a major employer located in Pollock.
- ▶ **Infrastructure** - Pollock's water and sewer infrastructure is in good condition and can accommodate future expansion.
- ▶ **Community Center** - The Pollock school is closed, however, it is now used as a community center.

Barriers or Limitation to Housing Activities

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

- ▶ **Age and condition of the housing stock** - While the existing stock is very 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 low, which makes it difficult to construct new rental housing.
- ▶ **Value gap deters new owner-occupied construction** - Based on market values for 2008 through 2012 residential sales, we estimate that the median priced home in Pollock is valued at \$31,000. This is below the comparable cost for new housing construction, which will generally be above \$150,000 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 investments.
- ▶ **Competition with Mobridge, Herreid and Linton and other surrounding communities** - Although it is an asset to be located within commuting distance of Mobridge, Herreid and Linton, it can be a barrier to new housing construction. Mobridge, Herreid and Linton have employment, service, retail, entertainment and housing opportunities. The amenities Mobridge, Herreid and Linton have to offer will make them the preferred location for some households.
- ▶ **Projected household loss** - Historical data indicates that the City is expected to lose seven to 12 households from 2010 to 2015. The City has to have realistic expectations when planning for the future.
- ▶ **School Closing** - Pollock's school has closed, thus, students must commute to surrounding communities to attend school.
- ▶ **Distance from a major regional center** - The nearest regional center is Bismarck, which is 94 miles from Pollock. Many households need or desire to be near a regional center for employment, health care, entertainment, retail, etc.

Recommendations, Strategies and Housing Market Opportunities

Based on the research contained in this study, and the housing strengths and barriers identified above, we believe that the following recommendations are realistic options for the City of Pollock. 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 City's potential for growth.
- ▶ **New housing development generally will not occur without proactive community involvement** - To attract new home or apartment construction in Pollock, subsidies or some other form of financial assistance will be needed from the City of Pollock, regional housing agencies and the South Dakota Housing Development Authority.
- ▶ **Protect the City's existing housing stock** - The future of Pollock 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 fair condition and the City's major asset, however, rehabilitation efforts are needed to preserve the housing stock.
- ▶ **Protect the City's existing assets and resources** - Pollock has many assets including recreational opportunities, employment opportunities, a Downtown Commercial District, etc. These are assets that make Pollock 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** - 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 the Mobridge Housing Authority, the Northeast Council of Governments, Grow South Dakota (also known as NESDCAP and NESDEC), Homes are Possible, Inc., USDA Rural Development and the South Dakota Housing Development Authority. These resources should be accessed as needed to assist with housing activities.

Summary of Findings/Recommendations

The findings/recommendations for the City of Pollock have been formulated through the analysis of the information provided in the previous sections and include 13 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 three to four market rate rental housing units
2. Utilize vacant and seasonal homes for rental housing
3. Utilize the Housing Choice Voucher Program

Home Ownership

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

Single Family Housing Development

6. Lot Availability and Development
7. Coordinate with housing agencies and non-profit groups to construct affordable housing

Housing Rehabilitation

8. Promote rental housing rehabilitation
9. Promote owner-occupied housing rehabilitation efforts

Other Housing Issues

10. Acquire and demolish dilapidated structures
11. Create a plan and a coordinated effort among housing agencies
12. Develop a Pollock Housing Incentive Program
13. Promote commercial rehabilitation and development

Rental Housing Development

Findings: The City of Pollock has one rental project. The Project is an eight-unit USDA Rural Development project constructed in approximately 1990. The project includes four one-bedroom and four two-bedroom units. The project currently has one vacancy, however, the manager reported that the project is usually fully occupied. All tenants have access to rent assistance that allows rent based on 30% of income.

Although there is no demand for rental housing from household growth, limited pent-up demand and a significant number of vacant housing units in the City, we are recommending three to four new rental housing units in Pollock over the next five years. This recommendation is based on the lack of new rental housing in the City that has 'State of the Art' amenities. Seniors and workers moving into the City have very limited rental options. We are also recommending the conversion of vacant homes into rental units. We are also recommending the development of additional rental housing utilizing existing homes in the City.

1. Develop three to four general occupancy market rate rental units

Findings: Pollock does not have a market rate rental project. There are no rental units in Pollock that have 'State of the Art' amenities.

From 2010 to 2015, there is a projected decrease of seven to 12 households in Pollock and Campbell County is projected to lose 15 to 17 households. However, the number of Campbell County households in the 55 to 64 age range is expected to increase by 15 to 27 households by the year 2015. While this projection is for overall growth in Campbell County, Herreid has the potential to capture a share of this growth. Many of the households in this age range will prefer to rent and have incomes that are too high to qualify for subsidized rental housing.

Recommendation: We recommend that the City of Pollock consider the development of three to four market rate rental housing units. Twin home or town house units would be the preferred style, to cater to active renter households.

The first option to developing market rate housing would be to encourage a private developer to undertake the project. However, for multiple reasons, it has been difficult for private developers to construct market rate housing in small cities. If a private developer does not come forward, the City of Pollock could utilize essential function bonds to construct additional market rate units.

Essential function bonds are governed by State law and would require compliance with locally-defined income limits for tenants.

Potentially, the City of Pollock could partner with a private developer to construct additional units. The City could assist with land donations, tax increment financing, reduced water and sewer hook up fees, etc. Additionally, housing vouchers could be utilized by households renting the units if they meet income requirements and the rents are at or below fair market rents. Currently, fair market rents are \$635 for a two-bedroom and \$876 for a three-bedroom unit.

We recommend the development of three to four twin home or town house style units and the unit mix and rents should be as follows:

Recommended unit mix, sizes and rents for the Pollock Market Rate Housing Project:

<u>Unit Type</u>	<u>No. of Units</u>	<u>Size/Sq. Ft.</u>	<u>Rent</u>
Two Bedroom	2-3	950-1,050	\$650-\$700
Three Bedroom	<u>1-1</u>	1,150-1,250	\$850-\$900
Total	<u>3-4</u>		

Note: Rents are quoted in 2013 dollars and include utilities.

It will be necessary to keep the rent structure at or below the rent limits for the Housing Voucher Program. This would allow renter households to participate in the Housing Voucher Program and expand the number of households that could afford to the proposed rents.

2. Utilize vacant and seasonal homes for rental housing

Findings: In addition to the market rate new units, we are recommending the utilization of vacant homes for affordable rental housing development. Dairiconcepts, a major employer, is located in Pollock and has full and part-time employees. Some of these employees as well as other workers will look for housing in the Pollock area.

According to the 2010 U.S. Census, there are 15 vacant homes and 49 seasonal homes in Pollock.

Recommendation: We recommend that Pollock coordinate with private rental property owners, regional housing agencies and local financial institutions to acquire vacant and/or seasonal homes for rental housing. Converting one vacant house annually into affordable rental housing would be a realistic goal.

Private rental property owners could utilize funding from housing agencies and financial institutions to purchase and rehabilitate the homes. Potential funding sources include USDA Rural Development, the South Dakota Housing Development Authority and the Federal Home Loan Bank. Grow South Dakota and HAPI, Inc., are two regional housing agencies that could potentially assist with coordinating this project.

Additionally, housing vouchers may be available to assist the eligible rental households with the rent.

3. 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.

Based on the research for this study, it appears that the Housing Choice Voucher Program is an underutilized form of subsidized housing in Pollock. 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.

The Housing Choice Voucher Program is administered in Campbell County by the Mobridge Housing Authority. The Mobridge Housing Authority has the ability to issue approximately 150 Vouchers, but nearly 50 Vouchers are currently unused and available.

Recommendation: The Moberge Housing Authority should work with the City of Pollock to assure that Pollock receives its share of Housing Choice Vouchers and that tenants are aware of the program. Currently, the Housing Choice Voucher program is underutilized and approximately 50 vouchers are available for households in a multi-county area.

Also, Moberge Housing Authority staff has indicated that potentially housing vouchers could be project based. Therefore, a rental project could be constructed in Pollock and housing vouchers could be set aside and assigned to this specific project.

Home Ownership

Findings: Expanding home ownership opportunities is a primary goal for most cities. High rates of home ownership promote stable communities and strengthen the local tax base. The median owner-occupied home value in Pollock is estimated to be \$31,000 based on sales activity from 2008 to 2012. The home values in Pollock provide an excellent market for first time buyers and households seeking moderately priced homes.

Our analysis of Campbell County demographic trends shows an increasing number of households in the traditionally strong home ownership age range between 55 and 64 years old. Households in this age range tend to be predominantly home owners and form a market for higher priced and trade-up housing. The other age ranges are projected to lose households or will remain relatively stable. Some households in these 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:

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

Findings: We believe that affordable home ownership is one of the issues facing Pollock 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 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: Pollock should work with area housing agencies, the South Dakota Housing Development Authority and local financial institutions to utilize all available home ownership assistance programs. Private and non-profit agencies should also be encouraged to provide home ownership opportunities.

The City should also work with housing agencies to assure the City of Pollock is receiving its share of resources that are available in Campbell County and 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 in the Region.

5. Develop a Purchase/Rehabilitation Program

Findings: Pollock has a large stock of older, lower valued homes, many of which need repairs. Our analysis of recent sales activity indicates that most of the homes in Pollock are valued under \$75,000. 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 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 and a subsidy may be needed to fill the gap. Although a public subsidy may be involved, the cost to rehab and sell an existing housing unit are generally lower than the subsidy required to provide an equally affordable unit through new construction.

Recommendation: We recommend that the City of Pollock 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, the large majority of survey respondents who were renters indicated an interest in buying a home in need of repair if rehabilitation assistance was also available.

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

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

Single Family Housing Development

Findings: Pollock has experienced limited single family housing development since 2000. Over the past 13 years, two modular single family homes have been moved in to the City.

Household projections for Pollock expect a loss of seven to 12 households and, thus, limited demand for owner-occupied housing construction. Growth is anticipated over the next five years among Campbell County households in the 55 and 64 year old age range. Households in these age ranges tend to be predominantly home owners, and form a market for higher priced and trade-up housing.

Our projections also expect Campbell County's number of households in the 25 to 34 age range to remain relatively stable over the next five years. Many households in this age range are first-time home buyers and may be in the market for new affordable homes.

We are projecting that two homes will be constructed or moved in over the next five years from 2013 to 2018. This projection is based on multiple factors, including the projected loss of households, the limited supply of in-fill lots, the lack of new construction over the past 13 years, and the current low property values in Pollock.

6. Lot availability and development

Findings: As part of this Study, we attempted to identify the inventory of available residential lots for single family housing construction in Pollock. Buildable lots are defined as having sewer and water available to the lots. There are no new lots or subdivisions in the Town, however, there are several in fill lots available throughout the community.

Recommendation: We use a standard that a 2.5-year supply of lots should be available in the marketplace, based on annual lot usage. Using our projections that two houses will be constructed or moved in over the next five years, there currently is an adequate supply of in fill lots in Pollock and these lots can meet demand.

7. Coordinate with housing agencies and nonprofit groups to construct affordable housing

Findings: There are several housing agencies and non-profit groups that may have the capacity to construct new housing for low and moderate income households including Homes are Possible, Inc., and Grow South Dakota. However, due to the downturn in the housing economy, most housing agencies have cut back on new housing production.

Recommendation: We encourage the City of Pollock to actively work with housing agencies or non-profit groups to develop affordable housing.

As the housing economy improves and home values increase, a housing agency or non-profit may become involved in new affordable home construction production in Pollock. However, a housing agency or non-profit will not construct housing in Pollock until it is confident that the City's home values can support new construction

Additionally, the City should work with housing agencies to market Governors Homes.

Housing Rehabilitation

Findings: Pollock 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 opportunities. Existing units generally sell at a discount to their replacement value. Units that are not maintained and improved may slip into disrepair and be lost from the housing stock. Efforts and investment in housing rehabilitation activities will be critical to offering affordable housing opportunities.

It is our opinion that the City of Pollock and area housing agencies will need to make housing rehabilitation a priority in the future. Housing options for households at or below the median income level will largely be met by the existing, more affordable housing stock. As this existing stock 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.

8. Promote rental housing rehabilitation

Findings: Pollock has rental properties that need repair. Our condition analysis identified several substandard rental units. The rental units in need of repair are primarily single family homes. 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 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, the South Dakota Housing Development Authority and the Federal Home Loan Bank.

9. Promote owner-occupied housing rehabilitation efforts

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

Our 2012 housing condition survey of 162 Pollock homes found 62 homes that need minor repairs and 46 homes that need major repairs. Without rehabilitation assistance, there is the potential that the affordable housing stock will shrink in Pollock.

Recommendation: We recommend that Pollock and area housing agencies seek local, state and federal funds to assist in financing housing rehabilitation. USDA Rural Development, the South Dakota Housing Development Authority and the Federal Home Loan Bank, are potential funding sources.

Currently, Grow South Dakota and Homes are Possible, Inc., are implementing owner occupied housing rehabilitation programs in Pollock and Campbell County. Households that meet eligibility requirements are eligible for a deferred loan to rehabilitate their homes. Deferred loans do not have to be paid back if the households lives in the rehabilitated home for a stipulated amount of time after the rehabilitation is completed. We encourage Pollock and Campbell County households to utilize these programs.

Other Housing Initiatives

10. Acquire and Demolish Dilapidated Structures

Findings: Our housing condition survey identified that of the 162 homes in Pollock, a total of six homes are dilapidated and too deteriorated to rehabilitate. We also identified 31 homes as needing major repair and several of these homes may be too dilapidated to rehabilitate. Also, City of Pollock personnel identified dilapidated homes in the City. To improve the quality of the City's housing stock and to maintain the appearance of the community, these structures should be demolished. In the past, the City has worked with property owners to demolish several dilapidated structures. Some cities are adopting ordinances that cities the authority to require property owners to demolish vacant, dilapidated homes.

Recommendation: The City should continue to work with property owners to demolish severely dilapidated structures. 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.

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

Findings: Pollock will need staff resources in addition to existing city personnel and volunteers to plan and implement many of the housing recommendations advanced in this Study. The City has access to the Mobridge Housing Authority, the Northeast Council of Governments, Grow South Dakota, Homes are Possible, Inc., the USDA Rural Development Office and the South Dakota Housing Development Authority. These agencies all have experience with housing and community development programs.

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

It will also be important for the City 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 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.

12. Develop City of Pollock Housing Incentive Program

Findings: With the lack of new home construction in the City of Pollock, the significant number of existing homes that need rehabilitation and the number of vacant and seasonal homes, we recommend that the City consider Incentive Programs for the following:

- ▶ Purchasing an existing home
- ▶ Remodeling an existing home
- ▶ Construction of a new home

Recommendation: The Incentives could include:

- ▶ Free water and sewer for a period of time
- ▶ Permit and hook up fees waived
- ▶ Discounts at area businesses
- ▶ Reduced lot prices
- ▶ Cash payment - Herreid has developed an Incentive Program that provides up to \$5,000 to a household that constructs or purchases a home in Herreid.

13. Promote Commercial Rehabilitation and Development

Findings: The City of Pollock's commercial district is in good condition, however, there are several substandard commercial buildings in Pollock.

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 Pollock and Campbell County Economic Development work with commercial property and business owners to rehabilitate their buildings. Also, new businesses should continue to be encouraged to locate in Pollock.

The City of Pollock and the Pollock Economic Development should be encouraged to seek funding to assist property owners with rehabilitating their commercial buildings. A goal of one commercial rehab project annually in Pollock would be a realistic goal.

Employment and Local Economic Trends Analysis

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

Employment opportunities may be provided by a broad range of private and public business sectors. Jobs may be available in manufacturing, commercial services, agriculture, public administration, and other industries. The type of employment, wage level, and working conditions will each influence the kind of housing that is needed and at what level of affordability.

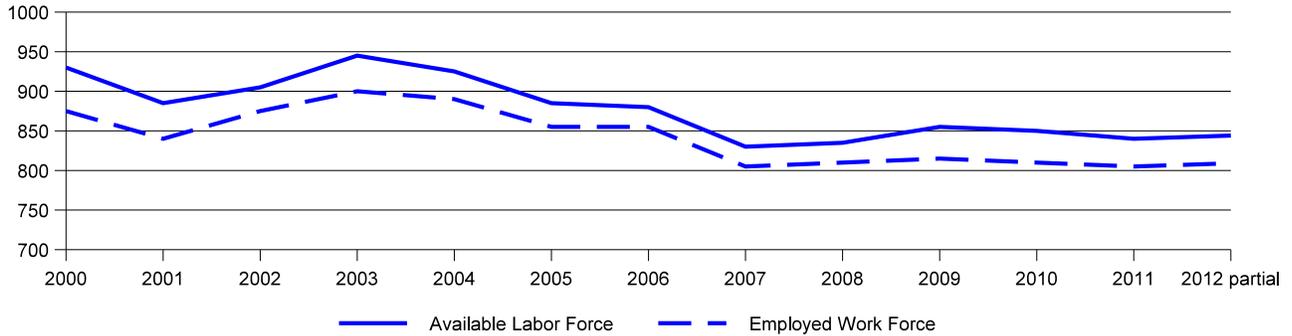
Employment information is available at the County level for Campbell County. The labor force statistics track people by place of residence, rather than place of employment.

Table 27 County Average Annual Labor Force: 2000 to 2012*						
Year	Labor Force	Employed	Unemployed	Unemployment Rate - County	Unemployment Rate - SD	Unemployment Rate - US
2000	930	875	55	5.8%	2.7%	4.0%
2001	885	840	45	4.9%	3.1%	4.7%
2002	905	875	30	3.5%	3.3%	5.8%
2003	945	900	45	4.8%	3.5%	6.0%
2004	925	890	35	3.9%	3.7%	5.6%
2005	885	855	30	3.6%	3.7%	5.1%
2006	880	855	25	2.9%	3.1%	4.6%
2007	830	805	25	3.2%	2.9%	4.6%
2008	835	810	25	2.9%	3.0%	5.8%
2009	855	815	40	4.5%	5.2%	9.3%
2010	850	810	40	4.6%	5.0%	9.6%
2011	840	805	35	4.2%	4.7%	8.9%
2012*	844	809	35	4.1%	4.4%	8.3%

Source: South Dakota Department of Labor

* 2012 information is for January through September

Campbell County Labor Force and Employed Work Force



Over the past 13 years, there has been a gradual reduction in the size of the area’s labor force and employed work force. Between 2000 and 2011, the size of the labor force decreased by 90 people, or 9.7%. The employed work force decreased by 70 people, or 8.0% during this same time period.

However, over the last five years, statistics for the County have been more stable. When 2007 is compared to 2012 (partial year), the available labor force has increased by 14 people, and the employed work force has increased by 4 people.

The County’s unemployment rate for the first nine months of 2012 was at 4.1%, less than one-half of the national rate. The County’s unemployment rate has also been lower than the Statewide rate since 2008.

Average Annual Wages by Industry Sector

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

Table 28 County Average Annual Wages by Industry Detail: 2011		
Industry	2011 Employment	2011 Average Annual Wage
Total All Industry	464	\$27,410
Natural Resources, Mining	76	\$36,284
Construction	7	\$24,191
Manufacturing	42	\$38,726
Trade, Transportation, Utilities	158	\$22,726
Information	N/A	N/A
Financial Activities	22	\$44,842
Professional and Business Services	N/A	N/A
Education and Health Services	24	\$20,814
Leisure and Hospitality	14	\$4,259
Other Services	N/A	N/A
Government	93	\$21,804

Source: South Dakota Department of Labor

The average annual wage for all industry in 2011 was \$27,410. The highest paying wage sectors were Financial Activities and Manufacturing, both with an annual average wage above \$38,000.

The lowest paying wage sector was Leisure and Hospitality, with an average annual wage of only \$4,259.

Major Employers in Campbell County

The Community Profile for Campbell County lists the following major employers with 10 or more employees. This information is from the Governor’s Office of Economic Development website.

- ▶ Dairiconcepts - Pollock 50 employees
- ▶ Campbell County - Mound City 20 employees
- ▶ Campbell County Bank - Herreid 15 employees
- ▶ Valley Telco - Herreid 15 employees
- ▶ Pollock Transportation - Pollock 12 employees
- ▶ Herreid Livestock Sales, Inc. - Herreid 10 employees
- ▶ NorthCentral Farmers Elevator - Herreid 10 employees

Source: Governor’s Office of Economic Development

There may be additional employers that are not listed, including the local School District.

Commuting Patterns of Area Workers

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

Table 29 Commuting Times for Residents - 2010			
Travel Time	Herreid Number/Percent	Pollock Number/Percent	Mound City Number/Percent
Less than 10 minutes	136 / 72.7%	55 / 52.9%	16 / 48.5%
10 to 19 minutes	23 / 12.3%	17 / 16.3%	16 / 48.5%
20 to 29 minutes	19 / 10.2%	11 / 10.6%	0 / 0%
30 minutes +	9 / 4.8%	21 / 20.2%	1 / 3.0%
Total	187	104	33

Source: 2010 American Community Survey 5-year estimates

The large majority of Campbell County residents were commuting less than 20 minutes to work in 2010. Overall, 85% of Herreid residents and 97% of Mound City residents commuted less than 20 minutes to work. Pollock had the largest percentage of longer-distance commuters, with nearly 21% of its residents commuting 20 minutes or more.

Agencies and Resources

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

Grow South Dakota (also known as NESDCAP/NESDEC)

104 Ash Street East
Sisseton, SD 57262
(605) 698-7654
Contact: Marcia Erickson

Homes are Possible, Inc. (HAPI)

318 South Main Street
Aberdeen, SD 57401
(605) 225-4274
Contact: Jeff Mitchell, Executive Director

Mobridge Housing Authority

116 4th Street West, #5
Mobridge, SD 57601
(605) 845-2560

Northeast Council of Governments

P.O. Box 1985, 2201 6th Avenue SE, Suite 2
Aberdeen, SD 57402
(605) 626-2595
Contact: Ted Dickey, Program Coordinator

USDA Rural Development

1717 North Lincoln Avenue
Pierre, SD 57501
(605)224-8870, Ext. 4
Contact: Clark Guthmiller, Area Specialist

South Dakota Housing Development Authority

3060 East Elizabeth Street
Pierre, SD 57501
(605) 773-3181
Contact: Mark Lauseng, Executive Director