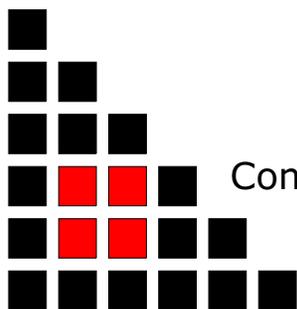


# City of Harrisburg HOUSING STUDY

August 2014

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



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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 Harrisburg are privately owned and were constructed with private funds. On an increasing scale, however, the public is demanding that public officials control what happens in this largely private housing market by eliminating blight, protecting individual investments, and generating new housing growth to meet economic development needs.

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

## 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 from March to July 2014. Data sources included:

- U.S. Census Bureau
- American Community Survey
- ESRI, Inc.
- Nielson Company
- Records and data from the City
- Records and data maintained by Lincoln County
- South Dakota State Data Center
- Interviews with City officials and staff from the City
- Area and State housing agencies
- Interviews with developers and housing stakeholders
- Rental property surveys
- Housing condition survey

**Limitations**

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

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## **Demographic Data Overview**

### **Sources of Data**

The following pages contain demographic data obtained from a variety of local, state and national sources for the City of Harrisburg and Lincoln 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 2012 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 2012 estimates were derived from sampling that was done over a five-year period, between 2008 and 2012. Unless otherwise noted, the American Community Survey estimates are based on the five-year survey data.

The State of South Dakota has contracted with ESRI, Inc., a private company based in California that generates demographic and projection data. Community reports from ESRI are available on the website maintained by the Governor's Office of Economic Development. The ESRI current-year estimates and projections have also been included.

Community Partners Research, Inc., also acquired some demographic reports from the Nielson Company (formerly known as Claritas). The estimates and projections from Nielson have also been provided for Harrisburg.

## Population Data and Trends

<b>Table 1 Population Trends - 1980 to 2013</b>							
	1980 Census	1990 Census	2000 Census	% Change 1990-2000	2010 Census	% Change 2000-2010	2013 Estimate
Harrisburg	558	727	958	31.8%	4,089	326.8%	4,861
Lincoln Co.	13,942	15,427	24,131	56.4%	44,828	85.8%	49,858

Source: U.S. Census Bureau

- ▶ According to the 2010 U.S. Census, the City of Harrisburg and Lincoln County both had very significant population gains from 2000 to 2010. Harrisburg’s population was 4,089 in 2010. This was a 3,131-person increase from 2000, which was a population gain of 326.8%.
- ▶ Lincoln County’s population was 48,828 in 2010. This was a 20,697-person increase from 2000, which was a population gain of 85.8%.
- ▶ Harrisburg and Lincoln County also experienced significant population increases in the 1990s. Harrisburg’s population increased by 231 people and Lincoln County’s population increased by 8,704 people.
- ▶ The Census Bureau has released population estimates following the 2010 Census. The most recent estimates were effective on July 1, 2013. The City’s estimated population was at 4,861 people, up by 772 residents from the 2010 Census. For all of Lincoln County, the 2013 estimate showed the County adding 5,030 residents from 2010 to 2013.
- ▶ ESRI, a private data reporting service used by the State of South Dakota, estimates the population in Harrisburg 4,681 people in 2014, 180 people lower than the 2013 Census Bureau estimate. ESRI also has a conservative estimate for Lincoln County, with 49,970 residents in 2014, only slightly higher than the Census Bureau’s 2013 estimate.
- ▶ Harrisburg’s population is primarily White and non-Hispanic/Latino. At the time of the 2010 Census, almost 97% of the City’s residents identified their race as White. The Native American population represented 0.5%, the Asian population represented 0.3% and the Black/African American population represented 0.2% of the City’s total population. Approximately 1.3% of residents were identified as Hispanic/Latino.
- ▶ According to the 2010 Census, Harrisburg had no residents living in group quarters.

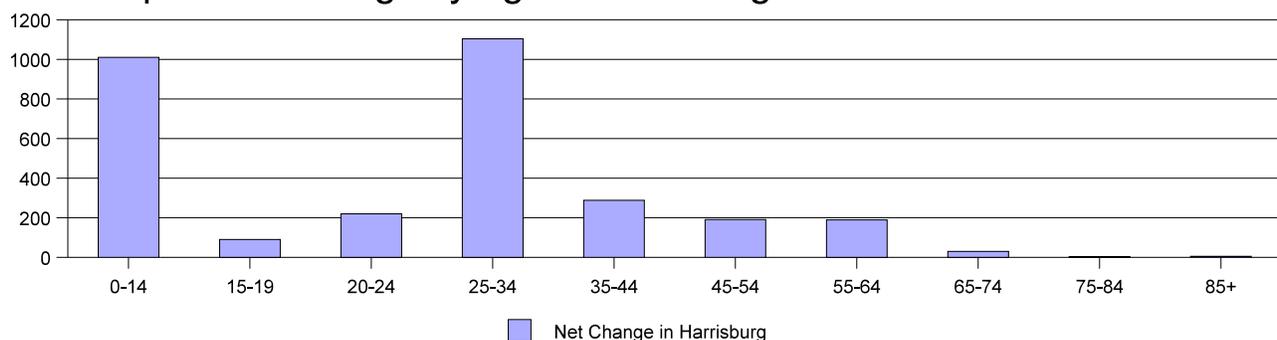
## Population by Age Trends: 2000 to 2010

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

<b>Table 2 Population by Age - 2000 to 2010</b>						
Age	Harrisburg			Lincoln County		
	2000	2010	Change	2000	2010	Change
0-14	268	1,278	1,010	5,948	11,543	5,595
15-19	76	166	90	1,755	2,503	748
20-24	64	284	220	1,294	2,326	1,032
25-34	162	1,266	1,104	3,466	7,781	4,315
35-44	192	480	288	4,238	6,481	2,243
45-54	123	314	191	3,248	5,808	2,560
55-64	31	220	189	1,666	4,354	2,688
65-74	23	53	30	1,204	2,139	935
75-84	16	20	4	903	1,257	354
85+	3	8	5	409	636	227
Total	958	4,089	3,131	24,131	44,828	20,697

Source: U.S. Census

**Population Change by Age in Harrisburg Between 2000 and 2010**



The City of Harrisburg had population gains in all age ranges. The most significant population gains were in the 0 to 14 age range, which added 1,010 people, and the 25 to 34 age range, which gained 1,104 people. Overall, the 44 and younger age ranges gained 2,712 people and the 45 and older age ranges added 419 people.

Lincoln County's strongest gains were also in the 0 to 14 and 25 to 34 age ranges. Lincoln County's 44 and younger age ranges added 13,933 people and the 45 and older age ranges added 6,764 people from 2000 to 2010.

## Population Projections

The following table presents population projections using different sources. The Nielson Company and ESRI, Inc., two private data companies, have provided population projections for Harrisburg. ESRI, Inc., and the South Dakota Data Center have provided population projections for Lincoln County.

<b>Table 3 Population Projections Through 2020</b>				
	2010 Census Population	2014 Estimates Nielson/ESRI	2019 Projections Nielson/ESRI	2020 Projection State Data Center
Harrisburg	4,089	4,647 / 4,681	5,228 / 5,784	N/A
Lincoln Co.	44,828	49,970	59,208	62,170

Source: U.S. Census; Nielson Company; ESRI, Inc.; State Data Center

- ▶ The Nielson Company and ESRI, Inc., have both generated 2014 population estimates for Harrisburg. While these 2014 estimates are generally similar and show the City adding between 500 and 600 residents since the year 2010, both are lower than the recently released 2013 Census Bureau estimate for Harrisburg.
- ▶ Nielson and ESRI base their 2019 population projections for Harrisburg from their 2014 current-year estimate. Nielson projects that the City will add 581 people between 2014 and 2019. ESRI has a much higher forecast, expecting Harrisburg to add 1,103 people from 2014 to 2019. Given the rapid growth that Harrisburg has been experiencing in recent decades, the ESRI projection is viewed as a more reliable indicator of the City’s growth potential over the next five years.
- ▶ The ESRI projection for all of Lincoln County has also been reviewed. ESRI projects that the County will add 9,238 people from 2014 to 2019. Projections from the South Dakota State Data Center expect even more growth for Lincoln County, with an expected gain of 8,803 people from 2010 to 2015 and 8,539 people from 2015 to 2020.
- ▶ Due to the significant changes that can occur in the growth of a smaller city, Community Partners Research, Inc., typically uses a five-year projection time frame. Continued growth in Harrisburg will dependent upon many factors, including economic growth, land availability, utility expansion, and competition from surrounding cities, among others. However, the City of Harrisburg has requested longer-term information. Community Partners Research, Inc., projections expect 7,446 people by 2025, 8,831 people by 2030, and 10,216 people by the year 2035. These projections are more conservative than other forecasts that exist.

## Household Data and Trends

<b>Table 4 Household Trends - 1980 to 2010</b>						
	1980 Households	1990 Households	2000 Households	% Change 1990-2000	2010 Households	% Change 2000-2010
Harrisburg	182	228	315	3.8%	1,423	351.7%
Lincoln Co.	4,785	5,461	8,782	60.8%	16,649	89.6%

Source: U.S. Census

- ▶ According to the 2010 U.S. Census, both Harrisburg and Lincoln County gained a significant number of households from 2000 to 2010. Harrisburg had 1,423 households in 2010. This was an increase of 1,108 households from 2000, which was a household gain of 351.7%.
- ▶ Lincoln County had 16,649 households in 2010. This was a gain of 7,867 households from 2000, which was a household increase of 89.6%.
- ▶ No household estimates have been released by the Census Bureau following the 2010 Census, other than those contained in the American Community Survey.
- ▶ Harrisburg and Lincoln County also experienced household gains during the 1990s, Harrisburg gained 87 households and Lincoln County gained 3,321 households from 1990 to 2000.
- ▶ A 2014 household estimate is available from both the Nielson Company and ESRI, Inc. Nielson estimates that there are 1,618 households in the City in 2014, up by 195 households from the 2010 Census. ESRI estimates that there are 1,646 households in the City in 2014, up by 223 households from the 2010 Census. As stated previously, the 2014 population estimates from both Nielson and ESRI are lower than the 2013 population estimate from the Census Bureau. It is therefore possible that the household estimates from these same sources are too low.
- ▶ ESRI has also generated a 2014 household estimate for Lincoln County. This shows 18,661 households Countywide in 2014, up by 2,012 households from the 2010 Census.

## Household by Age Trends: 2000 to 2010

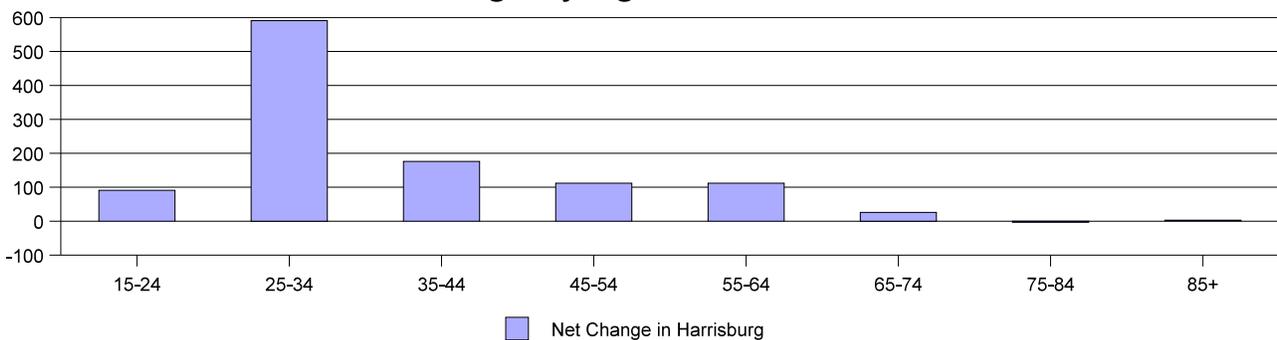
The 2010 Census allows for some analysis of Harrisburg and Lincoln County’s changing age patterns. The following table compares households by age of householder in 2000 and 2010, along with the numeric changes.

Table 5 Households by Age - 2000 - 2010						
Age	Harrisburg			Lincoln County		
	2000	2010	Change	2000	2010	Change
15-24	18	109	91	441	840	399
25-34	81	672	591	1,738	3,977	2,239
35-44	101	277	176	2,277	3,539	1,262
45-54	66	178	112	1,793	3,259	1,466
55-64	21	133	112	967	2,492	1,525
65-74	13	39	26	705	1,303	598
75-84	12	9	-3	628	821	193
85+	3	6	3	233	418	185
Total	315	1,423	1,108	8,782	16,649	7,867

Source: U.S. Census

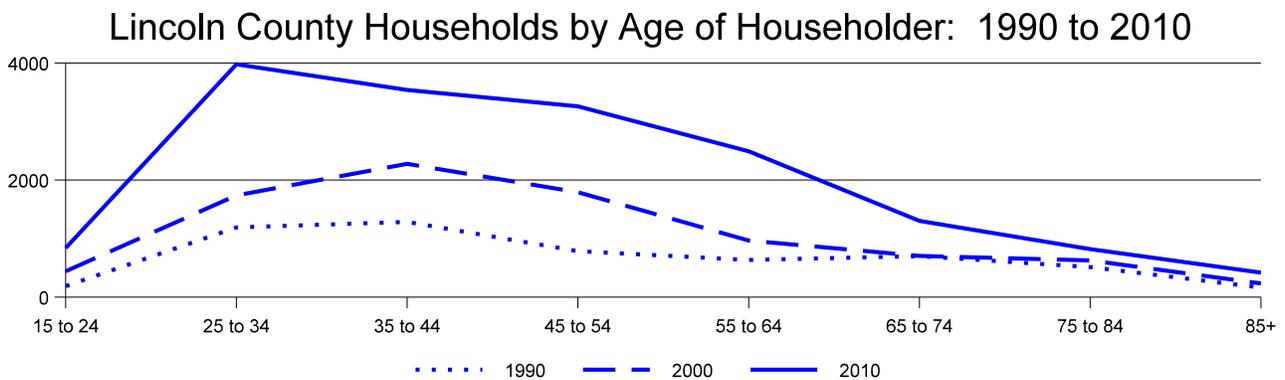
Harrisburg had increases in all age ranges with the exception of the 75 to 84 age range which had a loss of three households. Harrisburg had a gain of 858 households in the 44 and younger age ranges and a net gain of 250 households in the 45 and older age ranges.

Household Change by Age Between 2000 and 2010



Lincoln County had gains in all of the age ranges. The County had a gain of 3,900 households in the 44 and younger age ranges and a gain of 3,967 households in the 45 and older age ranges.

It is possible to track the progression of the households over the past 20 years in Lincoln County, using Census information for households by the age of householder. With the large-scale growth that has been occurring in Lincoln County, households have been added in all age ranges. However, growth has been especially strong in the younger age ranges, particularly households in the 25 to 34 year old age group.



## Average Household Size

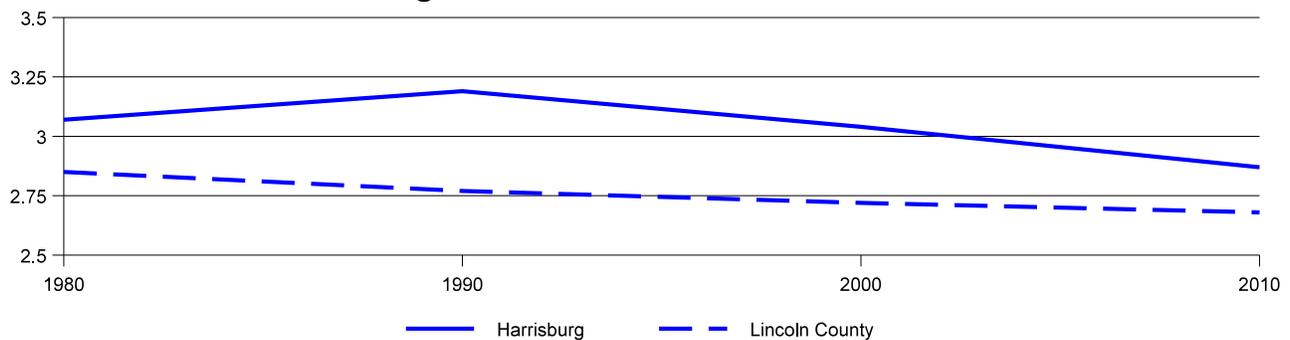
The following table provides decennial Census information on average household size.

<b>Table 6 Average Number of Persons Per Household: 1990 to 2010</b>				
	1980 Census	1990 Census	2000 Census	2010 Census
Harrisburg	3.07	3.19	3.04	2.87
Lincoln County	2.85	2.77	2.72	2.68
South Dakota	2.74	2.59	2.50	2.42

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 Harrisburg has decreased from 1980 to 2010. Harrisburg’s average household size has increased from 3.07 in 2000 to 2.87 in 2010. Although the average household size has decreased, it is still very large in comparison to other South Dakota cities.

Lincoln County’s average household size decreased from 2.85 in 1980 to 2.68 in 2010. Lincoln County’s average household size has consistently remained above the Statewide average.

## Household Projections

The Nielson Company and ESRI, Inc., two private data companies, have provided household projections for Harrisburg. ESRI, Inc., has also provided household projections for Lincoln County.

The following table shows the 2010 Census count for households, the 2014 estimates from both companies, and their projections for the five-year period from 2014 to 2019.

<b>Table 7 Household Projections Through 2019</b>					
	2010 Census	Nielson Company		ESRI	
		2014 Estimate	2019 Projection	2014 Estimate	2019 Projection
Harrisburg	1,423	1,618	1,821	1,646	2,040
Lincoln Co.	16,649	N/A	N/A	18,661	22,184

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

- ▶ The Nielson Company and ESRI, Inc., projections expect significant household gains for Harrisburg and Lincoln County.
- ▶ The more conservative projection for Harrisburg is from the Nielson Company, but they still expect the City to add 203 households from 2014 to 2019.
- ▶ ESRI, Inc., the source used by the Governor’s Office of Economic Development, expects Harrisburg to add 394 households from 2014 to 2019. At an annual average, this would be approximately 79 households per year.
- ▶ ESRI projects that all of Lincoln County will add 3,523 households from 2014 to 2019, or approximately 705 households in an average year.

## Household by Age Projections to 2019

With the release of the 2010 Census, a new benchmark has been established for the City of Harrisburg age-related statistics. In the following table, Community Partners Research, Inc., has generated age-based household projections for Harrisburg to the year 2019 based on ESRI, Inc.'s, population by age projections. The projections were created by Community Partners Research, Inc., by trending forward past retention rates within defined age cohorts, and assuming that these past patterns are reasonable predictors of future age-based population changes.

The projections assume that historical household formation and household size patterns will continue into the near-future. If the City gains population at a rate that is different than past patterns would suggest, traditional age-based forecasts could be altered.

<b>Table 8 Harrisburg Projected Households by Age - 2010 to 2019</b>			
Age Range	2010 Census	Community Partner Research, Inc.	
		2019 Projection	Change from 2010 to 2019
15-24	109	113	4
25-34	672	517	-155
35-44	277	764	487
45-54	178	261	83
55-64	133	207	74
65-74	39	149	110
75-84	9	21	12
85+	6	8	2
<b>Total</b>	<b>1,423</b>	<b>2,040</b>	<b>617</b>

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

All of the age ranges are projected to gain households from 2010 to 2019, with the exception of the 25 to 34 age range, which is projected to lose 155 households. The highest growth is projected in the 35 to 44 age range, which is expected to gain 487 households.

The 75 and older age ranges are expected to gain only 14 households and the youngest age range, 15 to 24, is expected to gain only four households. However, the 45 to 74 age ranges are expected to gain 262 households.

## Households by Type

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

<b>Table 9 Harrisburg Household Composition - 2000 to 2010</b>			
	2000 Census	2010 Census	Change
Family Households			
Married Couple with own children	138	567	429
Single Parent with own children	29	171	142
Married Couple without own children	84	358	274
Family Householder without spouse	13	37	24
<b>Total Families</b>	<b>264</b>	<b>1,133</b>	<b>869</b>
Non-Family Households			
Single Person	34	189	155
Two or more persons	17	101	84
<b>Total Non-Families</b>	<b>51</b>	<b>290</b>	<b>239</b>

Source: U.S. Census

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

The City also had a significant increase in “non-family” households. This was due to both an increase in single person households and unrelated individuals living together.

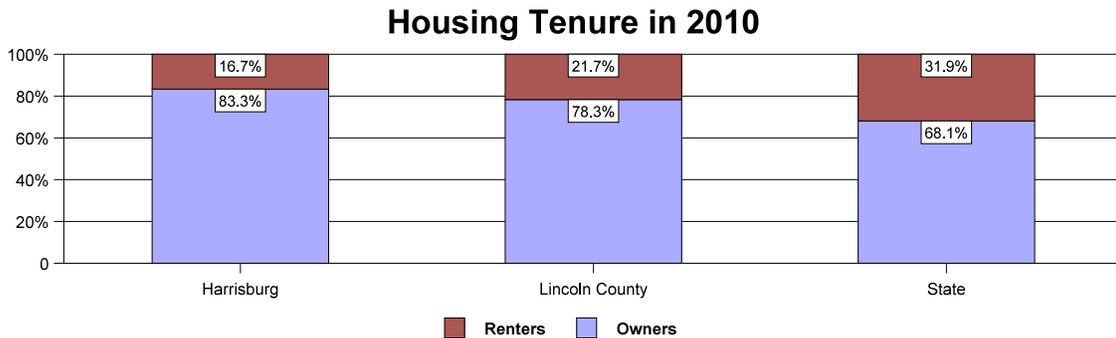
## Housing Tenure

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 for the City of Harrisburg and Lincoln County.

<b>Table 10 Household Tenure - 2010</b>				
	Number of Owners	Percent of all Households	Number of Renters	Percent of all Households
Harrisburg	1,185	83.3%	238	16.7%
Lincoln Co.	13,042	78.3%	3,607	21.7%
State	-	68.1%	-	31.9%

Source: U.S. Census

According to the 2010 Census, the ownership tenure rate in the City of Harrisburg was 83.3%. Lincoln County’s ownership rate was 78.3%. Harrisburg’s rental tenure rate of 16.7% is significantly below the State rental tenure rate of 31.9%.



<b>Table 11 Households by Housing Tenure - 2000 to 2010</b>						
Tenure	Harrisburg			Lincoln County		
	2000	2010	Change	2000	2010	Change
Owners	268/85.1%	1,185/83.3%	917	6,995/79.7%	13,042/78.3%	6,047
Renters	47/14.9%	238/16.7%	191	1,787/20.3%	3,607/21.7%	1,820
Total	315	1,423	1,108	8,782	16,649	7,867

Source: U.S. Census

Harrisburg’s ownership tenure rate decreased over the last decade, from 85.1% in 2000 to 83.3% in 2010. For Lincoln County, there was also a decrease in the rate of owner households between 2000 and 2010. The ownership tenure rate decreased from 79.7% in 2000 to 78.3% in 2010.

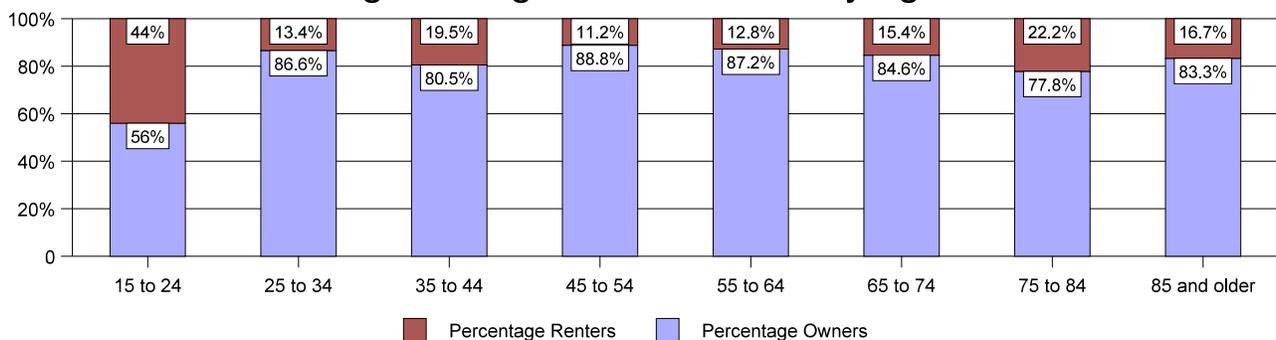
## Tenure by Age of Householder

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

Table 12 Harrisburg Tenure by Age of Householder - 2010				
Age	Owners		Renters	
	Number	Percent within age	Number	Percent within age
15-24	61	56.0%	48	44.0%
25-34	582	86.6%	90	13.4%
35-44	223	80.5%	54	19.5%
45-54	158	88.8%	20	11.2%
55-64	116	87.2%	17	12.8%
65-74	33	84.6%	6	15.4%
75-84	7	77.8%	2	22.2%
85+	5	83.3%	1	16.7%
Total	1,185	83.3%	238	16.7%

Source: U.S. Census

Harrisburg Housing Tenure Patterns by Age in 2010



Within the defined age ranges, the 15 to 24 age range had the highest percentage of rental housing. Approximately 44% of households age 24 and younger rented their unit. Home ownership rates for all of the other 10-year age cohorts were above 77%.

## Tenure by Household Size

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

<b>Table 13 Harrisburg Tenure by Household Size - 2000 to 2010</b>						
Household Size	Owners			Renters		
	2000	2010	Change	2000	2010	Change
1-Person	21	124	103	13	65	52
2-Person	70	378	308	15	72	57
3-Person	67	304	237	9	54	45
4-Person	72	238	166	8	32	24
5-Person	33	108	75	2	6	4
6-Person	4	25	21	0	6	6
7-Persons+	1	8	7	0	3	3
Total	268	1,185	917	47	238	191

Source: U.S. Census

- ▶ Over the past decade, there was a significant increase in the number of owner and renter households in Harrisburg. There was an increase of 917 owner households. There was an increase of 103 one-person owner households, 308 two-person owner households, 237 three-person households and 166 four-person households. There was also an increase of 103 owner households with five or more people per household.
- ▶ There was an increase of 191 renter households in Harrisburg from 2000 to 2010. There was a gain of 52 one-person renter households, 57 two-person households and 45 three-person households. There was also a gain of 37 renter households with four or more people.
- ▶ Approximately 58% of the renter households in Harrisburg are one or two person households.

## 2012 Income Data

The 2010 Census did not collect information on household income. However, estimates are available at the city and county level through the 2012 American Community Survey.

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

<b>Table 14 Median Household Income - 2000 to 2012</b>			
	2000 Median	2012 Median	% Change
Harrisburg	\$51,196	\$69,838	36.4%
Lincoln County	\$48,338	\$73,340	51.7%
South Dakota	\$35,271	\$49,091	39.2%

Source: U.S. Census; 2012 ACS 5-year survey

<b>Table 15 Median Family Income - 2000 to 2012</b>			
	2000 Median	2012 Median	% Change
Harrisburg	\$54,792	\$67,623	23.4%
Lincoln County	\$55,401	\$82,540	49.9%
South Dakota	\$43,237	\$62,905	45.5%

Source: U.S. Census; 2012 ACS 5-year survey

Information contained in the 2012 American Community Survey shows local income levels and income growth over the past decade. Both the median household income and the median family income for Harrisburg and Lincoln County were above the respective medians for all of South Dakota. However, the percentage increases for Harrisburg income levels were lower than the overall South Dakota percentage increases.

Family household incomes are usually higher than the overall household median, as families have at least two household members, and potentially more income-earners. However, Harrisburg's 2012 household income was actually higher than Harrisburg's 2012 family income.

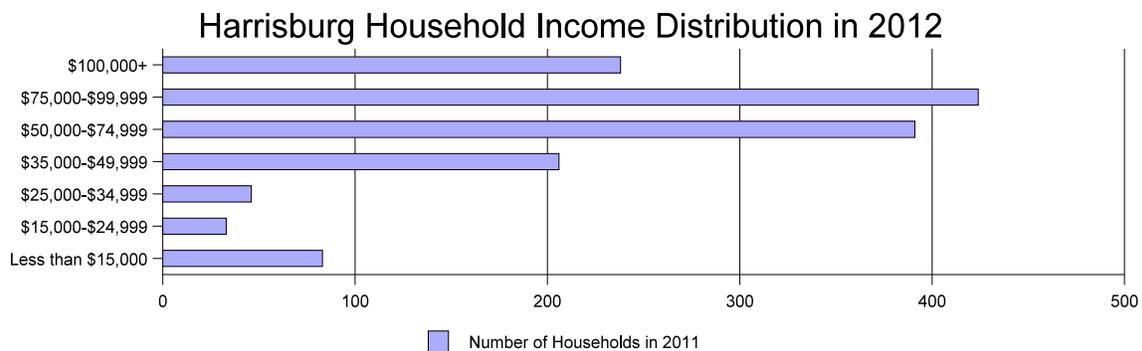
Using the commonly accepted standard that up to 30% of gross income can be applied to housing expenses without experiencing a cost burden, a median income household in Harrisburg could afford approximately \$1,746 per month for ownership or rental housing in 2010. A median income family household could afford approximately \$1,691 per month for housing. However, as will be detailed later in this section, renter households tend to be below the overall median, while owner households tend to be above the overall median level.

## Harrisburg Household Income Distribution

The 2012 American Community Survey household income estimates for the City of Harrisburg can be compared to the same distribution information from 2000 to examine changes that have occurred over the past decade.

<b>Table 16 Harrisburg Household Income Distribution - 2000 to 2012</b>			
Household Income	Number of Households 2000	Number of Households in 2012	Change 2000 to 2012
\$0 - \$14,999	20	83	63
\$15,000 - \$24,999	19	33	14
\$25,000 - \$34,999	34	46	12
\$35,000 - \$49,999	74	206	132
\$50,000 - \$74,999	121	391	270
\$75,000 - \$99,999	32	424	392
\$100,000+	15	238	223
<b>Total</b>	<b>315</b>	<b>1,421</b>	<b>1,106</b>

Source: 2000 Census; 2012 ACS



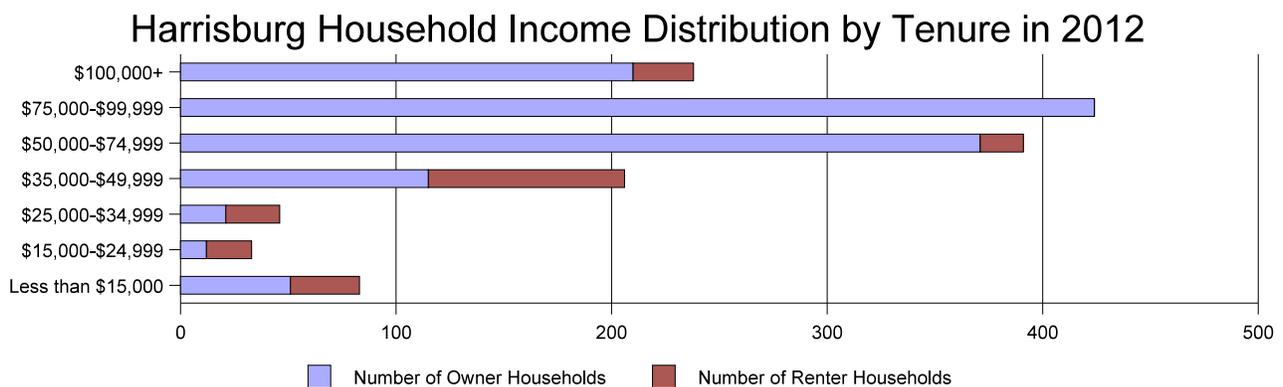
According to income estimates contained in the 2012 American Community Survey, household incomes have improved in Harrisburg, especially in the highest income ranges. When compared to the 2000 Census (1999 income), the percentage of households with an income of \$50,000, or less, decreased from 47% to 26%. However, the percentage of Harrisburg households with annual incomes over \$50,000 increased from 53% to 74%. Although annual incomes have improved, there still are 116 households in Harrisburg that have an annual income below \$25,000.

## Harrisburg Income Distribution by Housing Tenure

The 2012 American Community Survey provides an income estimate by owner and renter status. The following table examines income distribution within the City of Harrisburg. The American Community Survey is an estimate, based on limited sampling data, and there are some differences when compared to the 2010 Census. For total households, the American Community Survey reported two less households than the Census.

Household Income	Number of Owner Households	Number of Renter Households	Total Households
\$0 - \$14,999	51/61.4%	32/38.6%	83
\$15,000 - \$24,999	12/36.4%	21/63.6%	33
\$25,000 - \$34,999	21/45.7%	25/54.3%	46
\$35,000 - \$49,999	115/55.8%	91/44.2%	206
\$50,000 - \$74,999	371/94.9%	20/5.1%	391
\$75,000 - \$99,999	424/100%	0/0%	424
\$100,000+	210/88.2%	28/11.8%	238
<b>Total</b>	<b>1,204</b>	<b>217</b>	<b>1,421</b>

Source: 2012 American Community Survey



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

In 2012, approximately 36% of all renter households in Harrisburg had an annual income below \$35,000. At 30% of income, these households would have \$875, or less, that could be applied to monthly housing costs.

Conversely, most owner households had a substantially higher income level. Approximately 83% of all owner households had an annual income of \$50,000 or more. At 30% of income, an owner could afford \$1,364 or more per month for housing costs.

## 2012 Estimated Income and Housing Costs - Renters

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

<b>Table 18 Gross Rent as a Percentage of Household Income - Harrisburg</b>		
Percentage of Household Income for Housing Costs	Number of Renter Households 2012	Percent of All Renter Households 2012
0% to 19.9%	68	31.3%
20% to 29.9%	91	41.9%
30% to 34.9%	0	0%
35% or more	44	20.3%
Not Computed	14	6.5%
<b>Total</b>	<b>217</b>	<b>100%</b>

Source: 2012 American Community Survey

Based on the more accurate tenure information from the 2010 Census, the 2012 American Community Survey did underestimate the number of renter households in Harrisburg. However, the estimates on housing cost burden are the best available information on income and expenses for housing.

According to the American Community Survey, approximately 20% of all renters in the City were paying 30% or more of their income for rent. All 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”.

## 2012 Estimated Income and Housing Costs - Owners

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

<b>Table 19 Ownership Costs as a Percentage of Income - Harrisburg</b>		
Percentage of Household Income for Housing Costs	Number of Owner Households 2012	Percent of All Owner Households 2012
0% to 19.9%	462	38.4%
20% to 29.9%	458	38%
30% to 34.9%	121	10.1%
35% or more	123	10.2%
Not Computed	40	3.3%
Total	1,204	100%

Source: 2012 ACS

Based on the 2010 Census and estimated household growth from 2010 to 2012, the 2012 American Community Survey underestimated the number of owner households in the City, however, this source still represents the best available information on income compared to housing costs.

Most owner-occupants, which would include households with and without a mortgage, reported paying less than 30% of their income for housing. However, approximately 20% of all home owners reported that they paid more than 30% of their income for housing. Approximately 50% of these households were paying more than 35% of income for housing costs.

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

## Building Permit Trends

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

<b>Table 20 Harrisburg Housing Unit Construction Activity: 2000 to 2012</b>				
Year	Single Family Detached	Two Family Attached	Multifamily Three or More Units	Total Units
2013	71	0	27	98
2012	44	2	0	46
2011	34	0	0	34
2010	32	0	48	80
2009	85	0	8	93
2008	102	6	32	140
2007	116	6	16	138
2006	173	2	120	295
2005	181	0	4	185
2004	129	0	0	129
2003	111	0	34	145
2002	28	0	0	28
2001	14	0	0	14
2000	11	0	0	11
<b>TOTAL</b>	<b>1,131</b>	<b>16</b>	<b>289</b>	<b>1,436</b>

Source: City of Harrisburg; Community Partners Research, Inc.

Over the past 14 years, 1,436 new housing units have been constructed in Harrisburg, based on building permit issuance. This total includes 1,131 single family homes, 16 duplex units and 289 units in multifamily buildings with three or more units. The multifamily units are primarily rental units.

Much of the new housing construction occurred between 2003 and 2008. During this six-year period, the City averaged approximately 174 new housing units per year. From 2000 to 2002, Harrisburg averaged approximately 18 new housing units per year, and from 2009 to 2013, Harrisburg averaged 70 new housing units per year.

Unlike most smaller communities in South Dakota, Harrisburg has had ongoing production of multifamily rental units. Since 2010, 114 rental units have been constructed or under construction in Harrisburg.

## Occupancy Status of Housing Units - 2010

<b>Table 21 Occupancy Status of Housing Units - 2010</b>						
	Occupied Units		Vacant Units			
	Owner	Renter	For Rent	For Sale	Seasonal Use	Other Vacant
Harrisburg	1,185	238	14	58	1	11
Lincoln Co.	13,042	3,607	572	297	82	275

Source: U.S. Census

- ▶ In 2010, according to the U.S. Census, there were 82 seasonal housing units in Lincoln County, including one unit in Harrisburg.
- ▶ In addition to the seasonal units, there were 1,144 vacant housing units in Lincoln County in 2010, including 83 units in Harrisburg.

## **Harrisburg Housing Condition**

Community Partners Research, Inc., representatives conducted a visual, 'windshield' survey of 43 single family/duplex houses in Harrisburg's oldest neighborhood.

The boundaries of the neighborhood are:

- ▶ North - East Willow St.
- ▶ South - East Maple St.
- ▶ East - Railroad Ave.
- ▶ West - Columbia St.

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

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

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

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

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

**Table 22 Windshield Survey Condition Estimate - 2014**

	Sound	Minor Repair	Major Repair	Dilapidated	Total
Harrisburg	8/18.6%	14/32.5%	19/44.2%	2/4.7%	43

Source: Community Partners Research, Inc.

- ▶ The existing housing stock in Harrisburg’s oldest neighborhood is in fair condition. Approximately 33% of the houses in the neighborhood need minor repair and 44% need major repair. Approximately 19% are sound, with no required improvements.
- ▶ Two houses in the neighborhood are dilapidated and possibly beyond repair.

## **Existing Home Sales**

This section examines houses that have been sold in Harrisburg from 2009 through 2013. It is important to note that the number of houses that sell each year can vary and may not be an accurate indicator of overall home values in the City. However, this sample does provide some insight into those units that have turned-over during this time period. The information was obtained from the Lincoln County Equalization Office.

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

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

The County and State also reject sales that show significant variation from the assessed value. Known as the "150% rule" these sales may be open market transactions but are not useful in the sales ratio analysis. The sales file provided by Lincoln County included the 150% rule sales and they have also been included in the following analysis if they otherwise represent open market transactions.

**Table 23 Median Value of Recent Residential Sales - 2009 to 2013**

Year	Number of Sales	Median Sale Price	Highest Sale	Lowest Sale
2013	133	\$165,000	\$303,007	\$65,000
2012	118	\$154,200	\$285,000	\$78,000
2011	98	\$152,400	\$260,000	\$21,000
2010	99	\$146,000	\$265,000	\$25,000
2009	148	\$142,584	\$245,000	\$35,000

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

- ▶ From 2009 to 2013, there were 596 residential sales of single family houses in Harrisburg that were considered to be “open market” transactions, according to the Lincoln County Director of Equalization. Some sales are rejected, such as homes that are not available on the open market.
- ▶ The median sales price for the 133 residential sales in Harrisburg in 2013 was \$165,000. The highest valued sale was for \$303,007 and the lowest valued sale was for \$65,000.
- ▶ The median sales price for the 118 residential sales in Harrisburg in 2012 was \$154,200. The highest valued sale was for \$285,000 and the lowest valued sale was for \$78,000.
- ▶ The median sales price for the 98 residential sales in Harrisburg in 2011 was \$152,400. The highest valued sale was for \$260,000 and the lowest valued sale was for \$21,000.
- ▶ The median sales price for the 99 residential sales in Harrisburg in 2010 was \$146,000. The highest valued sale was for \$265,000 and the lowest valued sale was for \$25,000.
- ▶ The median sales price for the 148 residential sales in Harrisburg in 2009 was \$142,584. The highest valued sale was for \$245,000 and the lowest valued sale was for \$35,000.

## Home Sales by Price Range

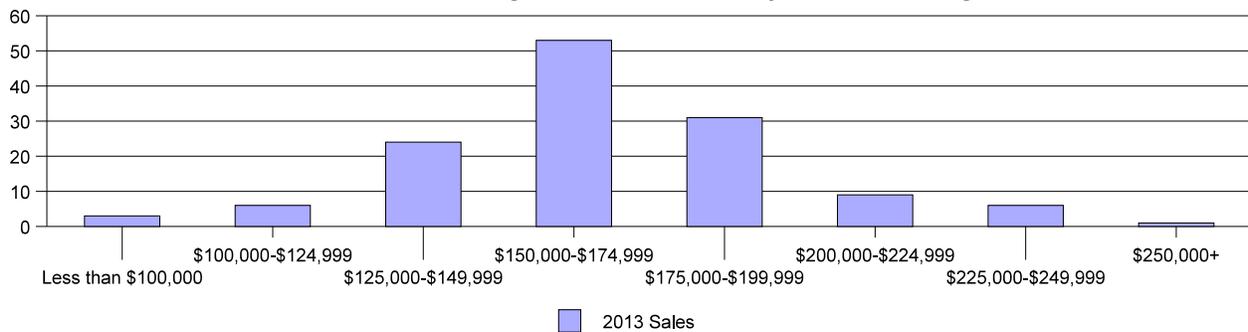
The following table looks at single family houses that sold within defined price ranges in 2013, using the information that was available from the County Equalization Office.

<b>Table 24 Harrisburg Home Sales by Price Range in 2013</b>		
Sale Price	Number of Sales	Percent of Sales
Less than \$100,000	3	2.3%
\$100,000 - \$124,999	6	4.5%
\$125,000 - \$149,999	24	18.0%
\$150,000 - \$174,999	53	39.8%
\$175,000 - \$199,999	31	23.3%
\$200,000 - \$224,999	9	6.8%
\$225,000 to \$249,999	6	4.5%
\$250,000 or more	1	0.8%
<b>Total</b>	<b>133</b>	<b>100%</b>

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

Recent home sales in Harrisburg have been widely distributed in different price ranges, but approximately 81% of 2013 sales were priced in the \$125,000 to \$199,999 ranges. Approximately 12% of existing homes sold for \$200,000 or more. Only three homes sold for less than \$100,000.

**2013 Harrisburg Home Sales by Price Range**



## Active Residential Listings

The website Realtor.com, maintained by the National Association of Realtors, was used to collect information on active residential real estate listings in Harrisburg. When viewed in May 2014, there were 40 single family homes listed for sale in the City of Harrisburg. There were also several listings that were townhome or condominium-style units. We did not include the townhome or condominium units in the following chart.

Also, we attempted to provide data only on the single family homes that are in the Harrisburg city limits. There were listings that were outside of the city limits that we did not include in the following chart.

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

The following table examines the MLS listings by listing price.

<b>Table 25 Harrisburg Active MLS Listings by Price Range in May 2014</b>		
Asking Price	Number of Listings	Percent of Listings
Less than \$100,000	0	0%
\$100,000 - \$124,999	1	2.5%
\$125,000 - \$149,999	3	7.5%
\$150,000 - \$174,999	15	37.5%
\$175,000 - \$199,999	9	22.5%
\$200,000 - \$249,999	10	25.0%
\$250,000 - \$299,999	2	5.0%
\$300,000+	0	0%
Total	40	100%

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

Based on the listings on Realtor.com, most of the houses currently being offered for sale are priced at between \$150,000 and \$250,000. Approximately 85% of the active listings are in this price range. No listings were priced below \$100,000, however, it is possible that some additional lower-priced houses are for sale, but not included in the Multiple Listing Service.

Also, there were no homes listed at a price above \$300,000.

## American Community Survey Estimated Home Values

One final source of information on home values is available from the American Community Survey for 2012, which asked home owners about the value of their house. The following table displays the distribution of values that were reported.

<b>Table 26 Harrisburg Estimated Home Values by Price Range in 2012</b>		
Sale Price	Number of Sales	Percent of Sales
Less than \$50,000	0	0%
\$50,000 - \$79,999	69	5.9%
\$80,000 - \$99,999	71	6.0%
\$100,000 - \$124,999	124	10.5%
\$125,000 - \$149,999	296	25.1%
\$150,000 - \$174,999	303	25.7%
\$175,000 - \$199,999	181	15.4%
\$200,000 - \$249,999	130	11.0%
\$250,000-\$299,999	0	0%
\$300,000+	4	0.4%
Total	1,178	100%

Source: 2012 American Community Survey

Consistent with a range of home ownership options in Harrisburg, owner-occupied home values are widely distributed within the community. The ACS surveys owners of all unit types, so the value estimates displayed above represent single family detached homes and single family attached homes.

If grouped into larger price ranges, approximately 12% of all owner-occupancy units in Harrisburg were estimated to have a value below \$100,000 according to the ACS, approximately 61% of homes were in the \$100,000 to \$174,999 ranges, and approximately 26% were valued over \$175,000.

## **Rental Housing Data**

### **Census Bureau Rental Inventory - Harrisburg**

According to the 2010 U.S. Census, there were 238 occupied rental units, and 16 unoccupied rental units in Harrisburg, for a total estimated rental inventory of approximately 254 units. The City's rental tenure rate was only 16.7%, based on renter-occupancy households, well below the Statewide rental tenure rate in 2010 of 31.9%.

At the time of the 2000 Census, Harrisburg had 47 occupied rental units, and one unoccupied rental unit, for a total estimated rental inventory of approximately 48 units. The rental tenure rate in 2000 was 14.9%.

Based on a Census comparison, the City added 191 renter-occupancy households, and approximately 206 rental units from 2000 to 2010. Based on building permit reports, there were building permits issued for 243 housing units in buildings with two or more units in Harrisburg between 2000 and 2010. A significant majority of these units in multi-family buildings were rental units.

### **Estimated Rental Inventory in Harrisburg in 2014**

Harrisburg is continuing to add rental housing units through new construction. After the 2010 Census was completed, at least 114 rental units have been constructed or are currently under construction. These units include the 24-unit Meadows project, 34 Jackson Heights units, the 48-unit Drexel Place Apartments and Legendary Apartments, which includes eight units in two four-plexes. With the units constructed or under construction after the Census, the estimated rental unit inventory will increase to 368 units in Harrisburg.

### **Census Bureau Rental Inventory - Sioux Falls MSA**

Harrisburg is part of the Sioux Falls Metropolitan Statistical Area (MSA), with the City of Sioux Falls having the large majority of the region's rental units. According to the 2010 Census, there were 28,281 occupied rental units in the MSA. For the entire MSA the rental tenure rate was 31.7%, nearly identical to the rental tenure rate Statewide.

When compared to the totals provided in the 2000 Census, the Sioux Falls MSA added 6,010 renter-occupancy households from 2000 to 2010, and approximately 8,360 total rental units. The number of vacant/unoccupied units in 2010 was much higher than in 2000.

## **Harrisburg's Share of Rental Housing in the MSA**

At the time of the 2010 Census, the number of renter-occupancy households in Harrisburg represented approximately 0.8% of all renter households in the entire MSA. From 2000 to 2010, Harrisburg increased its overall share of MSA renters, as approximately 0.2% of all MSA renter households lived in the City in 2000.

Between 2000 and 2010, the MSA added 6,010 renter-occupancy households, including 191 households in Harrisburg. Harrisburg's relative share of the MSA's renter household growth over the decade was approximately 3.2%.

Since the 2010 Census was completed, a substantial amount of new rental construction has occurred in the MSA, especially within the City of Sioux Falls. Harrisburg has also experienced significant rental construction since 2010, with building permits issued for 114 new rental units since the 2010 Census.

## **Pending Rental Projects**

Our research did not identify any proposed rental projects in Harrisburg. However, as discussed earlier, an eight-unit market rate project was completed in May and an additional 50 market rate rental units are under construction in Harrisburg.

## Rental Housing Survey

As part of this housing study, a telephone survey was conducted of multifamily projects in the City of Harrisburg. The survey was conducted during the month of June 2014.

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

Information was tallied separately for different types of rental housing, including conventional market rate units, tax credit units and subsidized units.

There were 273 rental units of all types that were contacted in the survey. We also obtained information on 50 units that are under construction. The 273 units represent approximately 86% of the estimated total inventory of rental housing units in 2014. The units that were successfully contacted include:

- ▶ 113 conventional, market rate units
- ▶ 152 tax credit/moderate rent units
- ▶ 8 subsidized units for general occupancy
- ▶ 0 senior with services units

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

## Market Rate Summary

Usable information was obtained from 11 different market rate rental projects. Combined, these projects had 113 conventional market rate rental units. All of the units in the survey were multifamily buildings, although some projects had as few as four units.

## Unit Mix

The following bedroom mix breakdown of 113 units is based on information obtained from property owners/managers:

- ▶ Efficiency/Studio - 0 units (0%)
- ▶ One-bedroom - 35 units (31.0%)
- ▶ Two-bedroom - 66 units (58.4%)
- ▶ Three-bedroom - 12 units (10.6%)

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

**Occupancy / Vacancy**

Within the market rate multifamily segment there were three vacant units of the 105 units used in the occupancy calculation. This represents an overall vacancy rate of 2.9%.

There were two vacancies in Shebal four-plexes and one vacancy in Willow Apartments, which is a mixed-use building. All of the other market rate projects reported no vacancies.

**Rental Rates**

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

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

<u>Unit Type</u>	<u>Lowest/Highest Gross Rents</u>
One-bedroom	\$500-\$900
Two-bedroom	\$525-\$1,225
Three-bedroom	\$1,060-\$1,400

Most of the market rate rental options are newer projects and represent prices at the higher end of the rent range.

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

In South Dakota, tax credits are awarded annually on a competitive basis. There are three rental projects in Harrisburg that have received an allocation of low income housing tax credits and provide options for more affordable rental housing. The three projects have a total of 152 units.

The three tax credit rental projects include:

- ▶ Hunters Gate Townhomes - Hunters Gate Townhomes includes 60 units. Thirty units were constructed in 2004 and 30 units were constructed in 2007.
- ▶ South Cliff Apartments - South Cliff Apartments includes 44 units constructed in 2006.
- ▶ Drexel Place Apartments - Drexel Place Apartments includes 40 units constructed in 2011.

### **Unit Mix**

The following bedroom mix breakdown of the 152 tax credit units is based on information obtained from property owners/managers:

- ▶ Two-bedroom - 82 units (53.9%)
- ▶ Three-bedroom - 70 units (46.1%)

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

### **Occupancy / Vacancy**

Within the tax credit/moderate rent segment, there were seven vacant units of the 152 units used in the occupancy calculation. This represents an overall vacancy rate of 4.6%. Drexel Place Apartments and Hunters Gate Townhomes had two vacancies and South Cliff Falls Apartments had three vacancies. All three property managers reported that they usually have high occupancy rates.

### **Rental Rates**

The tax credit program has maximum rent limits that are set as part of the financial assistance package. In the following summary, Community Partners

Research, Inc., has attempted to estimate the gross rents being charged, inclusive of an estimate for tenant-paid utilities. The 2014 federal limits at 50% and 60% of median income have also been identified.

<u>Unit Type</u>	<u>Gross Rents</u>	<u>50% Limits</u>	<u>60% Limits</u>
Two-bedroom	\$650-\$733	\$812	\$975
Three-bedroom	\$749-\$871	\$938	\$1,126

The current rent structure in Harrisburg has all units well below the limits set for households at 50% of the median income level.

## **Subsidized Summary**

The research completed for this Study identified only one subsidized project in Harrisburg that provides rental opportunities for lower income households. St. James place has eight units available for general occupancy and is subsidized through USDA Rural Development. St. James Place includes one one-bedroom unit and seven two-bedroom units.

The units in St. James Place have access to project-based rent assistance. These units can charge rent based on 30% of the tenant's household income up to a maximum rent of \$434 for the one-bedroom unit and \$459 for the two-bedroom units. The manager reported no vacancies.

## **Subsidized Housing Gains/Losses**

Federal subsidy sources for low income rental housing have been very limited for the past few decades. Most subsidized projects were constructed in the 1960s, 1970s or early 1980s. Some of these older projects may have completed their compliance requirements and have the opportunity to leave their subsidy program and convert to conventional rental housing. In communities with low vacancy rates, private property owners may have an incentive to convert subsidized units to conventional housing. The only subsidized project in Harrisburg is St. James. At this time, St. James Place has not taken any action to convert from subsidized to conventional market rate.

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

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

In June, 2014, there were 31 renter households receiving Voucher assistance in Harrisburg. The 31 renter households were all in the Tax Credit projects; Hunters Gate, Drexel Place and South Cliff Falls. Since this rent assistance is tenant-based, and moves with the household, the actual number of participating households within the City can vary from month to month. The waiting list for a Voucher is eight to nine months.

## **Senior Housing with Services Summary**

No senior with services rental housing projects were identified in the City of Harrisburg.

## **Rental Projects in the Construction Phase**

In June, 2014, 50 market rate units were under construction, including:

- ▶ Meadows Apartments - Meadows Apartments include 24 market rate general occupancy market rate rental units. The bedroom mix will be 22 one-bedroom units and two two-bedroom units. The rent structure has not been established.
- ▶ Jackson Heights Apartments is constructing two additional phases, which includes an 11-unit building and a 15-unit building. The 11-unit building will have four one-bedroom, four two-bedroom and three three-bedroom units. Rents will range from \$715 to \$1,250 plus heat and electricity. The manager did not have specific bedroom mix or rent structure information for the 15-unit phase at the time the survey was completed. The 11-unit building will open in July and nine units have been pre-leased. The 15-unit building will open in August and pre-leasing has not started.

**Table 27 Harrisburg Multifamily Rental Housing Inventory**

Name	Number of Units /Bedroom Mix	Rent	Vacancy/ Wait List	Tenant Mix	Comments
<b>Market Rate</b>					
Meadows Apartments	10 - 1 Bedroom <u>2 - 2 Bedroom</u> 12 Total Units	\$550 and up	No vacancies	General Occupancy	Twelve-unit apartment building constructed in 2006. Units include 10 one-bedroom and two two-bedroom. Rents start at \$550. Owner reports no vacancies and the units are usually fully occupied. Heat, water and garbage are included in rent.
Meadows Townhomes	<u>9 - 2 Bedroom</u> 9 Total Units	\$1,050 + utilities	No vacancies	General Occupancy	Meadows Townhomes include nine two-bedroom units. Units include attached garages and other high quality amenities. Rent is \$1,050 plus utilities. Owner reports no vacancies.
Meadows Apartments 24 units - under construction	22 - 1 Bedroom <u>2 - 2 Bedroom</u> 24 Total Units	To be determined	Under construction	General Occupancy	Twenty-four unit building that is currently under construction. The units will include 22 one-bedroom and two two-bedroom. Rent structure has not been determined.
Strum Apartments	2 - 1 Bedroom <u>6 - 2 Bedroom</u> 8 Total Units	\$475 \$525	No vacancies	General Occupancy	Two four-plexes constructed in 1978. Each four-plex has three two-bedroom and one one-bedroom unit. Rent includes all utilities except electric. Owner reports no vacancies.
Emmett Trail Condos	<u>8 - 2 Bedroom</u> 8 Total Units	Not provided	No vacancies	General Occupancy	Two condo buildings with four condos in each building. The units were constructed in 2004. All of the units have two bedrooms. The owner reports no vacancies. The owner did not provide rental information.
Harvest Trail 4-plexes	<u>8 - 2 Bedroom</u> 8 Total Units	\$795 +utilities	No vacancies	General Occupancy	Two townhome style buildings with four units in each building. All of the units are two bedroom. Rent is \$795 plus utilities. Manager reports no vacancies.

**Table 27 Harrisburg Multifamily Rental Housing Inventory**

Name	Number of Units /Bedroom Mix	Rent	Vacancy/ Wait List	Tenant Mix	Comments
<b>Market Rate</b>					
Shebal 4-plexes	9 - 2 Bedroom <u>3 - 3 Bedroom</u> 12 Total Units	\$815 \$915	Two vacancies	General Occupancy	Three four-plexes constructed in 2009. The units are townhome two-story style and include nine two-bedroom and three three-bedroom units. The rents are \$815 for a two-bedroom and \$915 for a three-bedroom unit. Tenants also pay for all utilities except water and garbage. Manager reports two vacancies and there typically are vacancies.
Willow Apartments	3 - 1 Bedroom <u>2 - 2 Bedroom</u> 5 Total Units	\$500 to \$570	1 vacant unit, 1 - 1 Bdrm	General Occupancy	Five units in a mixed-use building. Units include three one-bedroom and two two-bedroom. Rents range from \$500 to \$570. Rent includes all utilities. Owner reports good occupancy, but one tenant has recently moved out.
Legendary Apartments	4 - 2 Bedroom <u>4 - 3 Bedroom</u> 8 Total Units	\$950 \$1,050 + utilities	No vacancies	General Occupancy	Legendary Apartments include two new four-plexes. The rental units are townhome style. Four units are two-bedroom and four units are three-bedroom. These units have recently been constructed and are completing their initial lease up. All but one of the units are occupied and the remaining unit is scheduled to be occupied. Rents are \$950 for a two-bedroom unit and \$1,050 for a three-bedroom unit plus utilities.
Brooklyn Center	<u>13 - 1 Bedroom</u> 13 Total Units	\$550	No vacancies	General Occupancy	Brooklyn Center is a mixed-use building with 13 one-bedroom units on the upper floor. The building was constructed approximately seven years ago. Rent is \$550 plus heat and electricity. The owner reports no vacancies.

**Table 27 Harrisburg Multifamily Rental Housing Inventory**

Name	Number of Units /Bedroom Mix	Rent	Vacancy/ Wait List	Tenant Mix	Comments
<b>Market Rate</b>					
Jackson Heights Apartments	6 - 1 Bedroom 14 - 2 Bedroom <u>2 - 3 Bedroom</u> 22 Total Units	\$695 \$825-\$835 \$945	No vacancies	General Occupancy	Jackson Heights Apartments is a 22-unit market rate project constructed in 2003. The project includes six one-bedroom, 14 two-bedroom and two three-bedroom units. Rents are \$695 for a one-bedroom, \$825 to \$835 for a two-bedroom and \$945 for a three-bedroom. Tenants also pay heat, water and electricity. Units include garages, water/dryer and other high quality amenities. Manager reports no vacancies.
Jackson Heights Townhomes	1 - 1 Bedroom 4 - 2 Bedroom <u>3 - 3 Bedroom</u> 8 Total Units	\$715-\$765 \$895-\$1095 \$1050-1250	No vacancies	General Occupancy	Jackson Heights Townhomes is an eight-unit market rate townhome project. Construction was completed in May 2014. The project is in its initial lease-up period. The eight units include one one-bedroom, four two-bedroom and three three-bedroom units. Rents are \$715 to \$765 for a one-bedroom unit, \$895 to \$1,095 for a two-bedroom unit and \$1,050 to \$1,250 for a three-bedroom unit. Tenants also pay heat and electricity. Manager reports that tenants started moving into units in June 2014. Only one unit was unoccupied on June 11, 2014. Manager reported that the remaining unit will be filled soon, thus, we are reporting no vacancies.
Jackson Heights 11 units under construction	4 - 1 Bedroom 4 - 2 Bedroom <u>3 - 3 Bedroom</u> 11 Total Units	\$715-\$765 \$895-\$1095 \$1050-1250	Lease-up phase-nine units leased as of June 11, 2014	General Occupancy	Eleven-unit market rate project that is under construction. Units include four one-bedroom, four two-bedroom and three three-bedroom units. Rents are \$715 to \$765 for a one-bedroom unit, \$895 to \$1,095 for a two-bedroom unit and \$1,050 to \$1,250 for a three-bedroom unit. Units will be open for occupancy in July 2014. Nine of 11 units are pre-leased as of June 11, 2014.

<b>Table 27 Harrisburg Multifamily Rental Housing Inventory</b>					
<b>Name</b>	<b>Number of Units /Bedroom Mix</b>	<b>Rent</b>	<b>Vacancy/ Wait List</b>	<b>Tenant Mix</b>	<b>Comments</b>
<b>Market Rate</b>					
Jackson Heights 15 units under construction	1 Bedroom 2 Bedroom 3 Bedroom 15 Total Units	N/A	Lease-up phase-planned to open in August	General Occupancy	Fifteen-unit market rate project that is under construction - scheduled to open in August 2014. Pre-leasing had not started at time of rental survey. Specific bedroom mix and rental rate information was not yet available.
<b>Tax Credit</b>					
Drexel Place Apartments	24 - 2 Bedroom 24 - 3 Bedroom 48 Total Units	\$500-\$780 \$578-\$884	Two vacant units, 1 - 2 Bdrm 1 - 3 Bdrm	General Occupancy	Drexel Place Apartments is a 48-unit tax credit project constructed in 2011. The 48 units are in six buildings and include 24 two-bedroom units and 24 three-bedroom units. Tenant incomes must be below income limits. Rents are based on income and are \$500 to \$780 for a two-bedroom unit. Tenants also pay heat and electricity. Manager reports high occupancy rates, but there currently are two vacancies.
Hunters Gate Townhomes	30 - 2 Bedroom 30 - 3 Bedroom 60 Total Units	\$500-\$583 \$680-\$696	Two vacant units, 2 - 3 Bdrm	General Occupancy	Hunters Gate Townhomes is a 60-unit tax credit project. Thirty units were constructed in 2004 and 30 units were constructed in 2007. The 60 units are in 10 buildings and include 30 two-bedroom units and 30 three-bedroom units. Tenant incomes must be below income limits. Rents are based on income and \$500 to \$583 for a two-bedroom unit and \$680 to \$695 for a three-bedroom unit. Tenants also pay heat and electricity. Manger reports high occupancy rates, but there currently are two three-bedroom vacancies.

<b>Table 27 Harrisburg Multifamily Rental Housing Inventory</b>					
<b>Name</b>	<b>Number of Units /Bedroom Mix</b>	<b>Rent</b>	<b>Vacancy/ Wait List</b>	<b>Tenant Mix</b>	<b>Comments</b>
<b>Tax Credit</b>					
South Cliff Falls Apartments	28 - 2 Bedroom <u>16 - 3 Bedroom</u> 44 Total Units	\$500-\$633 \$574-\$756	3 vacant units, 2 - 2 Bdrm 1 - 3 Bdrm	General Occupancy	South Cliff Falls Apartments is a 44-unit Low Income Tax Credit Project constructed in 2006. The units include 28 two-bedroom and 16 three-bedroom. Tenant incomes must be below income limits. Rent is based on income. Two-bedroom rents range from \$500 to \$633 and three-bedroom rents range from \$574 to \$756. Manager reports 2 vacant two-bedroom units and 1 vacant three-bedroom unit. However, manager reports that units are almost always occupied. Tenants pay heat and electricity in addition to rent.
<b>Subsidized</b>					
St. James Place	1 - 1 Bedroom <u>7 - 2 Bedroom</u> 8 Total Units	\$434 max. \$459 max. 30% of income	No vacancies	General occupancy	St. James Place is an eight-unit family Rural Development Project constructed in 1987. The project includes one one-bedroom and seven two-bedroom units. Tenants pay 30% of their income up to the maximum rents of \$434 for a one-bedroom unit and \$459 for a two-bedroom unit. Tenants also pay heat and electricity. Manager reports that there are no vacancies.

Source: Community Partners Research, Inc.

## Household Growth in the Sioux Falls MSA

Over the last few decades, the entire Sioux Falls MSA has grown at a rapid rate. Between the 2000 Census and the 2010 Census, a substantial number of households were added in Sioux Falls and in many of the smaller cities in Lincoln and Minnehaha Counties. The following table examines net growth in numeric and percentage terms. The listed cities all had net growth of more than 100 households and have been ordered by the numeric household growth that occurred over the 10-year period.

<b>Table 28 Household Growth by Jurisdiction: 2000 to 2010</b>				
City	2000 Census	2010 Census	Numeric Growth	Percentage Growth
Sioux Falls	49,731	61,707	11,976	24.1%
Brandon	1,909	3,118	1,209	63.3%
Harrisburg	315	1,423	1,108	351.7%
Tea	590	1,254	664	112.5%
Dell Rapids	1,127	1,388	261	23.2%
Hartford	661	913	252	38.1%
Crooks	282	431	149	52.8%
Worthing	206	325	119	57.8%
MSA	66,778	83,677	16,899	25.3%

Source: US Census; Community Partners Research, Inc.

Between the Census in 2000 and the Census in 2010, the entire Metropolitan Statistical Area added 16,899 households. Overall, nearly 71% of the net growth occurred with Sioux Falls.

Brandon captured the largest numeric share of household growth for any single jurisdiction outside of Sioux Falls, and had net growth of more than 1,200 households. Harrisburg and Tea, both located in the Lincoln County portion of the MSA, added 1,108 and 664 net households, respectively. Growth within these three surrounding communities, along with Sioux Falls, accounted for approximately 88.5% of the net household gain for the entire MSA.

No other single jurisdiction had net growth above 300 households. Dell Rapids, with a net gain of 261 households, and Hartford, with a net gain of 252 households, ranked fifth and sixth for numeric growth.

## Housing Unit Construction Activity: 2004 to 2013

Table 29 Regional Housing Unit Construction Activity - 2004 to 2013								
Year	City of Harrisburg				Sioux Falls MSA			
	Single Family	Two Family	Multifamily	Total	Single Family	Two Family	Multifamily 3 or more units	Total
2013	71	0	27	98	1,330	6	1,073	2,409
2012	44	2	0	46	1,104	12	471	1,587
2011	34	0	0	34	716	16	397	1,129
2010	32	0	48	80	755	8	318	1,081
2009	85	0	8	93	962	24	591	1,577
2008	102	6	32	140	940	84	842	1,866
2007	116	6	16	138	1,517	96	769	2,382
2006	173	2	120	295	1,646	38	639	2,323
2005	181	0	4	185	1,869	22	404	2,295
2004	129	0	0	129	1,909	20	519	2,448
Total	967	16	255	1,238	12,748	326	6,023	19,097

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

Housing construction activity in Harrisburg has represented a significant share of all activity in the Sioux Falls MSA in recent years. Over the entire 10-year time period reviewed, total unit construction in Harrisburg represented 6.5% of all unit construction within the MSA. In 2006, unit construction in Harrisburg represented 12.7% of all area activity. Approximately 41% of Harrisburg's housing construction in 2006 was in multi-family buildings.

Other years when a significant percentage of the MSA's new housing was constructed in Harrisburg include 8.1% in 2005, 7.5% in 2008 and 7.4% in 2010. The past three years have had the lowest percentage of MSA new housing construction in Harrisburg with 3.0% in 2011, 2.9% in 2012 and 4.1% in 2013.

For single family detached housing units, the 10-year total in Harrisburg represented approximately 7.6% of all detached unit construction in the MSA. The City's highest market share was reached in 2008, when the 102 single family houses built in Harrisburg represented 10.9% of the MSA's single family new construction total. In 2006, 173 houses were built in Harrisburg, which was 10.5% of the MSA total. The highest number of homes built in Harrisburg was 2005 when 181 homes were built, which was 9.7% of the MSA total.

Over the past four years, a lower percentage of the MSA's new single family homes were constructed in Harrisburg. In 2010, 32 homes were built, which was 4.2% of the MSA total. In 2011, 34 homes (4.7%) were built, in 2012, 44 homes (4.0%) were built and in 2013, 71 homes (5.3%) were built.

Although multifamily unit construction could represent different types of housing, including condominiums or cooperatively owned housing, it is assumed that the large majority of multifamily units are intended for renter-occupancy. The multifamily unit totals over the entire 10-year period show that Harrisburg captured approximately 4.2% of all multifamily construction activity in the MSA.

In 2006, there were 120 multifamily units built in Harrisburg, which represented approximately 18.8% of all multifamily construction in that year. In 2010, 48 units were constructed, which is 15.1% of the MSA units constructed. In 2004, 2011 and 2012, no multifamily units were constructed in Harrisburg. Only four units were constructed in 2005 and only eight units were constructed in 2009.

## Relative Property Tax Rates for Owner-Occupied Houses

The smaller cities that surround Sioux Falls can be compared to determine the relative property tax rates that would apply to an owner-occupied home. In the following table, the property tax amount that would be payable in 2013 has been presented for each community. This is a total tax rate, including city, county and school district levies. It is based on the rate for a non-agricultural, owner-occupied house.

An assessed value of \$175,000 has been used for this comparison. There may be differences in assessments between communities, or between counties, but the State Department of Revenue does attempt to keep valuation practices similar statewide.

In addition to the 2013 tax amount, a ranking column has been provided, with 1 representing the highest tax amount. The cities used for this comparison are the same communities that attracted the largest level of household growth over the last decade.

<b>Table 30 Property Taxes Payable in 2013 on a \$175,000 House</b>		
City	2013 Taxes	Rank (1=Highest Tax)
Tea	\$3,954	1
Hartford	\$3,882	2
Worthing	\$3,670	3
Dell Rapids	\$3,476	4
Brandon	\$3,223	5
Harrisburg	\$3,222	6
Crooks	\$2,782	7
Sioux Falls	\$2,550 to \$3,657	N/A

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

There is some variation in the annual property tax payments that would be made on a house with taxable value of \$175,000. For payable 2013, the highest tax rate would be in the City of Tea. Hartford has the second highest rate of the communities reviewed. The City of Crooks has the lowest tax and

Harrisburg had the second lowest citywide rate, although one portion of Sioux Falls, located in Lincoln County, would have the lowest rate of the areas reviewed.

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

It is also important to recognize that tax rates for 2013 may not reflect future changes that could occur. For example, higher rates in some communities may be a reflection of recent upgrades in infrastructure or school buildings, while cities with lower current rates may need to invest in public improvements in the future. Additionally, other associated housing costs such as water and sewer rates, may be a factor in determining where to build or buy a home. Harrisburg has high water and sewer rates compared to most cities in the area.

## Regional Rental Vacancy Rates

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



The most recently completed vacancy survey was done in January of 2014. This survey found a 3.83% vacancy rate in conventional housing. The survey

included 9,605 conventional units and found 368 vacancies. Although this was an area-wide survey, including communities such as Harrisburg that are within a 20-mile radius of Sioux Falls, approximately 96% of the reporting units were located within the City of Sioux Falls.

The vacancy rate for the most recent report was down from the July 2013 survey. The vacancy rates over the last three reporting periods are the lowest since the year 2000. For most of the past 14 years, the vacancy rate had remained above 4%, and for five reporting periods during that time, the vacancy rate actually reached 10% or higher.

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

The general standard for rental housing vacancy is that a rate up to 5% is considered acceptable. A modest level of vacancy is desirable to allow tenant movement in the market by providing choices for prospective renters. It also allows a community the chance to grow, as new households moving into the area can locate a living unit. From January 2002 until January 2012, the reported conventional rental vacancy rate was nearly always above 5%. In January 2010, the conventional rental vacancy rate was above 14%, the highpoint for the time period reviewed.

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

### **Income-Based Housing Vacancy Rates**

The large majority of the units in the Multi-Housing survey are conventional rentals. However, in most surveys, 2,000 or more units of income-based housing are also included. In the past few surveys, the vacancy rate in moderate rent tax credit housing has tended to be above the conventional rate. In the January 2014 survey, tax credit units had a vacancy rate of 7.39%, well above the conventional housing vacancy rate.

Federally-subsidized housing, listed in the reports as HUD units, have tended to maintain a low rate of vacancy over time. Even when the conventional market reached a vacancy rate above 14% in 2010, the HUD units had a reported vacancy rate at 5.4%, which was the highest rate of the entire time period reviewed. In the most recent report, the vacancy rate for HUD units was 4.85%, lower than the tax credit unit vacancy rate, but higher than the conventional unit vacancy rate.

### **Vacancy Rates Outside of Sioux Falls**

The Multi-Housing Survey does typically collect some rental data from units that are outside of the City of Sioux Falls, but within a 15 to 20-mile radius. In the most recent surveys, vacancy rates have been higher outside of the Sioux Falls, but a relatively small sample size may not be a perfect indicator of vacancy rates in surrounding communities.

In the January 2014 survey, there were 354 conventional units surveyed outside of Sioux Falls, with a vacancy rate of 3.95%. There were 336 moderate rent tax credit units surveyed and the vacancy rate was 8.63%. Only 24 HUD units were surveyed, and no vacancies were reported. For conventional and tax credit housing, the vacancy rates in the outlying communities were higher than within the City of Sioux Falls. For HUD rental housing, the vacancy rate was significantly lower than in Sioux Falls.

## Multi-Housing Association Rental Rate Information

The Multi-Housing Association survey provides information on rental rates. This information is provided for different geographic segments of the City. The rent ranges by unit type are provided below for Sioux Falls and the outlying areas.

<b>Table 31 Conventional Housing Average Rental Rates - January 2014</b>				
Unit Type	Conventional Rentals		Tax Credit Rentals	
	Outlying Areas	Sioux Falls Region	Outlying Areas	Sioux Falls Region
Studio	N/A	\$325-\$615	N/A	\$422
1-Bedroom	\$550-\$650	\$250-\$850	\$454	\$465-\$650
2-Bedroom	\$535-\$1,050	\$400-\$1,300	\$553	\$585-\$728
3-Bedroom	\$755-\$1,075	\$610-\$1,500	\$687	\$697-\$810
4-Bedroom	\$975-\$1,400	\$750-\$1,720	N/A	\$758-\$865

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

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

## **Employment and Local Economic Trends**

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

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

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

Source: Governor's Office of Economic Development

## Work Force and Unemployment Rates

Employment information is available for the Sioux Falls MSA. Information has been reviewed back to the year 2000. Data in the tables that follow have been obtained from the South Dakota Department of Labor.

<b>Table 32 Sioux Falls MSA Annual Labor Statistics 2000 to 2013</b>						
Year	Labor Force	Employed	Unemployed	Unemployment Rate - MSA	Unemployment Rate - SD	Unemployment Rate - US
2000	111,195	108,865	2,330	2.1%	2.7%	4.0%
2001	112,945	110,135	2,810	2.5%	3.1%	4.7%
2002	114,480	111,305	3,175	2.8%	3.3%	5.8%
2003	116,510	112,955	3,555	3.1%	3.5%	6.0%
2004	118,790	114,790	4,000	3.4%	3.7%	5.6%
2005	120,280	116,370	3,910	3.3%	3.7%	5.1%
2006	123,175	119,810	3,365	2.7%	3.1%	4.6%
2007	126,810	123,600	3,210	2.5%	2.9%	4.6%
2008	128,940	125,395	3,545	2.7%	3.0%	5.8%
2009	128,830	122,185	6,645	5.2%	5.2%	9.3%
2010	128,295	121,790	6,505	5.1%	5.1%	9.6%
2011	130,050	124,230	5,820	4.5%	4.7%	8.9%
2012	131,800	126,650	5,150	3.9%	4.2%	8.1%
2013	134,105	129,635	4,470	3.3%	3.8%	7.4%

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

After experiencing very low rates of unemployment for most of the last decade, the rate for the Sioux Falls MSA increased rapidly between 2008 and 2009. However, in comparison to national patterns, the unemployment rate in the area was still very low. After 2010, the unemployment rate began to decrease, and by 2013 was down to only 3.3%, less than half of the national average.

In terms of the employment level, 2013 represented the highest employment count of the 14 years reviewed. The size of the available labor force also reached a peak in 2013.

## Employment and Wages by Industry

The following table shows the annual employment and average annual wages by major employment sector in 2013, the last full year of data. It is important to note that the major employment sectors listed do not represent all employment, as some classifications, such as self-employed workers, are not included. This information is for all of the Sioux Falls MSA.

<b>Table 33 MSA Average Annual Wages by Industry Detail - 2013</b>		
Industry	2013 Employment	Average Annual Wage
Total All Industry	139,171	\$41,627
Natural Resources, Mining	522	\$34,692
Construction	6,986	\$44,608
Manufacturing	13,330	\$43,583
Trade, Transportation, Utilities	29,492	\$37,604
Information	2,656	\$50,086
Financial Activities	16,001	\$51,495
Professional and Business Services	13,178	\$47,429
Education and Health Services	27,206	\$49,355
Leisure and Hospitality	13,473	\$14,724
Other Services	3,518	\$29,121
Government	12,810	\$42,782

Source: South Dakota Department of Labor

The average annual wage for all industry in 2013 was \$41,627 for the Sioux Falls MSA. The highest wage sector was Financial Activities, with an annual wage of \$51,495. The lowest average wage was paid in the Leisure and Hospitality sector, at \$14,724.

In terms of actual employment, the largest single sector was Trade, Transportation and Utilities, with 29,492 people. This is a broad sector, with a wide variation in annual wages for sub-sectors. The Retail Trade sub-sector, which accounted for more than 59% of all employment within this sector, had an average annual wage of only \$27,230.

## **Commuting Patterns of Harrisburg Residents**

Only limited information is available on area workers that commute for employment. The best information is from the 2012 American Community Survey, and has been examined for the City of Harrisburg. This table only examines people that commuted, and excludes people that work at home.

<b>Table 34 Commuting Times for Harrisburg Residents - 2012</b>	
Travel Time	Number/Percent
Less than 5 minutes	41 / 1.8%
5 to 9 minutes	222 / 9.7%
10 to 19 minutes	680 / 29.6%
20 to 29 minutes	1,227 / 53.4%
30 minutes or more	126 / 5.5%
Total	2,296

Source: 2012 American Community Survey 5-year estimates

The large majority of Harrisburg residents appear to be commuting outside of the City for employment. Given the relatively small geographic size of the community, it is assumed that any resident employed within the City limits would have a travel time of less than 10 minutes. Fewer than 12% of City residents had a commute time under 10 minutes.

Nearly 59% of residents were actually commuting 20 minutes or more for employment. Most of these were traveling between 20 and 29 minutes. While the destination is not identified, it is assumed that most of these workers go to Sioux Falls.

## **Findings on Growth Trends**

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

Harrisburg and Lincoln County's population increased from 1990 to 2010. From 1990 to 2000, Harrisburg's population increased by 231 people and Lincoln County's population increased by 8,704 people. From 2000 to 2010, Harrisburg's population increased by 3,131 people and Lincoln County's population increased by 20,697 people.

The City of Harrisburg gained 87 households from 1990 to 2000 and gained 1,108 households from 2000 to 2010. Lincoln County gained 3,321 households from 1990 to 2000 and gained 7,867 households from 2000 to 2010.

Annual estimates after 2010 from various sources continue to show strong population and household growth for Harrisburg and Lincoln County through the year 2014.

## **Findings on Projected Growth**

ESRI projects that Harrisburg's population will increase by 1,103 people between 2014 and 2019. ESRI's, household projection expects a gain of 394 households from 2014 to 2019.

ESRI's, projections for all of Lincoln County expect a gain of 9,238 people and 3,523 households from 2014 to 2019.

## **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.

- ▶ **Harrisburg is located near Sioux Falls, which is a regional center for the area** - Harrisburg is approximately nine miles from Sioux Falls. Sioux Falls provides employment opportunities, retail/service options, government services, health and professional services, and cultural amenities to a large surrounding trade area. Many households prefer to live near, but not in a regional center.
- ▶ **Increasingly diverse housing stock** - The City is developing a mix of housing options, including rental housing units for both lower income and market rate households. The City also has town houses, twin homes, and rental units in mixed-use buildings.
- ▶ **Median home price** - Harrisburg's median priced home based on 2013 sales is approximately \$165,000. This matches well with new homes, which is an incentive for new home construction.
- ▶ **Adequate land for development** - The City has adequate land available for residential development, although some of the land needs to be annexed and/or needs infrastructure.
- ▶ **Population and household growth for the City** - Since 2000, the City has sustained strong population and household growth and the City is projected to continue to grow in the future.
- ▶ **Sioux Falls market** - On average, over the past 10 years, more than 1,800 housing units were constructed in Sioux Falls annually. Harrisburg has an opportunity to continue to capture a portion of this market.
- ▶ **Active housing developers in the City** - Harrisburg has housing developers that are willing to invest in housing projects in the community. Developers have been active in subdivision development, rental housing, attached ownership housing and single family development.
- ▶ **School system** - The City has an excellent public K-12 school system.
- ▶ **Available lots** - The City currently has available lots for housing of all types.

- ▶ **Harrisburg Area Development Corporation** - The Harrisburg Area Development Corporation is active in promoting industrial, commercial and housing development.
- ▶ **Sioux Falls Growth Pattern** - Historically, the majority of Sioux Falls growth has been South. Growth to the south of Sioux Falls will continue to benefit residential development in Harrisburg.
- ▶ **Age and Condition of the housing stock** - A significant majority of the housing units in Harrisburg were constructed over the past 20 years and are in good condition.
- ▶ **New Housing Unit Construction** - From 2000 to 2013, 1,436 total housing units were constructed in Harrisburg, which indicates Harrisburg is an attractive location for residential development.
- ▶ **Industrial Park** - Harrisburg has a privately owned industrial park, which has the potential to attract new industries who will create employment.

## **Barriers or Limitations to Housing Activities**

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

- ▶ **Proximity to Sioux Falls** - Although it is a strength to be located in close proximity to Sioux Falls, it is also a barrier as Harrisburg must compete with Sioux Falls, which offers attractive residential opportunities and other amenities and services.
- ▶ **Staff capacity limitations** - Although the City has access to several housing agencies, it is very difficult to develop and implement housing initiatives with limited staff resources.
- ▶ **Limited Commercial Options** - Harrisburg has limited commercial and retail opportunities to meet daily needs.
- ▶ **Sewer System Improvements** - The City of Harrisburg's sewer system needs improvements to accommodate future development.
- ▶ **Water and Sewer Rates** - Harrisburg's water and sewer rates are high in comparison to most cities in the area.

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

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

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

## **Summary of Harrisburg Growth Projections by Age**

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

The following approximate ranges show the expected net change in the number of Harrisburg households in each 10-year age cohort between 2010 and 2019. The projections were extrapolated by Community Partners, Research, Inc., based on ESRI's, population by age projections.

All of the age ranges are projected to gain households from 2010 to 2019, with the exception of the 25 to 34 age range, which is projected to lose 155 households. The highest growth is projected in the 35 to 44 age range, which is expected to gain 487 households. The 45 to 74 age ranges are expected to gain 262 households.

The 75 and older age ranges are expected to gain only 14 households and the youngest age range, 15 to 24, is expected to gain only four households.

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

<u>Age Range</u>	<u>Projected Change in Households 2010 to 2019</u>
15 to 24	4
25 to 34	-155
35 to 44	487
45 to 54	83
55 to 64	74
65 to 74	110
75 to 84	12
85 and Older	2
Total	<u>617</u>

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

Based on the household by age projections presented earlier, the changing age composition of Harrisburg's population through the five-year projection period from 2014 to 2019 will have an impact on demand for housing.

**Age 24 and Younger** - The projections used for this Study expect a slight increase of four households in the 15 to 24 age range through the year 2019. Past tenure patterns indicate that approximately 44% of these households in Harrisburg will rent their housing. A gain of households in this age range should mean that rental demand from younger households will increase slightly during the projection period.

**25 to 34 Years Old** - The projections show a decrease in this age cohort of 155 households by 2019. Within this age range households often move from rental to ownership housing. The ownership rate among these households in Harrisburg was nearly 87% in 2010. A decrease in the number of households within this age range will mean less demand for both first-time home buyer and rental opportunities.

**35 to 44 Years Old** - This 10-year age cohort has a projected gain of 487 households between 2010 and 2019 in Harrisburg. In the past, this age group has had a high rate of home ownership in Harrisburg, at approximately 81%. Households within this range often represent both first-time buyers and households looking to trade-up in housing, selling their starter home for a more expensive house. Strong growth from this age cohort would have an impact on overall demand for owner-occupied housing.

**45 to 54 Years Old** - By 2019, this age cohort will represent the "baby bust" generation that followed behind the baby boomers. This age group represents a much smaller segment of the population than the baby boom age group. For Harrisburg, the projections show a gain of 83 households in this range. This age group historically has had a high rate of home ownership, approximately 89% in Harrisburg in 2010, and will often look for trade-up housing opportunities. With household gains in this age group, there will be an increase in the demand for trade-up housing.

**55 to 64 Years Old** - This age range is part of the baby boom generation. The projections show an expected increase of 74 additional households in this 10-year age range by the year 2019 in the City. This age range has traditionally had a high rate of home ownership in Harrisburg, at approximately 87% in 2010. Age-appropriate housing, such as town houses or twin homes,

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*** - Relatively strong household growth is expected in Harrisburg within this age range, with the projections showing an increase of 110 households by the year 2019. While this group will begin moving to life-cycle housing options as they age, the younger seniors are still predominantly home owners. At the time of the 2010 Census, approximately 85% of households in this age range owned their housing in Harrisburg. Once again, preferences for age-appropriate units should increase from household growth within this age cohort.

***75 to 84 Years Old*** - There is a projected gain of 12 households in Harrisburg in this age range between 2010 and 2019. In the past, households within this 10-year age range have had a relatively high rate of home ownership, at approximately 78% in Harrisburg. While this is likely to continue, an expansion of other housing options for seniors, including high quality rental housing, should appeal to this age group. In most cases, income levels for senior households have been improving, as people have done better retirement planning. As a result, households in this age range may have fewer cost limitations for housing choices than previous generations of seniors.

***85 Years and Older*** - A gain of two households is projected among older seniors. The home ownership rate in this age group in Harrisburg was approximately 83% in 2010. Seniors in this age range often seek senior housing with services options.

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

## Summary of Findings/Recommendations

The findings/recommendations for the City of Harrisburg have been formulated through the analysis of the information provided in the previous sections and include a total of 18 recommendations divided into the following five categories:

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

The findings/recommendations for each category are as follows:

<b>Findings and Recommendations for the City of Harrisburg</b>	
<b>Rental Housing Development</b>	
1.	Support the development of 96 to 103 conventional market rate rental units
2.	Consider the development of 34 to 38 additional tax credit units
3.	Promote the development of 16 to 18 additional subsidized units
4.	Support the proposed senior housing with services project
5.	Develop a mixed-use downtown commercial/housing project
6.	Continue to utilize the Housing Choice Voucher Program
<b>Home Ownership</b>	
7.	Utilize and promote all programs that assist with home ownership
<b>New Construction</b>	
8.	Lot availability and development
9.	Promote townhouse and twin home development
10.	Coordinate with agencies/nonprofits that develop affordable housing
<b>Housing Rehabilitation</b>	
11.	Promote rental housing rehabilitation programs
12.	Promote owner-occupied housing rehabilitation programs

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

# **Harrisburg - Recommendations Rental Housing Development**

## Rental Housing Development

### Overview

The City of Harrisburg has been successful in attracting new housing construction activity in recent decades, including housing for both owners and renters. Most comparably-sized communities in South Dakota have had limited success in the rental segment, but as part of the large Sioux Falls MSA, Harrisburg has been able to support multiple rental projects.

Over the past 14 years, the time period reviewed for the research in this Study, Harrisburg has added approximately 293 rental housing units through new construction. The 293 rental units constructed over the past 14 years include 152 tax credit units and 141 market rate rental units.

Since 2010, 114 of the rental units have been built, or are currently under construction. These units include:

- ▶ Drexel Place Apartments - 48 tax credit units
- ▶ Jackson Heights - 34 market rate units in three buildings
- ▶ Legendary Apartments - 8 units in two four-plexes
- ▶ Meadow Apartments - 24 market rate units

As stated in the section of this Study that specifically addressed the supply of existing housing, Harrisburg's historic share of rental units for the entire Sioux Falls MSA has been approximately 4.2%. However, rental construction in Harrisburg has been inconsistent with significant rental construction in Harrisburg some years and no rental construction other years.

The scope of this Study was focused on the City of Harrisburg, and an extensive analysis of rental housing demand and development activity in Sioux Falls was not completed. However, some information was readily available from existing data sources that can be used to help define the regional rental housing potential that may exist in Harrisburg.

Although there has been significant rental housing construction in Harrisburg since 2000, the City still has a below average supply of rental housing units. We are estimating that, when the rental housing under construction is completed, Harrisburg will have 368 rental units. This represents approximately 22.4% of all households in Harrisburg, compared to a Statewide rental tenure rate of approximately 32%.

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

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

Household projections for Harrisburg expect significant household growth, although most of this growth will result in demand for owner-occupied housing. From 2014 to 2019, it is projected that there will be approximately a 394-household gain in Harrisburg. Approximately 24% of these households will be rental households, thus, there will be a demand from household growth of approximately 95 additional rental units over the next five years.

Demand created by replacement of lost units is more difficult to determine, but the best available evidence suggests that the City will lose only three to four rental units per year from 2014 to 2019. As a result, approximately 15 to 20 additional units will be needed over the next five years to replace lost units. In some cases, this unit replacement will be necessary as existing units are removed from the inventory through demolition or conversion. However, in most cases, the unit replacement will be due to rental units converting to owner-occupancy. The large majority of the rental units in Harrisburg are less than 25 years old, thus, replacement due to deterioration will be very limited.

Pent-up demand also exists. As part of this study, a rental survey was conducted. A total of 273 rental units were contacted and surveyed. The survey found a 2.9% vacancy rate in general occupancy market rate units, a 4.6% vacancy rate in the tax credit units, and a 0% vacancy rate in subsidized units.

We have identified pent-up demand for market rate units, tax credit units and subsidized units.

These three demand generators, after factoring current vacancy rates and rental units that are currently in the construction phase, show a need for 146 to 159 rental units in Harrisburg over the next five years. Based on the factors stated above, we recommend the development of the following new rental units over the next five years from 2014 to 2019.

▶ General Occupancy Market Rate	96-103 units
▶ Tax Credit	34-38 units
▶ Subsidized	<u>16-18 units</u>
Total	146-159 units

The 146 to 159 rental units are 4.9% to 5.3% of the total rental units that are projected to be constructed in the Sioux Falls MSA from 2014 to 2019.

For 146 to 159 additional rental units to be developed over the next five years, affordable land and infrastructure must be available for multi-family construction. Additionally, the City must continue to develop amenities that make Harrisburg an attractive residential option for households.

In addition to the units recommended above, it is anticipated that senior with services units will be constructed over the next five years. A developer has had a separate study conducted to determine senior with services rental housing needs. The study identified a need for senior housing with services units in the Sioux Falls MSA. The developer is planning a multi-phase construction project. The first phase is projected to have 60 units.

### **1. Develop 96 to 103 general occupancy market rate rental units**

**Findings:** Approximately 58% of the rental housing in the City of Harrisburg can be classified as general occupancy market rate housing. These units are free of any specific occupancy restrictions such as financial status, age, or student enrollment. Market rate housing does not have any form of rent controls, other than those imposed by the competitive marketplace. Compared to other similar sized cities, Harrisburg's percentage of market rate rental housing is low.

The entire rental inventory in the City included approximately 368 total units in 2014. We believe that approximately 216 of these units are best described as market rate rental housing.

Of the market rate rental units we surveyed, we found a vacancy rate of 2.9%, which is below a healthy market range of 3% to 5%. All but two of the market rate projects that were surveyed had no vacancies. The rental property owners and managers reported high demand and high occupancy rates.

There is a fairly wide variation in rental rates in the market rate segment in the City of Harrisburg. The prevailing gross rent range is \$500 to \$900 for a one-bedroom unit, \$525 to \$1,225 for a two-bedroom unit and \$1,060 to \$1,400 for a three-bedroom unit.

Since 2010, 66 conventional market rate rental units have been constructed or are currently in the construction phase including Jackson Heights - 34 units, Meadows Apartments - 24 units and Legendary Apartments - 8 units.

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

Based on this combination of demand generators, we believe that it is reasonable to plan for production of between 96 to 103 market rate rental units over the next five years or approximately 19 to 21 units annually.

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

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

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

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

There are several developers and builders that have constructed or are constructing rental units in Harrisburg and have expressed interest in continuing to develop rental housing in Harrisburg.

We would recommend the development of 96 to 103 rental units, with a unit mix and rent levels as follows:

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

<u>Unit Type</u>	<u>No. of Units</u>	<u>Size/Sq. Ft.</u>	<u>Rent</u>
One Bedroom	14-16	700 - 800	\$700 - \$900
Two Bedroom	66-69	900 - 1,050	\$750 - \$1,250
Three Bedroom	16-18	1,100 - 1,250	\$900 - \$1,500
Total	96-103		

**Note:** The recommended rents are gross rents including all utilities. The rents are quoted in 2014 dollars.

**2. Consider the development of 34 to 38 additional tax credit/moderate rent housing units**

**Findings:** The federal low income housing tax credit program is the most available financing resource for more affordable rental housing development. Over the past two decades, a number of the most affordable projects in Sioux Falls have utilized tax credits. In Harrisburg, three tax credit projects have been developed over the past 10 years with a total of 152 units. These projects include:

- ▶ Drexel Place Apartments - 48 units developed in 2011
- ▶ Hunters Gate Townhomes - 60 units, 30 units developed in 2004 and 30 units developed in 2007
- ▶ South Cliff Falls Apartments - 44 units developed in 2006

Tax credit rental housing cannot serve all renter households. There are occupancy restrictions concerning household composition. There are also income limits that apply to all tax credit-assisted units. Households earning more than 60% of the HUD median income level, as adjusted by family size, cannot reside in a tax credit unit.

Since nearly all tax credit units have a more moderate gross rent, there is also a lower effective income limit, as households below 30% of the HUD median may not be able to afford the monthly rent. This lower limit can be eliminated if the household has a rent assistance Voucher or some form of project-based rent assistance. Approximately 20% of the tax credit units in Harrisburg are occupied by a household that also had a tenant-based rent assistance Voucher.

Tax credit assistance has been widely used to construct new rental units in the Sioux Falls MSA. Research completed in Sioux Falls in 2010 had found that an

annual average of nearly 90 new construction tax credit units had been built since the year 2000. In addition to Harrisburg, there have also been units constructed in Brandon, Tea, and Hartford.

Due in part to the ongoing production of tax credit housing in the Sioux Falls area, there has been some level of unit vacancy. In the January 2014 survey completed by the Multi-Housing Association, the vacancy rate in tax credit housing was at 7.39%, the highest level of any segment of the market. Since 2007, the tax credit vacancy rate had only been below 5% in one Multi-Housing survey, when it reached 4.18% vacancy in July 2008.

In Harrisburg, our survey found seven vacancies for a vacancy rate of 4.6%. The managers of the three tax credit projects reported that the projects usually have a very high occupancy rate. The Harrisburg tax credit projects tend to have lower vacancy rates because of their age and unit style, with features that are more similar to single family housing. Presumably, many of the tax credit vacancies in Sioux Falls are in the older, apartment-style tax credit projects.

The rental rates for units in the Harrisburg tax credit projects are moderate. Federal regulations for tax credit units cap the maximum rent at 60% of the area's median income level. The actual rents being charged in the Harrisburg projects were well below the 60% limits and were actually below the 50% income limits.

The State awards bonus points in the application scoring system for projects that dedicate a portion of the units in each new project to lower income ranges. Some of the units in the Harrisburg tax credit projects serve households at or below 40% of the median income level.

**Recommendation:** Although the Harrisburg tax credit projects have proven to be very successful in Harrisburg, the City does have a very large concentration of this form of income-based housing. Overall, approximately 41% of the rental options in Harrisburg are tax credit units with income limits and rent restrictions.

However, Harrisburg's tax credit projects have been successful and are serving the larger Sioux Falls area. We are therefore recommending the development of an additional 34 to 38 tax credit units over the next five years.

Sioux Falls also has a large number of tax credit units, however, the concentration of units in Sioux Falls is much lower than the distribution in Harrisburg. It is probable that only 10% to 11% of all rental housing in Sioux Falls is subject to the tax credit regulations, including the income limits and

rent restrictions. With the high percentage of tax credit housing in Harrisburg, it is clear that the City is serving a regional demand, rather than a locally-generated demand from moderate income renters.

The housing study completed for Sioux Falls in 2010 had projected demand for 50 or more additional tax credit units per year. Even greater unit absorption potential existed if lower income groups, including households at 30% or 40% of median income could be served.

Going forward, growth in the number of renters in the MSA will continue to result in more proposals from developers to build affordable tax credit housing. Although a large number of units already exist in Harrisburg, it is possible that additional development plans will surface. As with other forms of rental housing, the City may need to make a policy decision on the desire to serve an even larger share of the regional demand from moderate income households.

Moderate rent income-based rental housing in Harrisburg has outperformed the larger MSA market, with the 2014 vacancy rate below the level reported elsewhere in the area. Therefore, it is our opinion that another phase of development in Harrisburg could also be successfully absorbed.

### **3. Promote the development of 16 to 18 additional subsidized rental housing units as resources allow**

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

The research completed for this Study found only one project, St. James Place, that offers subsidized housing with rent based on income. St. James Place has eight total units, with one one-bedroom and seven two-bedroom apartments. This project reported full occupancy at the time of the rental survey.

There are additional “deep subsidy” resources available to Harrisburg residents through the tenant-based Housing Choice Voucher Program. The Vouchers allow tenants to pay 30% of income for housing in suitable private-market rental units. The Voucher Program for Harrisburg is administered by the Canton Housing and Redevelopment Commission. Thirty-one Harrisburg households were using a Voucher in June 2014. All 31 households are renting a unit in one of the three tax credit projects.

Approximately 11% of the City's rental stock is in the form of deep subsidy units, including Voucher households. While the percentage of subsidized housing is small in Harrisburg, the City still does have a large inventory of income-based housing if the tax credit units and the deep subsidy units are combined. Overall, more than 52% of the City's total rental stock has some form of income limits and/or rent restrictions in place in June 2014.

Despite the number of income-based rental options that do exist, the 2012 American Community survey estimated that approximately 20% of all renters in the City were paying 35% or more of their income for rent. Most of the households with a severe rent burden had low annual incomes, and would be under the income limits for subsidized housing.

**Recommendation:** Based on the cost burden data contained in the American Community Survey, we would recommend that the City look to expand the supply of deep subsidy rental housing for lower income renters. Over the next five years, we would recommend that the City attempt to construct 16 to 18 units that achieve a rent level that would be affordable to very low income households earning less than \$25,000 per year.

This recommendation represents a modest goal, since more low income households exist in the City with a cost burden. However, over the past few decades, very few federal subsidy sources have been available for the construction of "deep subsidy" rental housing. The actual number of units that can be developed will be dependent upon access to financial resources. In the opinion of the analysts, the highest priority would be to create subsidized general occupancy units for families and younger households.

#### **4. Senior with Services Units**

**Findings:** A private developer has proposed the development of a large senior housing campus that will include independent living, assisted living and memory care units. The campus will be developed in phases and up to 450 units will be constructed. The first phase will include:

- ▶ 30 units independent living
- ▶ 30 units assisted living
- ▶ 20 units memory care

The senior campus will also include amenities such as a park, walking paths, etc.

The number of senior citizens in Harrisburg currently represents a small percentage of the total population. Although the number of seniors will increase over the next five years, the Harrisburg senior population cannot support a large senior with services project. Therefore, it is assumed that the proposed project is based on demand from the entire region and will attract seniors from throughout the Sioux Falls MSA.

**Recommendation:** We recommend that the City of Harrisburg support the proposed senior with services project as it will be an asset to the City and will assist Harrisburg in offering housing for people of all ages.

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

**Findings:** A mixed-use commercial/housing project was developed in Harrisburg approximately seven years ago. The project, Brooklyn Center, includes a daycare center, a casino, offices and 13 rental units on the upper level. Brooklyn Center has been successful. The rental units are fully occupied and several tenants work at the businesses in the project.

New mixed use projects have also been developed in several other cities comparable to the size of Harrisburg. Some of these projects were developed because of market demand while others were developed to enhance the commercial district, to introduce a new product to the market or to serve as a catalyst for development.

A mixed-use rental housing/commercial project could complement the City's efforts to develop vibrant commercial areas. There should be sensitivity to the timing of the project and type of commercial tenants the project will have, to assure the project is an asset to the City.

**Recommendation:** We recommend the development of mixed-use buildings in Harrisburg. Mixed-use buildings could be a catalyst to developing a 'Town Center' which would be a core commercial area.

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

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

Ideally, a private developer would construct and own the building. The City may have a role in the project by providing TIF, tax abatement or other local funds and land that are part of an overall plan to develop a core commercial area.

## **6. Continue to utilize the Housing Choice Voucher Program**

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

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

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

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

The Housing Choice Voucher Program is administered in Harrisburg by the Canton Housing and Redevelopment Commission. In June 2014, there were 31 renter households receiving voucher assistance in Harrisburg. The 31 renter households were all in the City's tax credit projects; Hunters Gate, Drexel Place and South Cliff Falls. The waiting list for the Voucher Program is eight to nine months.

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

# **Harrisburg - Home Ownership Recommendations**

## **Home Ownership Recommendations**

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

The median owner-occupied home value in Harrisburg is estimated to be \$165,000 based on 2013 existing home sales. With approximately 50% of the homes in Harrisburg valued less than \$165,000, Harrisburg has a limited market for first time home buyers and households seeking moderately priced homes.

Our analysis of Harrisburg demographic trends shows strong population growth from 2010 to 2019 in the 55 to 74 age ranges with a gain of approximately 184 households. While most households in these age ranges already own their housing, this group represents a strong potential market for 'trade-up' housing. Increasingly, the older age ranges within this group look for lower maintenance housing options, such as twin homes or town house developments.

The number of Harrisburg households in the 35 to 54 age range is expected to increase by approximately 570 households from 2010 to 2019. While some of these households already own their housing, those households that have not been able to achieve the goal of home ownership, may need the assistance of special programs to help them purchase their first home and will be seeking affordable homes.

The 25 to 34 age range is projected to decrease by approximately 155 households from 2010 to 2019. Households in this age range are typically first-time home buyers. Although this age range is projected to decrease, there will still be a significant number of households in this age range seeking their first home.

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

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

**Findings:** We believe that affordable home ownership is one of the issues facing Harrisburg 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. Harrisburg has a supply of houses that are price-eligible for these assistance programs. The home value estimates used in this study indicate that some of the existing stock currently is valued under the purchase price limits for the first-time home buyer assistance programs.

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

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

Funding sources for home ownership programs may include USDA Rural Development, the South Dakota Housing Development Authority, and the Federal Home Loan Bank.

# **Harrisburg - New Housing Construction**

## **New Housing Construction**

**Findings:** The City of Harrisburg has experienced significant single family owner-occupied housing construction. Based on city records, from 2000 to 2013, 1,147 single family structures and twin homes have been constructed in the City of Harrisburg, which is an average of approximately 82 housing units per year.

The peak construction years were from 2003 to 2008, when 826 units were constructed, which is an average of approximately 138 units per year. The peak individual years for new construction were 2005 when 181 units were constructed, 2006 when 175 units were constructed and 2004 when 129 units were built.

However, there was a slow down in construction from 2010 to 2012, when a total of 112 units were constructed, which is an annual average of approximately 37 units. The 2013 construction rebounded somewhat and 71 units were constructed.

The attractiveness of the area, the City's amenities, its job creation, and its proximity to Sioux Falls should result in the continued construction of new homes annually. Also, there are many attractive residential lot options available for new home construction.

Overall household projections for Harrisburg indicate good demand for owner-occupied housing construction. Harrisburg is projected to gain 184 households in the 55 to 74 age ranges from 2010 to 2019. Households in these age ranges tend to be predominantly home owners, and form a market for higher priced, trade-up housing and low maintenance housing such as town homes and twin homes. The 35 to 54 year old ranges are expected to have a significant gain of 570 households through 2019. These households are often trade-up buyers or new home builders. The significant household gains in the 35 to 54 age ranges will be partially offset by the projected loss of 155 households in the 25 to 34 age range.

**Recommendation:** It is our opinion that if the City, developers and local housing agencies are proactive, 64 to 76 owner-occupied housing units should be constructed in Harrisburg annually over the next five years from 2014 to 2019 to address demand. Our projection for single family housing starts includes homes built in new subdivisions and on infill lots, and includes single family attached housing units, such as twin homes and town houses.

The breakdown of our projection of 64 to 76 new owner-occupied housing units annually over the next five years is as follows:

▶ Higher & median price homes	16-20 homes
▶ Affordable homes	35-40 homes
▶ Homes on infill lots	1-2 homes
▶ Twin homes/town homes	<u>12-14 units</u>
Total	64-76 units

For Harrisburg to construct 64 to 76 owner-occupied housing units annually over the next five years, the following must occur:

- ▶ Available lots - A variety of lots for all types of housing must continue to be available. Buyers should have several lot options available to them in various locations throughout the City of Harrisburg.
- ▶ Lots at Competitive Prices - There are a large number of lots available in neighboring communities. Harrisburg's past success in new home construction has been partially based on buyers' ability to purchase lots in Harrisburg at a lower price than in Sioux Falls and at a price that is competitive with other surrounding communities.
- ▶ Builders/Spec Homes - Harrisburg has several builders that make the new home building and buying process 'user friendly.' Also, the builders continue to build spec homes, which continue to promote construction activity and generate momentum.
- ▶ Market share of Lincoln County's and the Sioux Falls MSA's new single family construction - Over the past 14 years from 2000 to 2014, Harrisburg's market share has been 30% of Lincoln County's total and 4.3% of the MSA total. To achieve the recommendations above, Harrisburg will need to capture approximately 40% of all projected single family housing construction in Lincoln County and 5% to 5.5% of the single family housing construction in the Sioux Falls MSA.
- ▶ The City of Harrisburg must continue to develop amenities that encourage households to locate in the community including parks, trails, commercial/retail, entertainment, housing of all types and all ages, etc.
- ▶ The property taxes and utility rates in Harrisburg should be competitive with surrounding cities.

We are projecting that approximately 25% of the single family homes constructed in Harrisburg over the next five years will be higher and median priced 'step up' homes. This projection is based on the following:

- ▶ Strong household growth is projected in the MSA, Lincoln County and Harrisburg in the 35 to 54 age ranges. Many households in these age ranges are moving into 'step up' housing.
- ▶ A large majority of the new homes constructed since 2000 in Harrisburg are 'starter' homes. From 2000 to 2010, Harrisburg added 767 households in the 25 to 44 age ranges. Therefore, Harrisburg has a large number of young households living in starter homes. These households are a prime market for 'move up' homes over the next five years.
- ▶ In 2013, 47 of the 133 homes sales in Harrisburg were for a sales price of \$175,000 or above, representing 35.3% of all sales. Sixteen of these sales (12%) had a sales price of \$200,000 or more. Therefore, a market for median and higher priced homes exists in Harrisburg.

## **8. Lot availability and development**

**Findings:** As part of this Study, we attempted to identify the inventory of available residential lots for single family housing construction in the City of Harrisburg. Based on information provided by City Staff, Harrisburg has 161 available single family lots in nine subdivisions. A total of 131 of these lots are in three subdivisions, Green Meadows, Harvest Acres and Legendary Estates. Additionally, there are several developers and land owners that are in the discussion or planning phase of developing lots.

There are also a few miscellaneous infill lots scattered around the city that we did not attempt to count. We also do not know the availability of some of these infill lots.

**Recommendation:** We use a standard that a 2 ½ year supply of lots should be available in the marketplace based on annual lot usage. With projections that 64 to 76 new owner-occupied housing units will be constructed per year, the City should have approximately 160 to 185 residential lots available to meet the expected demand. Part of this demand would be for attached unit construction.

With approximately 161 available lots, the City currently has the minimum number of lots to meet near-term construction demand. This is based on the assumption that the available lots are quality lots that are competitively-priced.

We would recommend that the City continue to work with developers to assure that an adequate number of lots are available on an ongoing basis for homes in a variety of price ranges.

The City of Harrisburg and developers should also assure that an adequate number of lots are available for higher/median priced 'step up' homes. We are projecting that 16 to 20 'step up' homes will be developed annually. 'Step up' lots for higher/median priced homes should include:

- ▶ A higher level of amenities, which may include larger lots, sidewalks, landscaping, trails, ponds, high quality lighting, a park, etc.
- ▶ Lots must be priced lower than lots with similar amenities in Sioux Falls.
- ▶ The City of Harrisburg and the Harrisburg Area Development Corporation may need to assist local developers with tax increment, tax abatement or other financial assistance.
- ▶ Lots must be adequately marketed and publicized.
- ▶ The lot purchase and home building/purchase process must be 'user friendly.' This may include the construction of spec homes and builders who are readily available to build custom homes.
- ▶ Lots should also be available for twinhome/townhome development. These lots should be in a cluster.

## **9. Promote townhouse and twin home development**

**Findings:** Harrisburg has experienced limited owner-occupied attached housing development from 2000 to 2013. Many communities over the past 15 years have seen attached housing take an increasingly large share of new owner-occupancy construction. In cities the size of Harrisburg, 20% to 25% of the housing starts are typically twin homes/townhomes. Over the past 14 years, it is estimated that fewer than 2% of the owner-occupied housing units constructed in Harrisburg have been twin homes/townhomes.

Attached housing provides desirable alternatives for empty nesters and seniors to move out of their single family homes, thus, making traditional single family homes available for families. It is estimated that the 55 to 74 age ranges will increase by approximately 184 households in Harrisburg from 2010 to 2019. Lincoln County and the Sioux Falls MSA are also projected to have large

increases in these age ranges. It is important for the City to offer a range of life-cycle housing options as many of these households will be seeking to downsize into low maintenance housing options.

**Recommendation:** It is our projection that approximately 12 to 14 of Harrisburg's new owner single family units per year should be twin homes or town houses over the next five years, which is an approximate total of 60 to 70 units during the five-year period. This is approximately 18% of the annual projected single family housing construction total in Harrisburg. It should be noted that twin home/town home development has been impacted by the downturn in the housing economy, and full recovery of this segment of the market may not occur until later in the five-year time period.

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

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

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

## **10. Coordinate with agencies/nonprofits that develop affordable housing**

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

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

# **Harrisburg - Housing Rehabilitation**

## **Housing Rehabilitation**

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

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

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

### **11. Promote rental housing rehabilitation programs**

**Findings:** Based on the U.S. Census data, the City of Harrisburg had approximately 254 rental units in 2010. These rental units are in multi-family projects, small rental buildings, duplexes, mixed-use buildings and single family homes. Some of these rental structures could benefit from rehabilitation as a small percentage of the rental structures are more than 25 years old and are in poor condition. However, a high percentage of Harrisburg's rental housing stock has been constructed over the past 15 years and is in good to excellent condition.

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

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

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

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

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

Our Harrisburg housing condition survey rated 43 single family homes in the City's oldest neighborhood. The survey found that 14 homes need minor repairs and 19 homes need major repairs. Without rehabilitation assistance, there is the potential that the affordable housing stock will shrink in Harrisburg.

Inter-Lakes Community Action Partnership currently has several housing programs to assist area households with the rehabilitation of their homes, including the Self Help Rehabilitation Program and programs utilizing Home and CHIP funds. The Rural Office of Community Services, Inc., administers the Weatherization Program in Lincoln County.

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

# **Harrisburg - Other Housing Initiatives**

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

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

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

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

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

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

Additionally, employers can continue to support other city projects such as parks, trails, ball fields, etc. that indirectly positively impact housing in Harrisburg.

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

**Findings:** Our housing condition survey of Harrisburg’s oldest neighborhood identified two homes that are dilapidated and too deteriorated to rehabilitate. We also identified 19 homes as needing major repair (several of these homes may be too dilapidated to rehabilitate upon a more detailed inspection).

**Recommendation:** We recommend that the City 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 possibly be utilized for the construction of new affordable housing units.

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

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

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

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

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

**Findings:** The City of Harrisburg’s commercial development has lagged behind its residential development.

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.

Because of Harrisburg’s close proximity to Sioux Falls and all its commercial opportunities, commercial development is a challenge in Harrisburg.

**Recommendation:** We recommend that the City of Harrisburg and the Harrisburg Area Development Corporation continue to work with commercial property and business owners to rehabilitate their buildings. Also, encouraging new businesses to locate in Harrisburg should continue to be a high priority.

The City of Harrisburg and the Harrisburg Area Development Corporation should also continue to seek funding to assist property owners with rehabilitating their commercial buildings or to locate in Harrisburg. The development of a commercial/retail City Center should also be considered.

## **17. Market the Community and its housing opportunities**

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

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

**Recommendation:** The City of Harrisburg and the Harrisburg Area Development Corporation have been active in promoting and marketing

housing. We recommend that the City and Harrisburg Area Development Corporation continue to do the following:

- ▶ Work with builders, developers and realtors to promote the City
- ▶ Determine the City's strengths and competitive advantages and heavily promote them
- ▶ Continue to create marketing materials that can be distributed regionally (including internet, TV, radio, etc.)
- ▶ Work closely with employers (Harrisburg and Sioux Falls) to provide employees (especially new employees) with housing opportunities in Harrisburg
- ▶ Work with housing agencies to provide down payment assistance, low interest loans, home owner education and home owner counseling programs
- ▶ Consider an annual Housing Fair that provides information on lots, builders, finance programs, etc. Developers, builders, lenders, realtors, public agencies and local businesses could participate
- ▶ Work with builders to continue to make the construction of a new home a very user friendly process

## **18. Competition with Other Jurisdictions**

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

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

- ▶ Continue to work on the creation of jobs and the development of retail, commercial, service and recreational opportunities that make the City a "full service" community
- ▶ Continue to make improvements to the City's utilities to assure that they can accommodate future development and that utility rates are competitive with area cities

- ▶ Work with developers to provide attractive lots at an affordable price for a variety of home sizes, styles and price ranges
- ▶ Provide financing mechanisms for households to build new homes, purchase existing homes and to rehabilitate older homes
- ▶ Preserve the quality of the City's older core neighborhood through the rehabilitation of substandard housing and the demolition of dilapidated structures that are beyond repair
- ▶ Continue to develop new housing choices that serve life-cycle housing needs, such as new rental housing, twin homes, senior housing
- ▶ Publicize and market Harrisburg throughout the region and among Sioux Falls and Harrisburg employees
- ▶ Communication with Harrisburg and Sioux Falls employees to assure they are aware of the housing opportunities in Harrisburg
- ▶ Develop a coordinated plan with area housing agencies

## **Housing Agencies and Resources**

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

### **Harrisburg Area Development Corporation**

301 East Willow Street  
Harrisburg, SD 57032  
(605) 767-0045

### **InterLakes Community Action Partnership**

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

### **South Eastern Development Foundation**

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

### **South Eastern Council of Governments**

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

### **Habitat for Humanity Greater Sioux Falls**

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

### **Canton Housing and Redevelopment Commission**

903 W 5<sup>th</sup> Street  
Canton, SD 57013  
(605) 764-5722  
Contact: Dotty Koupal, Director

### **Rural Office of Community Services, Inc.**

214 W Main  
PO Box 70  
Lake Andes, SD 57356  
(605) 487-7634  
Contact: Deb Cahoy, Director

**South Dakota Housing Development Authority**

221 South Central Avenue

Pierre, SD 57501

(605) 773-3181

Contact: Mark Lauseng, Executive Director