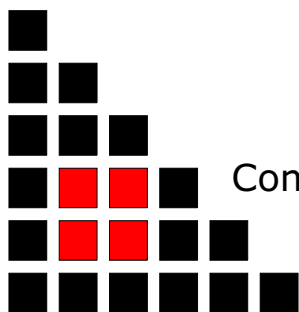


# City of Hartford HOUSING STUDY

April 2013

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



Community Partners Research, Inc.

1011 Newhall Drive

Faribault, MN 55021

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# Introduction

## Overview

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

Community Partners Research, Inc., was hired by the Hartford Area Development Corporation (HADC) to conduct a study of the housing needs and conditions in the City of Hartford.

## 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 November 2012 to April 2013. Data sources included:

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

**Limitations**

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

This study was prepared by:

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

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# **Demographic Data Overview**

## **Sources of Data**

The following pages contain demographic data obtained from a variety of local, state and national sources for the City of Hartford and Minnehaha 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 2011 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 2011 estimates were derived from sampling that was done over a five-year period, between 2007 and 2011. Unless otherwise noted, the American Community Survey estimates are based on the five-year survey data.

## Population Data and Trends

<b>Table 1 Population Trends - 1980 to 2010</b>						
	1980 Population	1990 Population	2000 Population	% Change 1990-2000	2010 Population	% Change 2000-2010
Hartford	1,207	1,262	1,844	46.1%	2,534	37.4%
Minnehaha Co.	109,435	123,809	148,281	19.8%	169,468	14.3%

Source: U.S. Census

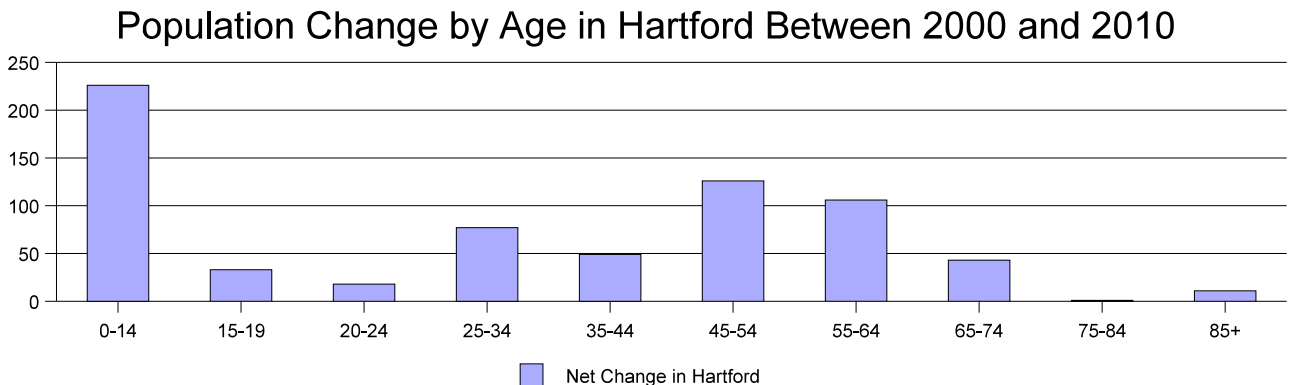
- ▶ According to the 2010 U.S. Census, the City of Hartford and Minnehaha County both had significant population gains from 2000 to 2010. Hartford’s population was 2,534 in 2010. This was a 690-person increase from 2000, which was a population gain of 37.4%.
- ▶ Minnehaha County’s population was 169,468 in 2010. This was a 21,187-person increase from 2000, which was a population gain of 14.3%.
- ▶ Hartford and Minnehaha County also experienced significant population increases in the 1990s. Hartford’s population increased by 582 people and Minnehaha County’s population increased by 24,472 people.
- ▶ Hartford’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, with the Native American population representing approximately 1.2% of the City total. Fewer than 1% of the City’s residents were identified as Hispanic/Latino.
- ▶ According to the 2010 Census, no Hartford residents lived in group quarters.
- ▶ The Census Bureau has released some population estimates following the 2010 Census. For Hartford, the most recent estimate is effective on July 1, 2011. This estimate shows the City’s population at 2,570 people, up by 36 residents from the 2010 Census.
- ▶ For all of Minnehaha County, the most recent estimate has an effective date of July 1, 2012. This estimate shows the County adding 5,569 residents since the 2010 Census. Between 2010 and 2011, Minnehaha County added 2,384 people, and the net growth in Hartford represented 1.5% of all growth Countywide.

## 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 Hartford and Minnehaha 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	Hartford			Minnehaha County		
	2000	2010	Change	2000	2010	Change
0-14	487	713	226	32,288	35,727	3,439
15-19	147	180	33	11,119	11,425	306
20-24	75	93	18	11,466	12,443	977
25-34	305	382	77	22,659	26,300	3,641
35-44	335	384	49	24,794	21,810	-2,984
45-54	214	340	126	18,928	24,535	5,607
55-64	125	231	106	10,714	18,385	7,671
65-74	77	120	43	8,233	9,540	1,307
75-84	56	57	1	5,801	6,337	536
85+	23	34	11	2,279	2,966	687
Total	1,844	2,534	690	148,281	169,468	21,187

Source: U.S. Census

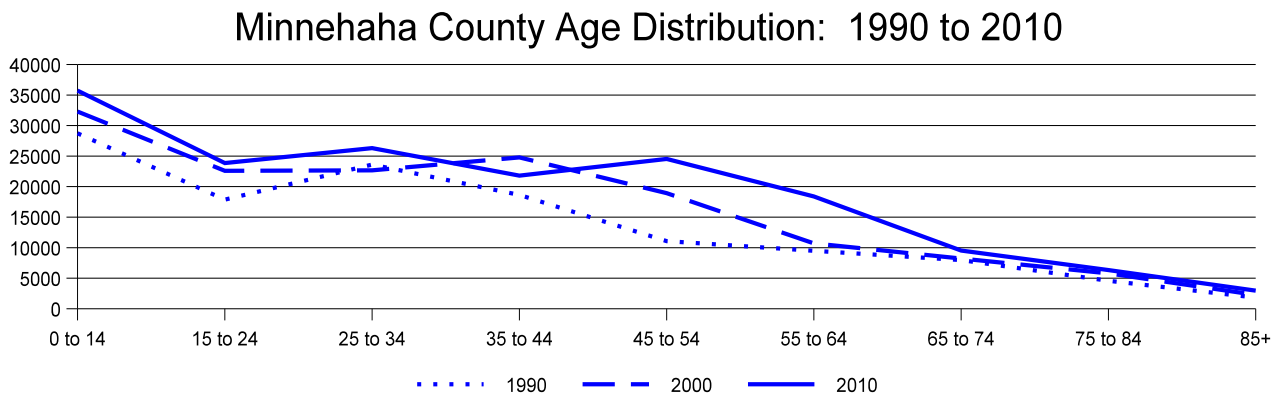




For many years, demographic analysts have been talking about the impact that is occurring as the large “baby boom” generation moves through the aging cycle. This trend has been evident in Hartford and Minnehaha County.

Between 2000 and 2010, Hartford had a net gain of 232 people and Minnehaha County had a gain of 13,278 people in the age ranges between 45 and 64 years old. In 2010, nearly all of the baby boomers were within these age ranges.

The City of Hartford had increases in all age ranges. Minnehaha County also had increases in all age ranges with the exception of the 35 to 44 age range, which had a significant loss of 2,984 people.



The aging trends present in 2010 can be traced back over the previous decades to see the movement of the baby boom generation over the last 20 years in Minnehaha County.

## Population Projections

The following table presents population projections using two different sources.

The South Dakota State Data Center has issued preliminary population projections to the year 2030 for Minnehaha County. The following table shows the Data Center projection for 2015.

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

<b>Table 3 Population Projections Through 2015</b>				
	2010 Population Census	2015 Projection from 10-year trend	2015 Projection from 20-year trend	2015 Projection State Data Center
Hartford	2,534	3,008	3,172	N/A
Minnehaha Co.	169,468	181,575	185,092	180,180

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

- ▶ The growth projections based on 10-year and 20-year growth trends estimate significant population gains from 2010 to 2015 for the City of Hartford and Minnehaha County.
- ▶ The 10-year and 20-year growth trend population projections for Hartford estimate an increase of 474 to 638 people between 2010 and 2015.
- ▶ Minnehaha County’s population, based on 10-year and 20-year growth trends, is projected to gain between 12,107 and 15,624 people from 2010 to 2015. The State Data Center projects that Minnehaha County will gain 10,712 people by 2015.

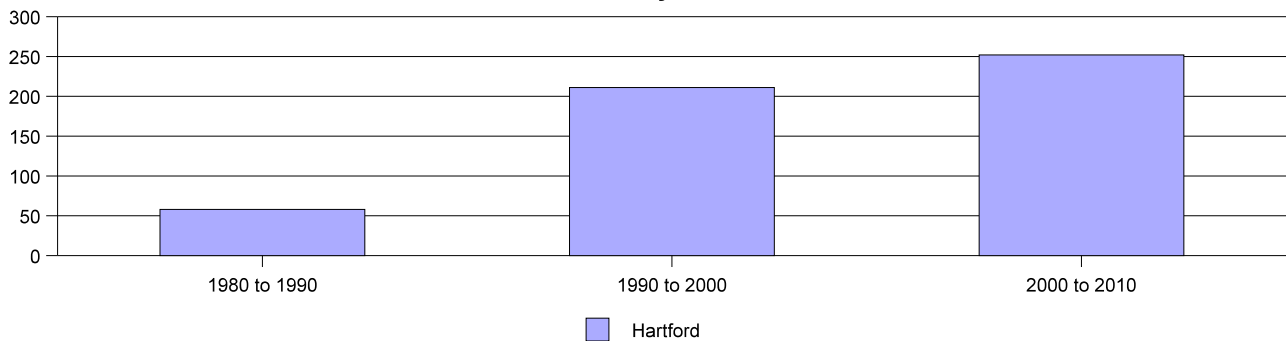
## Household Data and Trends

<b>Table 4 Household Trends - 1980 to 2010</b>						
	1980 Households	1990 Households	2000 Households	% Change 1990-2000	2010 Households	% Change 2000-2010
Hartford	392	450	661	46.9%	913	38.1%
Minnehaha Co.	40,054	46,805	57,996	23.9%	67,028	15.6%

Source: U.S. Census

- ▶ According to the 2010 U.S. Census, both Hartford and Minnehaha County gained a significant number of households from 2000 to 2010. Hartford had 913 households in 2010. This was an increase of 252 households from 2000, which was a household gain of 38.1%.
- ▶ Minnehaha County had 67,028 households in 2010. This was a gain of 9,032 households from 2000, which was a household increase of 15.6%.
- ▶ No household estimates have been released by the Census Bureau following the 2010 Census, other than those contained in the American Community Survey.
- ▶ Hartford and Minnehaha County also experienced household gains during the 1990s, Hartford gained 211 households and Minnehaha County gained 11,191 households from 1990 to 2000.

**Net Gain of Households by Decade: 1980 to 2010**



## Household by Age Trends: 2000 to 2010

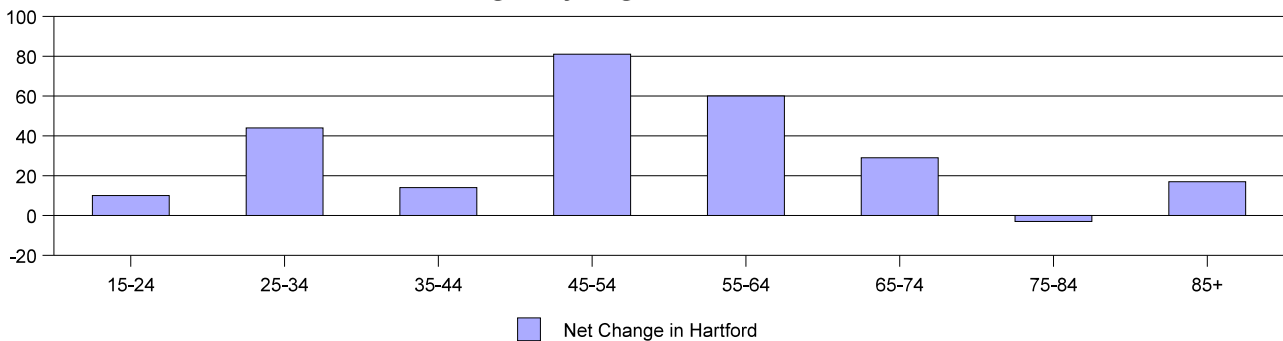
The 2010 Census allows for some analysis of Hartford and Minnehaha County’s changing age patterns. The following table compares households by age of householder in 2000 and 2010, along with the numeric changes.

<b>Table 5 Households by Age - 2000 - 2010</b>						
Age	Hartford			Minnehaha County		
	2000	2010	Change	2000	2010	Change
15-24	27	37	10	4,709	4,310	-399
25-34	155	199	44	11,619	13,252	1,633
35-44	190	204	14	13,882	11,928	-1,954
45-54	116	197	81	10,924	14,134	3,210
55-64	67	127	60	6,352	11,092	4,740
65-74	47	76	29	5,240	6,012	772
75-84	45	42	-3	3,927	4,312	385
85+	14	31	17	1,343	1,988	645
Total	661	913	252	57,996	67,028	9,032

Source: U.S. Census

Consistent with the population by age data presented earlier, the household patterns show most of the net change occurring in the baby boomer age groups. For all of Minnehaha County there was an increase of 7,950 households in the 45 to 64 year age range.

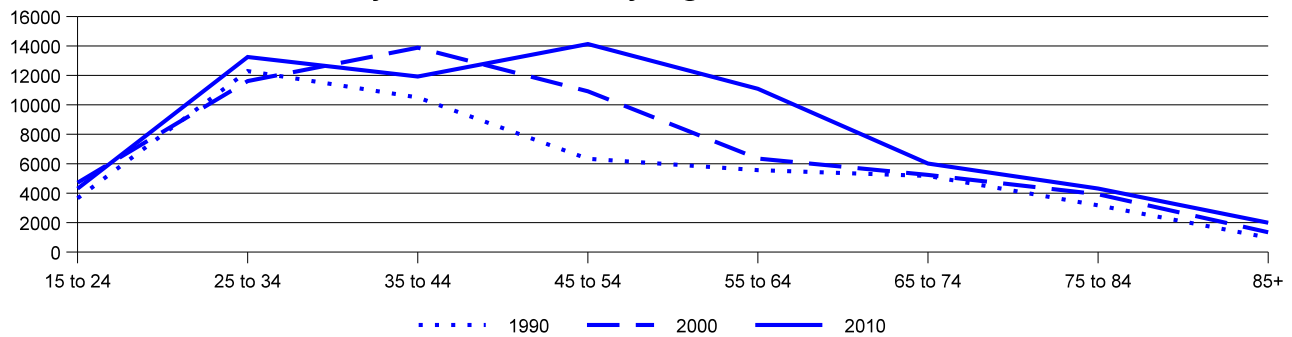
**Household Change by Age Between 2000 and 2010**



Hartford had increases in all age ranges with the exception of the 75 to 84 age range which had a loss of three households. Hartford had a gain of 141 households in the 45 to 64 age ranges.

Although Minnehaha County had net gains in most of the age ranges, there was a net loss of households in the 15 to 24 and 35 to 44 age ranges.

**Minnehaha County Households by Age of Householder: 1990 to 2010**



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

## Average Household Size

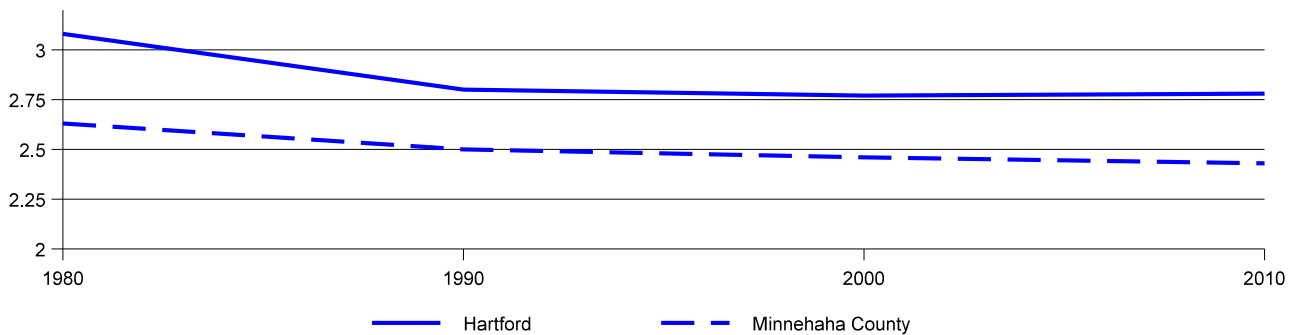
The following table provides decennial Census information on average household size.

<b>Table 6 Average Number of Persons Per Household: 1990 to 2010</b>				
	1980 Census	1990 Census	2000 Census	2010 Census
Hartford	3.08	2.80	2.77	2.78
Minnehaha County	2.63	2.50	2.46	2.43

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 Hartford decreased from 1980 to 2000. However, Hartford’s average household size increased slightly from 2.77 in 2000 to 2.78 in 2010.

Minnehaha County’s average household size decreased from 2.63 in 1980 to 2.43 in 2010.

## Household Projections

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

<b>Table 7 Household Projections Through 2015</b>			
	2010 Census	2015 Projection from 10-year trend	2015 Projection from 20-year trend
Hartford	913	1,087	1,148
Minnehaha County	67,028	72,247	74,268

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

- ▶ The growth projections based on 10- and 20-year trends estimate significant household gains for Hartford and Minnehaha County.
- ▶ From 2010 to 2015, Hartford is expected to gain 174 to 235 households.
- ▶ Minnehaha County is projected to add 5,219 to 7,240 households from 2010 to 2015.

## Household by Age Projections: 2010 to 2015

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

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 patterns will continue into the near-future, especially related to household formation and household size within specific age groups. 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 Hartford Projected Households by Age - 2010 to 2015</b>			
Age Range	2010 Census	Community Partner Research, Inc.	
		2015 Projection	Change from 2010
15-24	37	46 to 49	9 to 12
25-34	199	227 to 240	28 to 41
35-44	204	236 to 248	32 to 44
45-54	197	216 to 227	19 to 30
55-64	127	168 to 176	41 to 49
65-74	76	112 to 118	36 to 42
75-84	42	54 to 57	12 to 15
85+	31	28 to 33	-3 to 2
Total	913	1,087 to 1,148	174 to 235

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

All of the age ranges are projected to gain households from 2010 to 2015. The highest growth is projected in the 55 to 74 age ranges, which are expected to gain 80 to 91 households.

The youngest age range is expected to gain only 9 to 12 households and the oldest age ranges, 75 and older, are projected to gain only 9 to 17 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 Hartford.

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

Source: U.S. Census

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

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

## Housing Tenure

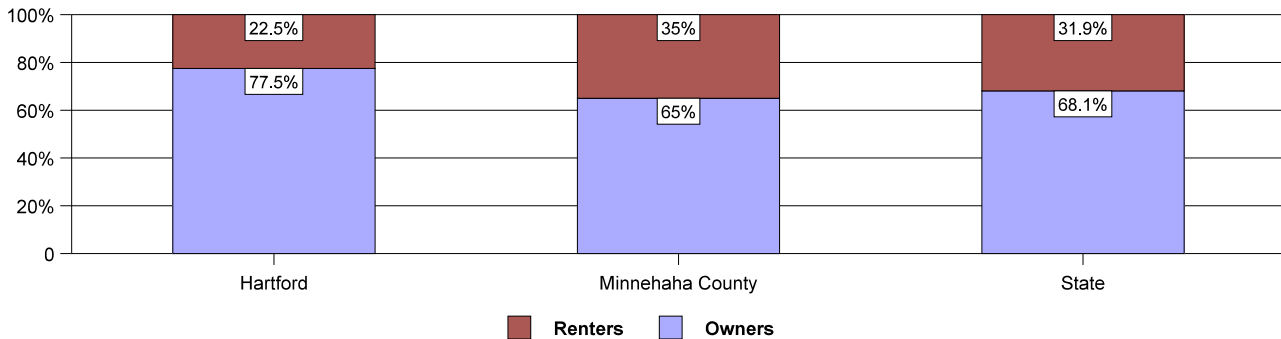
The 2010 Census provided an updated look at housing tenure patterns. The following tables examine overall tenure rates, along with the changes that have occurred since 2000 for the City of Hartford and Minnehaha County.

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

Source: U.S. Census

According to the 2010 Census, the ownership tenure rate in the City of Hartford was 77.5%. Minnehaha County’s ownership rate was 65.0%.

### Housing Tenure in 2010



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

Source: U.S. Census

Hartford’s ownership tenure rate decreased over the last decade, from 80.6% in 2000 to 77.5% in 2010. For Minnehaha County, there was a slight increase in the rate of owner households between 2000 and 2010. The ownership tenure rate increased from 64.7% in 2000 to 65.0% in 2010.

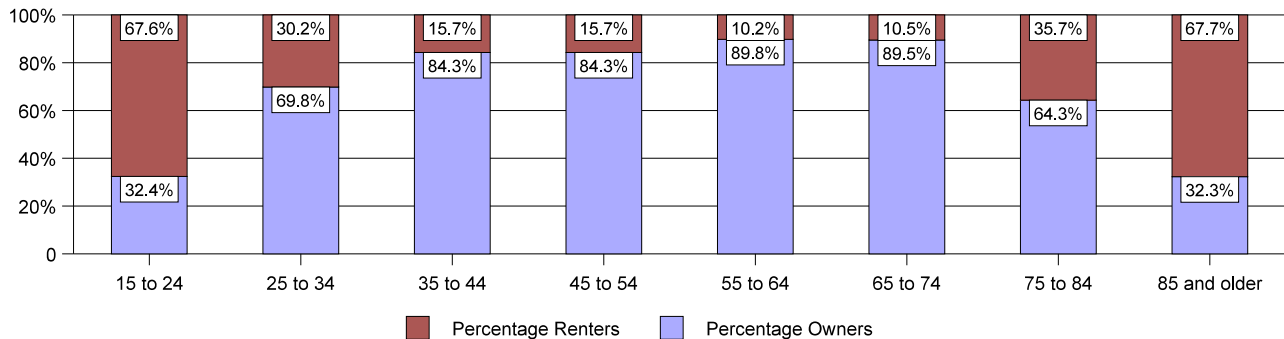
## Tenure by Age of Householder

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

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

Source: U.S. Census

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



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

## Tenure by Household Size

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

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

Source: U.S. Census

- ▶ Over the past decade, there was a significant increase in the number of owner and renter households in Hartford. There was an increase of 23 one-person owner households and 58 two-person owner households. There was also an increase of 80 owner households with four or more people per household.
- ▶ There was a gain of 55 one-person renter households and 12 two-person households. There was also a gain of 10 renter households with four or more people from 2000 to 2010.
- ▶ Approximately 68% of the renter households in Hartford are one or two person households.

## 2011 Income Data

The 2010 Census did not collect information on household income. However, estimates are available at the city and county level through the 2011 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 2011</b>			
	2000 Median	2011 Median	% Change
Hartford	\$48,333	\$62,083	28.4%
Minnehaha County	\$42,566	\$52,758	23.9%
South Dakota	\$35,271	\$46,369	31.5%

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

<b>Table 15 Median Family Income - 2000 to 2011</b>			
	2000 Median	2011 Median	% Change
Hartford	\$53,942	\$73,177	35.7%
Minnehaha County	\$52,031	\$66,953	28.7%
South Dakota	\$43,237	\$58,958	36.4%

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

Information contained in the 2011 American Community Survey shows local income levels and income growth over the past decade. Both the median household income and the median family income for Hartford and Minnehaha County were above the respective medians for all of South Dakota. However, the percentage increases were lower than the overall South Dakota rates.

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

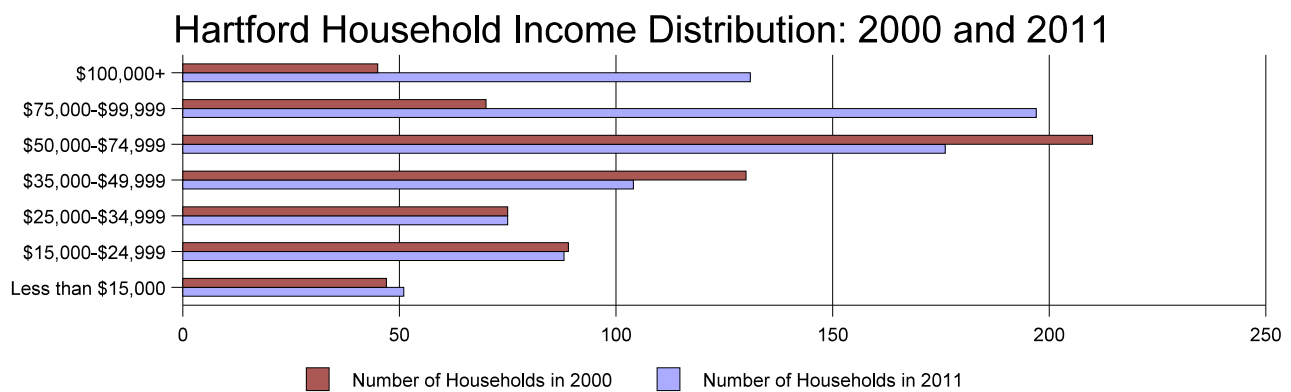
Using the commonly accepted standard that up to 30% of gross income can be applied to housing expenses without experiencing a cost burden, a median income household in Hartford could afford approximately \$1,552 per month for ownership or rental housing in 2010. A median income family could afford approximately \$1,829 per month for housing. However, as will be detailed later in this section, renter households tend to be below the overall median, while owner households tend to be above the overall median level.

## Hartford Household Income Distribution

The 2011 American Community Survey household income estimates for the City of Hartford can be compared to the same distribution information from 2000 to examine changes that have occurred over the past decade.

Table 16 Hartford Household Income Distribution - 2000 to 2011			
Household Income	Number of Households 2000	Number of Households in 2011	Change 2000 to 2011
\$0 - \$14,999	47	51	4
\$15,000 - \$24,999	89	88	-1
\$25,000 - \$34,999	75	75	0
\$35,000 - \$49,999	130	104	-26
\$50,000 - \$74,999	210	176	-34
\$75,000 - \$99,999	70	197	127
\$100,000+	45	131	86
Total	666	822	156

Source: 2000 Census; 2011 ACS



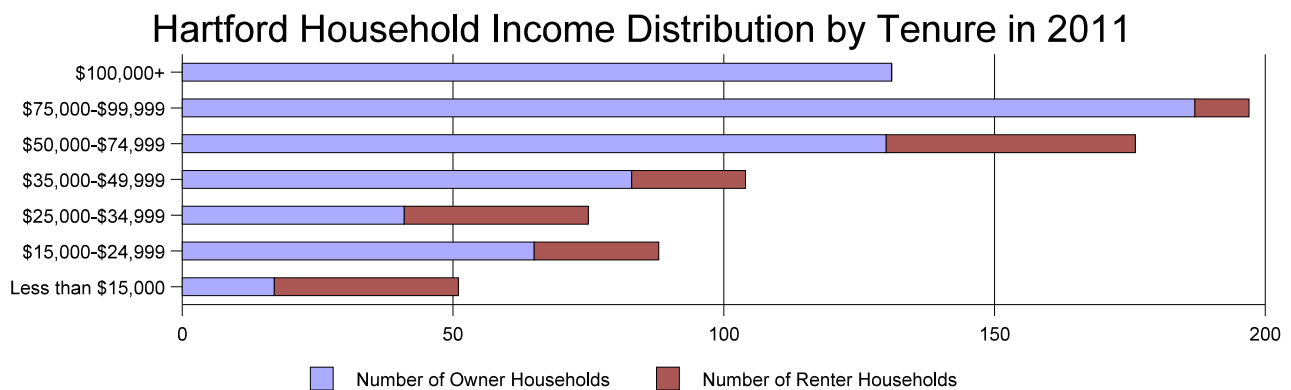
According to income estimates contained in the 2011 American Community Survey, household incomes have improved in Hartford, especially in the highest income ranges. When compared to the 2000 Census (1999 income), the number of households with an income of \$75,000, or more, increased by 213 households. However, there was an increase of four households with an income less than \$15,000. Also, there are 139 households in Hartford that have an annual income below \$25,000.

## Hartford Income Distribution by Housing Tenure

The 2011 American Community Survey provides an income estimate by owner and renter status. The following table examines income distribution within the City of Hartford. The American Community Survey is an estimate, based on limited sampling data, and there are some differences when compared to the 2010 Census. For total households, the American Community Survey reported 91 less households than the Census, a difference of 11.1%. The American Community Survey estimated 54 less owner households than the Census, and 37 less renter households. Since owner households tend to have higher incomes than renters, the over-weighting of renters in the estimate probably results in some lower totals in the higher income ranges.

<b>Table 17 Hartford Household Income Distribution by Tenure - 2011</b>			
Household Income	Number of Owner Households	Number of Renter Households	Total Households
\$0 - \$14,999	17/33.3%	34/66.7%	51
\$15,000 - \$24,999	65/73.9%	23/26.1%	88
\$25,000 - \$34,999	41/54.7%	34/45.3%	75
\$35,000 - \$49,999	83/79.8%	21/20.2%	104
\$50,000 - \$74,999	130/73.9%	46/26.1%	176
\$75,000 - \$99,999	187/94.9%	10/5.1%	197
\$100,000+	131/100%	0/0%	131
<b>Total</b>	<b>654/79.6%</b>	<b>168/20.4%</b>	<b>822</b>

Source: 2011 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 2010, approximately 54% of all renter households in Hartford had an annual income below \$35,000. At 30% of income, these households would have \$875, or less, that could be applied to monthly housing costs.

Conversely, most owner households had a substantially higher income level. Approximately 69% 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.



## 2011 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 Hartford.

<b>Table 18 Gross Rent as a Percentage of Household Income - Hartford</b>		
Percentage of Household Income for Housing Costs	Number of Renter Households 2011	Percent of All Renter Households 2011
0% to 19.9%	45	26.8%
20% to 29.9%	19	11.3%
30% to 34.9%	20	11.9%
35% or more	75	44.6%
Not Computed	9	5.4%
Total	168	100%

Source: 2011 American Community Survey

Based on the more accurate tenure information from the 2010 Census, the 2011 American Community Survey did underestimate the number of renter households in Hartford. 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 62% of all renters in the City were paying 30% or more of their income for rent. The large majority of these households were actually paying 35% or more of their income for housing. Federal standards for rent subsidy programs generally identify 30% of income as the maximum household contribution. When more than 30% of income is required, this is often called a "rent burden". When more than 35% is required, this can be considered a "severe rent burden".

## 2011 Estimated Income and Housing Costs - Owners

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

<b>Table 19 Ownership Costs as a Percentage of Income - Hartford</b>		
Percentage of Household Income for Housing Costs	Number of Owner Households 2011	Percent of All Owner Households 2011
0% to 19.9%	298	45.6%
20% to 29.9%	198	30.3%
30% to 34.9%	55	8.4%
35% or more	103	15.7%
Not Computed	0	0%
Total	654	100%

Source: 2011 ACS

Based on the 2010 Census, the 2011 American Community Survey slightly 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 24% of all home owners reported that they paid more than 30% of their income for housing. Most of these households were paying more than 35% of income for housing costs.

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

## Building Permit Trends

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

<b>Table 20 Hartford Housing Unit Construction Activity: 2000 to 2012</b>					
Year	Single Family Detached	Single Family Attached	Mobile Home	Multifamily	Total Units
2012	14	2	0	16	32
2011	5	4	0	12	21
2010	8	6	3	32	49
2009	10	2	0	0	12
2008	16	8	0	0	24
2007	22	0	3	40	65
2006	17	4	0	16	37
2005	25	4	0	0	29
2004	28	0	0	0	28
2003	14	0	1	0	15
2002	19	2	0	4	25
2001	19	2	1	0	22
2000	17	0	0	0	17
<b>TOTAL</b>	<b>214</b>	<b>34</b>	<b>8</b>	<b>120</b>	<b>376</b>

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

Over the past 13 years, 376 new housing units have been constructed in Hartford, based on building permit issuance. A majority of these units are identified as single family homes, but 120 units have been added in multifamily development projects that primarily created rental housing.

Much of the new single family construction occurred between 2000 and 2007. During this 8-year period, the City averaged approximately 20 new houses per year. After 2007, housing construction activity slowed somewhat, and the City has averaged approximately 11 new houses per year between 2008 and 2012.

However, there has been some recent increase in attached housing construction, such as twin homes/duplexes, and town house units. If these units are added to single family houses, the City averaged approximately 22 new units per year between 2000 and 2008, and approximately 16 new units per year from 2008 to 2012.

It should also be noted that Hartford was not alone in the reduced level of construction after 2007. In 2006 and 2007, the City of Sioux Falls was averaging approximately 935 single family detached houses per year, based on building permits. In 2008 and 2009, the annual average dropped to 509 units per year in that City.

Unlike most smaller communities in South Dakota, Hartford has had ongoing production of multifamily rental units. The following projects have been constructed in recent years.

- ▶ Fifth Street Apartments added 12 conventional rental units
- ▶ Pinecrest Estates added 16 conventional rental units
- ▶ West Oaks Estates added 32 conventional rental units
- ▶ Deer Hollow added 56 income-restricted tax credit units in two phases

The projects identified above would account for 116 of the 120 multifamily units that were reported through the building permit reports.

## Occupancy Status of Housing Units - 2010

<b>Table 20 Occupancy Status of Housing Units - 2010</b>						
	Occupied Units		Vacant Units			
	Owner	Renter	For Rent	For Sale	Seasonal Use	Other Vacant
Hartford	708	205	10	7	1	8
Minnehaha Co.	43,567	23,461	2,690	645	214	980

Source: U.S. Census

- ▶ In 2010, according to the U.S. Census, there were 214 seasonal housing units in Minnehaha County, including one unit in Hartford.
- ▶ There were 4,529 vacant housing units in Minnehaha County in 2010, including 26 units in Hartford.

## Existing Home Sales

This section examines houses that were sold in Hartford in 2012. For comparison purposes, we have included houses sold in Baltic, Crooks, Colton, Dell Rapids and Garretson. It is important to note that the number of houses that have sold is limited, and may not be an accurate indicator of overall home values in the City. However, this sample does provide some insight into those units that are turning-over in a given year.

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

<b>Table 21 Median Value of Residential Sales - 2012</b>		
City	Number of Good Sales	Median Sale Price
Hartford	59	\$147,500
Baltic	19	\$126,500
Colton	10	\$107,500
Crooks	18	\$190,000
Dell Rapids	62	\$139,500
Garretson	12	\$78,250

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

- ▶ The sales in each City were considered to be “arms length” transactions, according to the County’s Director of Equalization. Sales that are not “arms length” include, but are not limited to, sales between relatives, forced sales and foreclosures, and estate transfers that are not available on the open market. Only the “arms length” transactions have been reviewed for this study.
- ▶ In 2012, there were 59 residential sales in Hartford. The median sales price was \$147,500. The highest valued sale was for \$315,000 and the lowest valued sale was for \$64,000.
- ▶ In 2012, there were 19 residential sales in Baltic. The median sales price was \$126,500. The highest valued sale was for \$246,000 and the lowest valued sale was for \$15,000.

- ▶ In 2012, there were 10 residential sales in Colton. The median sales price was \$107,500. The highest valued sale was for \$126,000 and the lowest valued sale was for \$35,000.
- ▶ In 2012, there were 18 residential sales in Crooks. The median sales price was \$190,000. The highest valued sale was for \$400,000 and the lowest valued sale was for \$120,500.
- ▶ In 2012, there were 62 residential sales in Dell Rapids. The median sales price was \$139,500. The highest valued sale was for \$405,000 and the lowest valued sale was for \$30,000.
- ▶ In 2012, there were 12 residential sales in Garretson. The median sales price was \$78,250. The highest valued sale was for \$238,000 and the lowest valued sale was for \$23,000.

## **Hartford Housing Condition**

Community Partners Research, Inc., representatives conducted a visual 'windshield' survey of 202 single family/duplex houses in two Hartford neighborhoods.

The boundaries of the two neighborhoods are:

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

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

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

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

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

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

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

**Table 22 Windshield Survey Condition Estimate - 2012**

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

Source: Community Partners Research, Inc.

- ▶ The existing housing stock in Hartford is in good condition. Approximately 30% of the houses in the two neighborhoods need minor repair and 25% need major repair. Approximately 43% are sound, with no required improvements.
- ▶ Approximately five houses in the two neighborhoods are dilapidated and possibly beyond repair.



## **Rental Housing Data**

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

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

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

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

### **Estimated Rental Inventory in Hartford in 2013**

Hartford has continued to add rental housing units through new construction. After the 2010 Census was completed, at least 60 rental units have been added, in the Deer Hollow Phase II, Pinecrest and Fifth Street Apartment projects. More rental housing has been constructed in the past few years than single family-style units for owner-occupants.

With the units constructed after the Census, the estimated rental unit inventory has increased to 275 to 280 units in Hartford. Since occupancy rates are high in rental housing, it is probable that the City's rental tenure rate has increased to approximately 26% of all households.

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

Hartford 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 over the last decade, and approximately 8,360 total rental units. The number of vacant/unoccupied units in 2010 was much higher than in 2000. The rental tenure rate in 2000 was 33.4%.

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

At the time of the 2010 Census, the number of renter-occupancy households in Hartford represented 0.7% of all renter households in the entire MSA. Over the decade, Hartford increased its overall share of renters, as fewer than 0.6% of all renter households lived in the City in 2000.

Between 2000 and 2010, the MSA added 6,010 renter-occupancy households, including the 77 added in Hartford. Hartford's relative share of the MSA's net increase was 1.3%.

Between 2000 and 2010, the entire MSA added approximately 8,360 additional rental housing units (both occupied and unoccupied), including the 85 units in Hartford. Hartford's share of the net gain in housing units was 1.0%.

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. A building permit was issued for 32 new units in Hartford in 2010, and the timing of these units would have occurred after the 2010 Census count was completed.

### **Pending Rental Projects**

Our research identified only one proposed rental project in Hartford that is expected to start construction in 2013. However, some of the other existing rental complexes may have the potential to add units as needed. The only project that was identified is a 4-unit expansion at Pinecrest Estates. West Oaks Estates did acknowledge that adjoining land existed that could potentially be used for additional units. The two current buildings at West Oaks each have 16 units.

## **Rental Housing Survey**

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

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

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

There were 197 rental units of all types that were contacted in the survey. This total would represent approximately 71% of the estimated total inventory of rental housing units in 2013. The units that were successfully contacted include:

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

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

## **Market Rate Summary**

Usable information was obtained from seven different market rate rental projects. Combined, these projects had 94 conventional rental units. All of the units in the survey were multifamily buildings, although some had as few as four units.

### **Unit Mix**

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

- ▶ Efficiency/Studio - 4 units (4.3% of all units surveyed)
- ▶ One-bedroom - 14 units (14.9%)
- ▶ Two-bedroom - 46 units (48.9%)
- ▶ Three-bedroom - 30 units (31.9%)

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 was only one vacant unit of the 94 used in the occupancy calculation. This represents an overall vacancy rate of 1.1%.

The one vacancy that did exist was in a three-bedroom rental, and it may have been vacant for more than one month, although attracting new tenants in the middle of winter can be difficult, and may explain the unoccupied unit.

### **Rental Rates**

Rental units may include the primary utility payments within the contract rent, or the tenant may be required to pay some utilities separately, in addition to the contract rent. In most of the newest units in Hartford, tenants pay both gas and electric, which would include heat, general electrical, and hot water in addition to the monthly contract rent.

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

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

<u>Unit Type</u>	<u>Lowest/Highest Gross Rents</u>
Efficiency/Studio	\$277
One-bedroom	\$324-\$800
Two-bedroom	\$640-\$865
Three-bedroom	\$1110-\$1185

It is important to recognize that the sample size was limited for certain types of units, such as efficiency rentals. All of the three-bedroom options were in newer projects, generally constructed within the past five years, and tend to represent prices at the highest end of the range.

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

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

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

Another rental project, Whispering Pines, used federal HOME Program funds. Ten of the 12 units in Whispering Pines are income-restricted, at either 50% or 80% of the median income level. The remaining two units do not have income restrictions. No date of construction was identified for Whispering Pines.

### **Unit Mix**

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

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

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

### **Occupancy / Vacancy**

Within the tax credit/moderate rent segment there was only one vacant unit of the 66 used in the occupancy calculation. This represents an overall vacancy rate of 1.5%. The vacant unit was in Whispering Pines and had recently turned over. It was designated for a household at or below the 50% income limits. Deer Hollow reported the existence of a waiting list for units

### **Rental Rates**

The tax credit program has maximum rent limits that are set as part of the financial assistance package. Although not specifically identified, it is probable that maximum rent limits also apply to the units in Whispering Pines, as set by the use of HOME funding.

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 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	\$450-\$710	\$786	\$983
Three-bedroom	\$675-\$825	\$907	\$1089

The current rent structure in Hartford 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 Hartford that provides rental opportunities for lower income households. Royal Apartments has 16 units available for general occupancy and is subsidized through USDA Rural Development.

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

### **Subsidized Housing Gains/Losses**

Federal subsidy sources for low income rental housing have been very limited for the past few decades. Most subsidized projects were constructed in the 1960s, 1970s or early 1980s. Some of these older projects may have completed their compliance requirements and have the opportunity to leave their subsidy program and convert to conventional rental housing. In communities with low vacancy rates, private property owners may have an incentive to convert subsidized units to conventional housing. The research for this Study identified one project that has left its subsidy program in recent years. In 2011 the compliance contract for Hartford Manor expired, and the 12 units in this project converted to conventional market rate housing.

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

There are also tenant-based rent assistance Vouchers available in the area. The Voucher Program is administered by the Sioux Falls Housing 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 February 2013 there were seven renter households receiving Voucher assistance in Hartford. Since this rent assistance is tenant-based, and moves with the household, the actual number of participating households within the City can vary from month to month.

The waiting list for the Program was very long in 2013, and the estimated waiting time was as long as four years. Unless a Hartford household had applied for assistance in the past, it is unlikely that any new applicants from the City would be expected to come to the top of the list anytime soon.

## **Senior Housing with Services Summary**

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

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

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

At the time of the rental survey, an undisclosed number of assisted living and lighter services rooms were not occupied. However, the staff person indicated that they are often at full occupancy, and can sometimes have a waiting list. Housing for older seniors can have a high rate of turnover, and filling vacant units during the winter can be difficult.

Prices for the light services housing start at \$1,575 per month. Assisted living units would be at a higher price, depending on the level of services provided.

**Table 23 Hartford Multifamily Rental Housing Inventory**

Name	Number of Units /Bedroom Mix	Rent	Vacancy/ Wait List	Tenant Mix	Comments
<b>Market Rate</b>					
Fifth Street Apartments 203-205 E 5 <sup>th</sup> St	<u>12 - 3 Bedroom</u> 12 Total Units	\$950 +heat, electric	1 vacant unit	Mix of tenants	Two 2-level apartment buildings with 4 units and 8 units per building that opened for occupancy in 2012. Rent includes water, sewer and garbage, with tenants paying other utilities. Amenities include in-unit laundry, dishwasher, garage parking, and patio/deck. Units have 1206 sq ft and 2 bathrooms. Initial full occupancy was achieved, but one turnover unit was vacant at time of survey. Most tenants have some tie to Hartford, with some commuters to Sioux Falls.
Hartford Manor 202 W 2 <sup>nd</sup> St	4 - Efficiencies <u>8 - 1 Bedroom</u> 12 Total Units	\$277 \$324	No vacant units	Mix of tenants	Two rental buildings constructed in 1970 and originally HUD-subsidized, but the contract expired in 2011 and the units converted to conventional housing. Rent includes utilities. Three tenants at time of conversion were receiving rent assistance, but only 1 elected to accept a tenant-based Voucher as mitigation. Gradual turnover has occurred but some tenants remain from subsidized time. Owner reports full occupancy.
Heather Gardens Apartments 302 E 2 <sup>nd</sup> St	<u>4 - 2 Bedroom</u> 4 Total Units	\$500 +heat, electric	No vacant units	Mix of tenants	Four-plex constructed in 1978. Tenants pay gas and electric in addition to rent. Amenities include coin laundry and garage. Owner reports that most tenants are long-term with limited turnover. While many tenants commute, most have some connection to Hartford, such as nearby family.



**Table 23 Hartford Multifamily Rental Housing Inventory**

Name	Number of Units /Bedroom Mix	Rent	Vacancy/ Wait List	Tenant Mix	Comments
<b>Market Rate</b>					
Pinecrest Estates 204-305 Topaz Place	<u>16 - 3 Bedroom</u> 16 Total Units	\$975 +heat, electric	No vacant units	Mostly working age tenants with children, primarily commuters	Four 4-plexes that were constructed in 2012 and opened for occupancy between Aug. and Dec. - all units were successfully pre-leased. Tenants pay gas and electric in addition to rent. Amenities include attached garage and in-unit laundry. Units have 1275 sq ft and 2 bathrooms. Owner says that most tenants are families with children that live in Hartford for the schools but commute to Sioux Falls for work. Another 4-plex will be added in 2013.
Thompson Apartments 205-207 N Eastern Ave	2 - 1 Bedroom <u>14 - 2 Bedroom</u> 16 Total Units	\$520 \$600 +electric	No vacant units	Mostly working age tenants, primarily commuters	Two eight-unit apartment buildings constructed in 1971 and 1973. Rent includes heat but tenants pay electric. Amenities include off-street parking and coin laundry. Owner says that most tenants commute for employment. No vacancies at time of survey, but some vacancies do occur - increased competition from tax credit projects has impacted demand.
West Oaks Estates 906-911 N Oaks Ave	4 - 1 Bedroom 26 - 2 Bedroom <u>2 - 3 Bedroom</u> 32 Total Units	\$690 \$825 \$1025 +heat, electric	No vacancies	Mix of tenants including commuters	Two 2-level apartment buildings constructed in 2006 and 2007. Rent includes water, sewer and garbage, with tenants paying other utilities. Garages available for extra fee. Amenities include in-unit laundry, patio/deck and community room. One-bedrooms have 925 sq ft and 1 bathroom, 2-bedrooms have 1080 sq ft and 2 bathrooms and 3-bedrooms have 1200 sq ft and 2 bathrooms. Manager reports that most working-age people commute, but also local retirees, teachers, etc. Good demand with any turnover units leasing quickly. Nearby land could be used for more units. Recent rent increase of approximately \$30 to \$50/unit.

<b>Table 23 Hartford 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>					
Brower Apartments 304 E 2 <sup>nd</sup> St	8 Total Units	N/A	N/A	N/A	Unable to contact
Haber Apartments 305-311 W Opal	4 Total Units	N/A	N/A	N/A	Unable to contact
<b>Tax Credit/Moderate Rent</b>					
Deer Hollow 701-917 Ruud Ln	12 - 2 Bedroom 12 - 3 Bedroom 24 Total Units	\$473-\$590 \$550-\$700 +heat, electric	No vacancies, waiting list	All units serve households below 40%, 50% or 60% of median income	Tax credit rental project constructed in 2 phases with phase 1 opened in 2008. Three buildings with 8 town house-style units per building. Rent includes water, sewer and garbage, with tenants paying other utilities. Amenities include garage, in-unit laundry, play ground and community room. Manager reports that tenants are a mix of commuters, retirees and people that work locally. Two-bedrooms have 1026 to 1058 sq ft with either 1 or 2 bathrooms and 3-bedrooms have 1344 to 1497 sq ft with 2 bathrooms. No vacancies and approximately 40 names on combined call-back list.
Deer Hollow II 701-917 Ruud Ln	16 - 2 Bedroom 16 - 3 Bedroom 32 Total Units	\$473-\$590 \$550-\$700 +heat, electric	No vacancies, waiting list	All units serve households below 40%, 50% or 60% of median income	Tax credit rental project constructed in 2 phases with phase 2 opened in 2011. Four buildings with 8 town house-style units per building. Rent includes water, sewer and garbage, with tenants paying other utilities. Amenities include garage, in-unit laundry, play ground and community room. Manager reports that tenants are a mix of commuters, retirees and people that work locally. Two-bedrooms have 1026 to 1058 sq ft with either 1 or 2 bathrooms and 3-bedrooms have 1344 to 1497 sq ft with 2 bathrooms. No vacancies and approximately 40 names on combined call-back list.

**Table 23 Hartford Multifamily Rental Housing Inventory**

Name	Number of Units /Bedroom Mix	Rent	Vacancy/ Wait List	Tenant Mix	Comments
<b>Tax Credit/Moderate Rent</b>					
Whispering Pines Apartments 307 E 9 <sup>th</sup> St	2 - 2 Bdrm 50% 8 - 2 Bdrm 80% <u>2 - 2 Bedroom</u> 12 Total Units	\$360 \$460 \$550 +heat, electric	1 vacant unit	2 units @ 50% of median, 8 units @ 80% of median and 2 units market rate	Mixed-income rental project constructed with HOME funds. Two units serve households at or below 50% of median, and 8 units at 80% of median, with 2 units having no income limits. Manager reports a mix of tenants, including working-age commuters to Sioux Falls. One 50% unit vacant at time of survey due to turnover, but finding income-eligible tenants has not been difficult.
<b>Subsidized</b>					
Royal Apartments 507 N Oaks Ave 203 W 6 <sup>th</sup> St	2 - 1 Bedroom <u>14 - 2 Bedroom</u> 16 Total Units	\$ \$ 30% of income	No vacancies, waiting list	General occupancy	Two 2-level apartment buildings with 8 units each subsidized through USDA Rural Development and constructed in mid-1970s. Project offers general occupancy housing and tenants have access to project-based rent assistance that allows rent based on 30% of income, up to market rents listed. Manager says most tenants commute, but Hartford is close to Sioux Falls. No vacancies and a waiting list is used to fill turnover units.

Table 23 Hartford Multifamily Rental Housing Inventory					
Name	Number of Units /Bedroom Mix	Rent	Vacancy/ Wait List	Tenant Mix	Comments
<b>Senior Housing with Services</b>					
Leisure Living II 305 W 5 <sup>th</sup> St	<u>21 - rooms</u> 21 Total Units with 10 licensed as Assisted Living Center	Varies based on services and unit but entry price is \$1575+	Some available units in assisted living and independent	Senior Assisted Living Center/ Residential Living Center	Senior housing project with 21 rooms that are registered as a Residential Living Center, but 10 of the rooms are also licensed as an Assisted Living Center. The project approximately 15 years old. All tenants receive a basic services package that includes three meals, housekeeping and laundry, and then more intensive services are available to assisted living residents. Rooms have private bathrooms. Manager reports that facility had openings at the time of the survey, but they are often full and sometimes have a waiting list. Facility accepts Medicaid for up to 5 assisted living residents, which can attract people from Sioux Falls or other areas.

Source: Community Partners Research, Inc.

## Net Household Growth in the Sioux Falls MSA

Over the last few decades, the entire Sioux Falls MSA has grown at a rapid rate. Between the 2000 Census and the 2010 Census, a substantial number of households were added in Sioux Falls and in many of the smaller cities in Minnehaha and Lincoln Counties. The following table examines 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 24 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 2012

Table 25 Regional Housing Unit Construction Activity - 2004 to 2012										
Year	City of Hartford					Sioux Falls MSA				
	Single Family	Two Family	3 to 4 Family	Multifamily	Total	Single Family	Two Family	3 to 4 Family	Multifamily	Total
2012	14	2	0	16	32	1,008	8	20	443	1,479
2011	5	4	0	12	21	716	16	19	378	1,129
2010	8	6	3	32	49	755	8	111	207	1,081
2009	10	2	0	0	12	962	24	99	492	1,577
2008	16	8	0	0	24	940	84	143	699	1,866
2007	22	0	3	40	65	1,517	96	148	621	2,382
2006	17	4	0	16	37	1,646	38	175	464	2,323
2005	25	4	0	0	29	1,869	22	95	309	2,295
2004	28	0	0	0	28	1,909	20	52	467	2,448
Total	145	30	9	116	297	11,322	316	862	4,080	16,580

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

Housing construction activity in Hartford has represented a relatively small share of all activity in the Sioux Falls MSA in recent years. Over the entire 9-year time period reviewed, total unit construction in Hartford represented 1.8% of all unit construction within the MSA. However, in 2010, unit construction in Hartford did represent 4.5% of all area activity. This year was a high point for single-year market share. There was only one other year, 2007, when Hartford achieved more than 2.5% of all unit construction.

The years 2010 and 2007 both included larger rental development projects, which accounted for most of the units added. In years without larger rental projects, Hartford has achieved less than 2% of the total for new unit construction.

For single family detached housing units, the 9-year total in Hartford represented nearly 1.3% of all construction in the MSA. The City's highest market share was reached in 2008, when the 16 single family houses built in Hartford represented 1.7% of the MSA single family total. There has been only one year, 2011, when Hartford captured less than 1% of the MSA activity.

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

In 2010, there were 32 multifamily units built in Hartford, which represented nearly 14.5% of all multifamily construction in that year. Multifamily construction activity was lower than normal in Sioux Falls, probably due to a high rate of rental vacancy that existed at that time.

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

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

There is some variation in the annual property tax payments that would be made on a house with taxable value of \$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 citywide rate, although one portion of Sioux Falls, located in Lincoln County, would have the lowest rate of the areas reviewed.

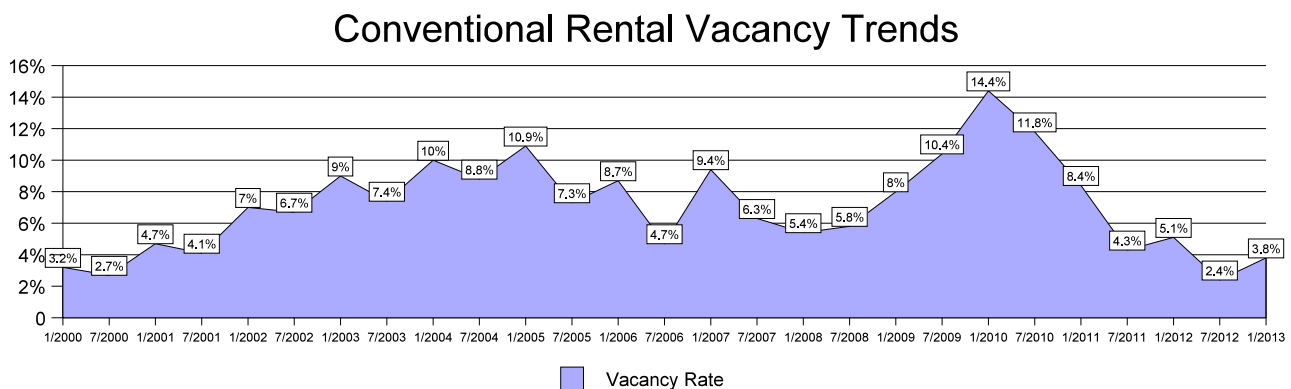
It is not known how significant property tax rates may be to prospective home buyers, unless comparative information is made available by a real estate agent or the property seller. However, there may be a public perception that exists that certain communities are “high tax” or “low tax”, and this may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

## 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 on January 15, 2013. This survey found a 3.79% vacancy rate in conventional housing. The survey included more than 7,800 conventional units and found 296 vacancies. Although this was an area-wide survey, including communities such as Hartford that are within a 20-mile radius of Sioux Falls, approximately 96% of the reporting units were located within the City of Sioux Falls.

Although the vacancy rate for the most recent report was up from the July 2012 survey, it still represents a low rate by recent standards. The vacancy rates over the last two reporting periods are the lowest since the two reports for the year 2000. For most of the past 12 years, the vacancy rate had remained above 4%, and for five reporting periods during that time, 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 2013, 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 2013 survey, tax credit units had a vacancy rate of 6.67%, 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 only 2.32%, the lowest of any of the market sectors.

## 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 2013 survey, there were 323 conventional units outside of Sioux Falls, with a vacancy rate of 3.1%. There were 336 moderate rent tax credit units surveyed and the vacancy rate was 8.6%. Only 24 HUD units were surveyed, and the vacancy rate was 12.5%. For income-based housing, the vacancy rates in the outlying communities were higher than within the City of Sioux Falls. For conventional rental housing, the vacancy rate was slightly lower than in Sioux Falls.

## Rental Rates

Information on rental rates is available from two sources. The Multi-Housing Association collects information in its semiannual survey. However, the January 2013 survey did not include the rental rate information, so the July 2012 survey has been used. The U.S. Census Bureau includes rental information from the American Community Survey, although the Census information is from 2011.

### Multi-Housing Association Rental Rate Information

The Multi-Housing Association survey provides a current look at rental rates. This information is provided for different geographic segments of the City.

<b>Table 26 Conventional Housing Average Rental Rates - July 2012</b>				
Unit Type	Conventional Rentals		Tax Credit Rentals	
	Outlying Areas	Sioux Falls Region	Outlying Areas	Sioux Falls Region
Studio	N/A	\$401	N/A	\$388
1-Bedroom	\$554	\$532	\$440	\$470
2-Bedroom	\$664	\$692	\$549	\$547
3-Bedroom	\$785	\$815	\$674	\$655
4-Bedroom	\$975	\$972	N/A	\$681

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

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

For the entire Multi-Housing survey area, the estimated average rent for a conventional one-bedroom unit was \$532, and was \$692 for a two-bedroom. The average rent for a three-bedroom was \$815. Rates for tax credit units were significantly lower than in the conventional segment, especially for two-bedroom and three-bedroom options, where the average rent tended to be approximately \$150 below the conventional rates.

### **2011 American Community Survey Rental Rate Information**

The 2011 American Community Survey (ACS) also included information on gross rental rates for units in the Sioux Falls Metropolitan Statistical Area (MSA), which includes all of Minnehaha and Lincoln Counties. Information collected for 2011 would predate the recent change in vacancy rates. It is possible that rental rates are rising in response to an overall vacancy rate that is now below 4%.

The overall median gross rent level in the MSA was \$679 in 2011, according to the ACS. The median gross rent in Hartford was \$688, very comparable to the overall median for the MSA.

## **Employment and Local Economic Trends**

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

The largest employers in Hartford include:

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

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

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

Source: Governor's Office of Economic Development

## Work Force and Unemployment Rates

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

<b>Table 27 Sioux Falls MSA Annual Labor Statistics 2000 -2012</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	129,030	125,490	3,540	2.7%	3.0%	5.8%
2009	128,820	122,185	6,635	5.1%	5.2%	9.3%
2010	128,420	121,920	6,500	5.1%	5.0%	9.6%
2011	130,245	124,465	5,780	4.4%	4.7%	8.9%
2012	130,895	125,595	5,300	4.0%	4.4%	8.1%

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 2012 was down to only 4.0%, less than half of the national average.

In terms of the employment level, 2012 represented the highest employment count of the 13 years reviewed. The size of the available labor force also reached a peak in 2012.

## Employment and Wages by Industry

The following table shows the annual employment and average annual wages by major employment sector in 2011, the last full year of data. It is important to note that the major employment sectors listed do not represent all employment, as some classifications, such as self-employed workers, are not included. This information is for all of the Sioux Falls MSA.

<b>Table 28 MSA Average Annual Wages by Industry Detail - 2011</b>		
Industry	2011 Employment	Average Annual Wage
Total All Industry	132,160	\$39,518
Natural Resources, Mining	399	\$33,247
Construction	6,466	\$42,080
Manufacturing	12,499	\$42,650
Trade, Transportation, Utilities	28,753	\$35,379
Information	2,876	\$47,293
Financial Activities	14,873	\$49,217
Professional and Business Services	11,975	\$45,613
Education and Health Services	25,343	\$46,133
Leisure and Hospitality	13,011	\$14,074
Other Services	3,440	\$27,219
Government	12,527	\$41,060

Source: South Dakota Department of Labor

The average annual wage for all industry in 2011 was \$39,518 for the Sioux Falls MSA. The highest wage sector was Financial Activities, with an annual wage of \$49,217. The lowest average wage was paid in the Leisure and Hospitality sector, at \$14,074.

In terms of actual employment, the largest single sector was Trade, Transportation and Utilities, with 28,753 people. This is a broad sector, with a wide variation in annual wages for sub-sectors. The Retail Trade sub-sector, which accounted for nearly 59% of all employment within this sector, had an average annual wage of only \$25,558.

## Commuting Patterns of Hartford Residents

Only limited information is available on area workers that commute for employment. The best information is from the 2011 American Community Survey, and has been examined for the City of Hartford. This table only examines people that commuted, and excludes people that work at home.

<b>Table 30 Commuting Times for Hartford Residents - 2011</b>	
Travel Time	Number/Percent
Less than 5 minutes	89 / 7.8%
5 to 9 minutes	94 / 8.3%
10 to 19 minutes	267 / 23.5%
20 to 29 minutes	523 / 46.0%
30 minutes or more	164 / 14.4%
Total	1,137

Source: 2011 American Community Survey 5-year estimates

The large majority of Hartford 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. Only 16% of residents have a commute time less than 10 minutes.

More than 60% of residents are actually commuting 20 minutes or more for employment. Most of these are 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 Hartford and Minnehaha 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.

Hartford and Minnehaha County's population increased from 1990 to 2010. From 1990 to 2000, Hartford's population increased by 582 people and Minnehaha County's population increased by 24,472 people. From 2000 to 2010, Hartford's population increased by 690 people and Minnehaha County's population increased by 21,187 people.

The City of Hartford gained 211 households from 1990 to 2000 and gained 252 households from 2000 to 2010. Minnehaha County gained 11,191 households from 1990 to 2000 and gained 9,032 households from 2000 to 2010.

## **Findings on Projected Growth**

The projections for Hartford and Minnehaha County calculated by Community Partners Research, Inc., from past growth trends reflect the patterns of recent decades. Using the past trends to form a range, Community Partners Research, Inc., projects that Hartford's population will increase by 474 to 638 people between 2010 and 2015. The household projection expects a gain of 174 to 235 households from 2010 to 2015.

The 10-year and 20-year trend projections for all of Minnehaha County expect a gain of 12,107 to 15,624 people and 5,219 and 7,240 households from 2010 to 2015.

## **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.

- ▶ **Hartford is located near Sioux Falls, which is a regional center for the area** - Hartford is approximately 10 miles from Sioux Falls. Sioux Falls provides employment opportunities, retail/service options, government services, health and professional services, and cultural amenities to a large surrounding trade area. Many households prefer to live near, but not in a regional center.
- ▶ **Increasingly diverse housing stock** - The City has a good mix of housing options, including rental housing units for both lower income and market rate households. The City also has town houses, twin homes, and a senior with services facility.
- ▶ **Median home price** - Hartford's median priced home is approximately \$147,500. This matches well with new homes, which is an incentive for new home construction.
- ▶ **Adequate land for development** - The City has adequate land available for residential development.
- ▶ **Population and household growth for the City** - Over the past decade, 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 nine years, more than 1,800 housing units were constructed in Sioux Falls annually. Hartford has an option to capture a portion of this market.
- ▶ **Active housing developers in the City** - Hartford has housing developers that are willing to invest in housing projects in the community. Developers have been active in subdivision development, rental housing, attached ownership housing and single family development.
- ▶ **School system** - The City has an excellent public K-12 school system.
- ▶ **Infrastructure** - The City's public utilities and infrastructure are in good condition and can facilitate future expansion.

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

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

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

- ▶ **Proximity to Sioux Falls** - Although it is a strength to be located in close proximity to Sioux Falls, it is also a barrier as Hartford must compete with Sioux Falls, which offers attractive residential opportunities and other amenities and services.
- ▶ **Age and condition of the housing stock** - While the existing stock is very affordable, some of the housing is in need of improvements to meet expectations of potential buyers.
- ▶ **Staff capacity limitations** - Although the City has access to several housing agencies, it is very difficult to develop and implement housing initiatives with limited staff resources.
- ▶ **Limited commercial options** - Hartford has commercial and retail opportunities to meet daily needs, but it has limited other retail and commercial options.
- ▶ **High property taxes** - There is a local perception that Hartford has a very high property tax rate when compared to other jurisdictions in Minnehaha County. The analysis completed for this Study shows that Hartford has a higher property tax rate than most of the surrounding communities. This could result in a competitive disadvantage for new development in the City, when compared to neighboring cities.

## **Recommendations, Strategies and Housing Market Opportunities**

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

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

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

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

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

The following approximate ranges show the expected net change in the number of Hartford households in each 10-year age cohort between 2010 and 2015. The projections are based on Community Partners, Research, Inc. calculations.

Growth is projected in all age ranges. The largest net growth to the year 2015 will occur among people in the 55 to 74 age ranges. This would largely reflect the aging “baby boomers”, nearly all of whom will be age 55 or older by the year 2015. From 2010 to 2015, Hartford is projected to gain 77 to 91 households in the 55 to 74 year old age ranges.

The 25 to 44 age ranges are projected to have significant gains with an increase of 61 to 85 households. The youngest age range, 15 to 24, is projected to gain only nine to 12 households and the oldest age, 85 and older, range is expected to remain stable.

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

<u>Age Range</u>	<u>Projected Change in Households 2010 to 2015</u>
15 to 24	9 to 12
25 to 34	28 to 41
35 to 44	32 to 44
45 to 54	19 to 30
55 to 64	41 to 49
65 to 74	36 to 42
75 to 84	12 to 15
85 and Older	<u>-3 to 2</u>
Total	174 to 235

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

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

**Age 24 and Younger** - The projections used for this Study expect an increase of nine to 12 households in the 15 to 24 age range through the year 2015. Past tenure patterns indicate that as many as 68% of these households in Hartford will rent their housing. A gain of households in this age range should mean that rental demand from younger households will increase during the projection period.

**25 to 34 Years Old** - The projections show an increase in this age cohort of 28 to 41 households by 2015. Within this age range households often move from rental to ownership housing. The ownership rate among these households in Hartford was nearly 70% in 2010. An increase in the number of households within this age range will mean additional demand for both first-time home buyer and rental opportunities.

**35 to 44 Years Old** - This 10-year age cohort has a projected gain of 32 to 44 households between 2010 and 2015 in Hartford. In the past, this age group has had a high rate of home ownership in Hartford, at approximately 84%. Households within this range often represent both first-time buyers and households looking to trade-up in housing, selling their starter home for a more expensive house. Demand from this age cohort would have some impact on overall demand for owner-occupied housing.

**45 to 54 Years Old** - By 2015, this age cohort will represent the front-end of the "baby bust" generation that followed behind the baby boomers. This age group represents a much smaller segment of the population than the baby boom age group. For Hartford, the projections show a gain of 19 to 30 households in this range. This age group historically has had a high rate of home ownership, approximately 84% in Hartford in 2010, and will often look for trade-up housing opportunities. With 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 41 to 49 additional households in this 10-year age range by the year 2015 in the City. This age range has traditionally had a high rate of home ownership in Hartford, at



approximately 90% in 2010. Age-appropriate housing, such as town house or twin home units, is often well suited to the life-cycle preferences of this age group, as no maintenance/low maintenance housing has become a popular option for empty-nesters.

**65 to 74 Years Old** - Relatively strong household growth is expected in Hartford within this age range, with the projections showing an increase of 36 to 42 households by the year 2015. While this group will begin moving to life-cycle housing options as they age, the younger seniors are still predominantly home owners. At the time of the 2010 Census, approximately 90% of households in this age range owned their housing in Hartford. Once again, preferences for age-appropriate units should increase from household growth within this age cohort.

**75 to 84 Years Old** - There is a projected gain of 12 to 15 households in Hartford in this age range between 2010 and 2015. In the past, households within this 10-year age range have had a relatively high rate of home ownership, at approximately 64% in Hartford. 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 range of the loss of three households to the gain of two households is projected from Community Partners Research, Inc. among older seniors. Historic home ownership rates in this age group in Hartford have been relatively low, at approximately 32% 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 Hartford have been formulated through the analysis of the information provided in the previous sections and include a total of 20 recommendations divided into the following five categories:

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

The findings/recommendations for each category are as follows:

<b>Findings and Recommendations for the City of Hartford</b>	
<b>Rental Housing Development</b>	
1.	Support the development of 40 to 60 conventional rental units
2.	Consider the development of 16 to 24 additional tax credit units
3.	Promote the development of 10 to 15 additional subsidized units
4.	Monitor the need for additional senior housing with services units
5.	Develop a mixed-use downtown commercial/housing project
<b>Home Ownership</b>	
6.	Utilize and promote all programs that assist with home ownership
7.	Develop a purchase/rehabilitation program
<b>New Construction</b>	
8.	Monitor lot availability and development
9.	Promote townhouse and twin home development
10.	Coordinate with agencies/nonprofits that develop affordable housing
11.	The Meadows Development
<b>Housing Rehabilitation</b>	
12.	Promote rental housing rehabilitation programs
13.	Promote owner-occupied housing rehabilitation programs

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

**Hartford -  
Recommendations  
Rental Housing Development**

# Rental Housing Development

## Overview

The City of Hartford 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 very little success in the rental segment, but as part of the large Sioux Falls MSA, Hartford has been able to support multiple rental projects.

Over the past 13 years, the time period reviewed for the research in this Study, Hartford has added approximately 120 rental housing units through new construction. Half of this total was achieved between 2010 and 2012, as three multifamily rental projects added a combined total of 60 units.

Although the City has been averaging between 9 and 10 new construction units per year since the year 2000, almost half of this production did come from a single rental complex, which was developed in two phases, and created 56 income-based housing units. Deer Hollow I & II was successful in securing highly competitive State resources for affordable housing development. However, Hartford now has a large concentration of this form of moderate rent, income-based housing. It has been successful by serving a regional demand for affordable units, but it is unclear whether another income-based project could successfully compete for these scarce State funding resources.

Removing the income-based housing from the production totals, Hartford has been successful in constructing an estimated 64 conventional rental units in multifamily projects. Over the 13-year time period, this represents an average of approximately five units per year, although the shorter-term average has been closer to eight to ten units per year, as most of the conventional rental development has occurred since 2006.

As stated in the section of this Study that specifically addressed the supply of existing housing, Hartford's historic share of rental units for the entire Sioux Falls MSA has been below 1%. Between 2000 and 2010, the City did achieve a relative share of approximately 1.3% of the total net growth in renter households for the entire MSA.

The scope of this Study was focused on the City of Hartford, 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 Hartford.

In 2010, Community Partners Research, Inc., completed a comprehensive housing study for the City of Sioux Falls. At that time, we had projected that rental unit demand within Sioux Falls would support between 390 and 430 additional rental housing units per year through new construction. Demand for the entire MSA was projected to be even larger, but we had expected at least 85% of the regional demand to actually be located within the City of Sioux Falls. This resulted in potential demand for between 80 and 100 units per year in the remainder of the Sioux Falls MSA, which would include the large number of surrounding small communities in Minnehaha and Lincoln Counties, including Brandon, Harrisburg and Tea, among others.

At the time of the research for Sioux Falls in 2010, rental housing vacancy rates, as tracked by the Multi-Housing Association surveys, were hitting record highs. The conventional rental housing vacancy rate reached a recent highpoint at 14.4% in January 2010. Based on the above-average vacancy rate, we had predicted that limited new rental construction would occur in 2010, but that new production would begin to increase again before 2015 as vacant units were successfully absorbed.

This projection appears to have been accurate. In 2010, only 120 multifamily units were constructed in Sioux Falls, based on building permit issuance. In 2011, nearly 300 multifamily units were permitted, and in 2012, more than 430 units were created, based on the best available estimates. Since the vacancy rate reached a near-term low in July of 2012, it is very probable that the year 2013 will reach or exceed the 2012 production levels in Sioux Falls.

Although Hartford has some internally-generated demand for rental units, much of the demand is generated by capturing a share of the regional growth. Interviews with rental property owners and managers in Hartford pointed to a large number of commuters that live in the City's newer rental projects. There are various reasons why households elect to live in Hartford while working out of the City, but Hartford's relatively easy commuting route to Sioux Falls does contribute to its success as a location for housing, including rental options.

The analysts do acknowledge that the regional demand potential for rental housing, which may be at or above 400 units in a typical year, creates the possibility that larger-scale future production could occur in Hartford, or in one of many other small communities that surround the City of Sioux Falls. However, from a practical standpoint, Sioux Falls has held a significant competitive advantage in attracting the large share of recent rental construction, and there are no identifiable barriers that would change this position. In the past, as much as 85% to 90% of regional construction has

been in Sioux Falls, and with more than 430 multifamily units permitted in 2012, it appears that this will continue to be the preferred location for the foreseeable future.

If the City of Hartford can continue to capture its relative share of rental construction and renter household growth, past patterns would indicate that between eight and twelve units per year would be a reasonable expected range for new unit creation. Over a five-year time period, this would yield a total of between 40 and 60 additional conventional market rate rental units. To the extent that resources can be obtained for income-based affordable units, including deep subsidy housing, this production total would expand to approximately 66 to 99 units.

Although another moderate rent income-based housing project is possible and a deep subsidy project would be recommended, it is more probable that future development in Hartford will serve the conventional, market rate segment. Two of the most recently constructed projects, Pinecrest Estates and Oaks Estates, both indicated that future development phases are possible. While no details were provided, past history would indicate that single phases could create between four and 16 units per project.

## **1. Support the development of 40 to 60 conventional rental housing units in Hartford**

**Findings:** The majority of the rental housing that currently exists in Hartford can be classified as general occupancy, conventional rental housing. Conventional units are typically free of any specific occupancy restrictions, other than some projects that may be age-designated for senior renters. Conventional rental housing does not have any maximum income limits in place, and tenants are accepted based on their ability to pay. Conventional rental housing does not have any form of rent controls, other than those imposed by the competitive marketplace.

There are only four rental developments in Hartford that do not meet the definition of conventional market rate housing. Deer Hollow, Whispering Pines and Royal Apartments have all utilized some form of public financial assistance and provide income-based housing. Leisure Living II largely serves market rate seniors, but it is not an independent living facility, as residents receive services and meals along with their housing unit. These income restricted and specialized senior projects have a total of 105 units. However, approximately 170 rental units, or 62% of the Citywide total, offer conventional rental housing.

Rental options in Sioux Falls and in other small communities in the MSA generally follow this same pattern. While there is no readily available inventory of the number of conventional units in Sioux Falls, in the 2010 Study we had estimated that there were approximately 20,000 rental housing units within Sioux Falls would be classified as conventional rental housing.

New construction activity in the conventional segment of the market has been relatively strong over the past few years in Sioux Falls. Although there was some slowdown in 2010 and 2011, due to abnormally high rental vacancy rates, the best available data point to the annual construction of between 300 and 400 conventional rental units in an average year in Sioux Falls.

With the exception of the Deer Hollow projects, all of the rental construction in Hartford since the year 2000 has served the conventional segment of the rental market. Between 2006 and 2012, Hartford averaged between eight and ten conventional rental units per year through new construction.

Based on the most recent projects, developers have been targeting the two-bedroom and three-bedroom segments of the market. The two most recent projects both offered only three-bedroom rentals. One of the identified target markets for rental housing in Hartford is families with children that move to the City for the public school options, even though the parents will often commute for employment to Sioux Falls or other nearby cities.

While targeting families with children and other renter households looking for three-bedroom units has been successful in the most recent projects, this segment of renter households represents a relatively small share of all area renters. At the time of the 2010 Census, fewer than 15% of all renter households in the Sioux Falls MSA had four or more household members, and fewer than 29% had three or more household members. The large majority of renter households have only one or two household members, and small renter households represent the fastest growing segment of the market. Hartford has therefore succeeded in serving a relatively small portion of the overall target market, but does appear to appeal to family households that may wish to live in the Sioux Falls area, but outside of the larger City.

Although only limited information exists on comparative rental rates, it does not appear that rental units in Hartford need to be significantly discounted in order to compete in the larger market. According to the 2011 American Community Survey, the median gross rent in Hartford was at \$688 per month, compared to \$679 for the entire MSA. While an exact Hartford comparison cannot be made from the Multi-Housing Association survey, it would appear that average rents in the outlying communities around Sioux Falls tend to be reasonably similar to the rent structure in Sioux Falls.



Even though median and average rents may be similar, much of the recent new construction of conventional rental housing in Sioux Falls has been at higher rental rates, as would be expected with new construction. Some new projects have catered to the luxury segment of the market, and offer attractive amenities to justify the higher prices.

**Recommendations:** Conventional rental housing development is a segment of the market that has been very successfully addressed through the private development community. In Hartford, no public involvement has been required, other than planning and zoning approvals, and the provision of adequate land and infrastructure. Since 2006, at least three separate multifamily projects have proceeded to construction, and at least two of these have the potential to add more development phases, as dictated by demand.

Going forward over the next five years, the projections used for this Study would expect annual demand for conventional housing in Hartford to be within a range of eight to twelve units per year, or between 40 and 60 total units over a five-year projection period. If this level is achieved, it is probable that the City's rental tenure rate will remain relatively stable, at approximately 26% renter-occupancy, and 74% owner-occupancy.

It is certainly possible that development proposals will emerge that could create substantially more units than projected by this Study. With demand for conventional rental housing exceeding 300 units per year within the Sioux Falls MSA, substantial potential exists for rental projects. However, past history suggests that Sioux Falls will capture most of this demand, and the smaller communities that surround Sioux Falls will compete for a much smaller share of this market potential.

If larger-scale rental development projects are proposed, the City may need to make some policy decisions on the future balance between owner and renter-occupancy housing. Over the last three years, more rental housing has been built in Hartford than owner-occupancy units. While there has been more tenure balance over a longer time period, the potential does exist that a large rental project could continue to shift more of the City's future growth into renter-occupancy households.

One probable secondary benefit that has occurred in Hartford from the recent development of both conventional and income-based rental units is that younger families have been moving to the City. Although initially moving to Hartford to rent, as they develop connections to the community, these families may elect to purchase a home in one of the City's multiple subdivision options. This potential would seem to be especially strong among families with children that move to Hartford for its public school system.

While Hartford has had recent success with conventional rentals offering three-bedroom units, there are some demographic trends that should be considered. Projections for the Sioux Falls area have shown that most of the net growth through the year 2015 will be from households age 55 and older. Within this older adult segment, growth in the 55 to 74 year old ranges will be the largest contributor. Future rental housing that is oriented to the needs of empty-nesters and younger seniors should find an expanding market. Longer-term, these aging patterns will continue, as a large segment of the area population will move through the senior citizen age ranges by the year 2020 and beyond. Older adult renters may often only need a one-bedroom apartment, but many will prefer the space afforded by a larger two or three-bedroom unit. Diversity in unit sizes can appeal to this segment of the market.

## **2. Consider the future development of 16 to 24 additional tax credit/moderate rent housing units**

**Findings:** Federal low income housing tax credits are the most available development financing resource that is available for more affordable rental housing development. Over the past two decades, a number of the most affordable projects in Sioux Falls have utilized tax credits. In Hartford, the two phases of construction at Deer Hollow used tax credits to assist all units. The Whispering Pines project did not use tax credits, but did access some other public resources and most of the units in that project also have moderate income limits in place for tenant households.

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. In Whispering Pines, some of the units are capped at 80% of the median income level.

Since nearly all tax credit units have a more moderate gross rent, there is also a lower effective income limit, as households below 30% of the HUD median may not be able to afford the monthly rent. This lower limit can be eliminated if the household has a rent assistance Voucher or some form of project-based rent assistance. When research was completed in Sioux Falls in 2010, approximately 25% of the tax credit units in that community were being occupied by a household that also had a tenant-based rent assistance Voucher. While no similar statistical information is available for the tax credit units in Hartford, it is possible that some degree of assistance overlap is also occurring.

Tax credit assistance has been widely used to construct new rental units in Sioux Falls. The 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. There had also been units constructed outside Sioux Falls, including projects in Brandon, Harrisburg, Tea, and Deer Hollow in 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 2013 survey completed by the Multi-Housing Association, the vacancy rate in tax credit housing was at 6.67%, 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.

Despite the vacancies that have seemed to exist elsewhere in the region, the rental survey of income-based units in Deer Hollow and Whispering Pines found only one vacancy, and Deer Hollow reported the existence of a “call back list” of households that had an interest in living in the project. One possible reason that the Deer Hollow units have proven to be very successful is their age and unit style, with attached garage parking and 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 Deer Hollow and Whispering Pines are very 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 Deer Hollow 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 Deer Hollow serve households at or below 40% of the median income level, and units in both Deer Hollow and Whispering Pines target some units to households at or below the 50% of income limits.

**Recommendation:** Although both Deer Hollow and Whispering Pines have proven to be very successful in Hartford, the City does have a very large concentration of this form of income-based housing. Overall, nearly 25% of the rental options in Hartford have the income limits and rent restrictions that apply to this form of federally-assisted housing. We would recommend that this segment of the market be monitored. While a moderate expansion of units, in a range between 16 and 24 in a future project can be justified based on the pent-up demand evident at Deer Hollow, and expansion of this size would continue to increase the percentage of units in the City that are income-restricted.

Although Sioux Falls also has a large number of tax credit units, the estimated concentration of units is less than half of the distribution in Hartford. 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. For this type of rental housing, it is clear that Hartford is serving a regional demand, rather than a locally-generated demand from renters.

The housing study completed for Sioux Falls had projected demand for 50 or more additional tax credit units per year through 2015. 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 Hartford, it is possible that additional development plans may 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. It is not known if the City made any financial contributions or concessions to Deer Hollow, but it is probable that any local public financial involvement was limited.

Moderate rent income-based rental housing in Hartford has outperformed the larger market, with the 2013 vacancy rate well below the level reported elsewhere in the area, although most vacancies are probably project-specific. With evidence of unmet demand at Deer Hollow, in the form of a lengthy call-back list, there is reason to believe that another phase of development in Hartford could also be successfully absorbed.

### **3. Promote the development of 10 to 15 additional subsidized rental housing 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, Royal Apartments, that offers subsidized housing with rent based on income. Royal Apartments has 16 total units, with two one-bedroom and 14 two-bedroom apartments. This project reported full occupancy at the time of the rental

survey, and the existence of a waiting list. However, the manager indicated that many tenants do not work in Hartford but commute to Sioux Falls for employment.

There had been another federally subsidized project in Hartford but its subsidy contract ended. In 2011 the compliance contract for Hartford Manor expired, and the 12 units in this project converted to conventional market rate housing. Although tenant-based rent assistance Vouchers may have been available to tenants as part of an impact mitigation plan, only one tenant opted to take a Voucher, according to the property manager. Even though this project now provides market rate housing, the rent structure still remains very low, with one-bedroom rents at \$324 per month, including utilities.

There are additional “deep subsidy” resources available to Hartford residents through the tenant-based Housing Choice Voucher Program, but it does not appear that this resource is being used by many households. The Vouchers allow tenants to pay 30% of income for housing in suitable private-market rental units. The Voucher Program for the MSA is administered by the Sioux Falls Housing and Redevelopment Commission. Only seven Hartford households were using a Voucher in February 2013. Representatives from Deer Hollow indicated that some tenants have utilized Vouchers in the past, but no current information was available on use within this moderate rent project.

Before the conversion of Hartford Manor, approximately 13% of the City’s rental stock was in the form of deep subsidy units, including Voucher households. Now, approximately 8% remains in the subsidized category. While the percentage of subsidized housing is now relatively small in Hartford, the City still does have a large inventory of income-based housing if the tax credit units and the deep subsidy units are combined. Overall, more than 30% of the City’s total rental stock has some form of income limits and/or rent restrictions in place in 2013.

Despite the number of income-based rental options that do exist, the 2011 American Community survey estimated that nearly 57% of all renters in the City were paying 30% or more of their income for rent. The large majority of these households were actually paying 35% or more of their income for housing. Most of the households with a severe rent burden had low annual incomes, and would be under the income limits for subsidized housing. Older adult households, age 65 and above, accounted for less than 14% of the households with a rental cost burden, so working-age households were the group that was experiencing the greatest housing cost burden.

**Recommendation:** Based on the cost burden data contained in the American Community Survey, we would recommend that the City look to expand the supply of deep subsidy rental housing for lower income renters. Over the next five years, we would recommend that the City attempt to construct 10 to 15 units that achieve a rent level that would be affordable to very low income households earning less than \$20,000 per year.

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

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

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

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

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

**Findings:** Senior housing that also provides some level of services for residents can exist in a wide range of different options. Under South Dakota law, the Department of Health is required to license the more service-intensive forms of senior housing, including Skilled Nursing Facilities and Assisted Living Centers. Lower-service forms of senior housing, referred to as Residential Living Centers by the State, are required to register with the Department of Health, but are

not licensed and subject to the more stringent requirements, such as inspections, that apply to more service-intensive housing.

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

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

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

At the time of the 2010 Census, there were 91 older senior citizens, age 75 and above, that were living in Hartford. There were 19 additional older seniors in the surrounding Hartford Township, for a total of 110 people age 75 and older in the immediate area. Presumably, as many as 20 of these older seniors were actually residing in Leisure Living II at that time. To fill the 21 available rooms, a local capture rate of more than 19% is required.

Like other housing options in Hartford, it appears that some of the residents have come from outside the City/Township, including some older seniors that had previously lived in Sioux Falls. One of the reasons that Sioux Falls residents may move to Hartford is the acceptance of Medicaid Waivers assistance in up to five of the 10 assisted living rooms. Because of a low reimbursement rate, many assisted living projects are unwilling to accept

Medicaid Waivers, or restrict the number of participating tenants. This is especially true in larger communities, such as Sioux Falls, where most assisted living units are available to private-pay residents.

Looking forward, the projections used for this Study expect the population of older senior citizens to continue to increase in Hartford, but at a relatively slow rate. Most of the near-term growth will occur in the near-senior and younger senior age ranges, between 55 and 74 years old, as the leading edge of the

baby boom generation begins turning 65 in the next few years. After the year 2020, there should be stronger growth in the population of older senior citizens in Hartford

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

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

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

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

**Findings:** New mixed use projects have been developed in several cities comparable to the size of Hartford. Some of these projects were developed because of market demand while others were developed to enhance the commercial district, to introduce a new product to the market or to serve as a catalyst for downtown redevelopment.

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



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

We recommend commercial space on the first floor and 10 to 14 rental units on the second and third floors. 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 10 to 14 rental units should be primarily market rate units, but could be mixed income with some moderate income units. The units should be primarily two-bedroom units. Please note that these units are not in addition to the units recommended in the first three recommendations of this section. If a mixed use building or buildings were constructed, the number of units recommended previously should be reduced.

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

# **Hartford - Home Ownership Recommendations**

## **Home Ownership Recommendations**

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

The median owner-occupied home value in Hartford is estimated to be \$147,500. With approximately 50% of the homes in Hartford valued less than \$147,500, Hartford has a limited market for first time home buyers and households seeking moderately priced homes.

Our analysis of Hartford demographic trends shows strong population growth from 2010 to 2015 in the 55 to 74 age ranges with a gain of 77 to 91 households. While most households in these age ranges already own their housing, this group represents a strong potential market for 'trade-up' housing. Increasingly, the older age ranges within this group look for lower maintenance housing options, such as twin homes or town house developments.

The number of Hartford households in the 35 to 44 age range is expected to increase by 32 to 44 households from 2010 to 2015. While some of these households already own their housing, those households that have not been able to achieve the goal of home ownership, may need the assistance of special programs to help them purchase their first home and will be seeking affordable homes.

The 25 to 34 age range is projected to increase by 28 to 41 households from 2010 to 2015. Households in this age range are typically first-time home buyers.

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

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

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

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

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

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

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

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

**Findings:** Hartford has a large stock of older, lower valued homes, some of which need repairs. Our analysis of recent sales activity indicates that some of the homes in Hartford have a low value. As some lower valued homes come up for sale, they may not be attractive options for potential home buyers because of the amount of repair work that is required.

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

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

than the subsidy required to provide an equally affordable unit through new construction.

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

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

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

# **Hartford - New Housing Construction**

## **New Housing Construction**

**Findings:** The City of Hartford has experienced significant single family owner-occupied housing construction. Based on city records, from 2000 to 2012, 248 single family structures and twin homes have been constructed in the City of Hartford, which is an average of approximately 19 housing units per year. The peak years for new construction were 2004 when 28 units were constructed, 2005 when 29 units were constructed and 2008 when 24 units were constructed. Although there were peak years, new single family construction has been relatively stable over the past 13 years in Hartford, however, there was a slow down in construction from 2009 to 2011.

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 Hartford indicate good demand for owner-occupied housing construction. Hartford is projected to gain 77 to 91 households in the 55 to 74 age ranges from 2010 to 2015. Households in these age ranges tend to be predominantly home owners, and form a market for higher priced, trade-up housing and low maintenance housing such as town homes and twin homes. The 25 to 44 year old ranges are expected to gain 60 to 85 households through 2015. Many of the households in these age ranges are first time home buyers. There is projected to be a gain of 19 to 30 households in the 45 to 54 age range. These households are often trade-up buyers or new home builders.

It is our opinion that if the City, local housing agencies and developers are proactive, 26 to 31 owner-occupied housing units should be constructed in Hartford annually over the next five years from 2013 to 2018 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 26 to 31 new owner-occupied housing units annually over the next five years is as follows:

▶ Higher & median price homes	13-14 homes
▶ Affordable homes	6-7 homes
▶ Homes on infill lots	1-2 homes
▶ Twin homes/town homes	<u>6-8 units</u>
Total	26-31 units

In the past few years, Hartford's market share of the new single family construction has generally been below 2% of the MSA total. To achieve the recommendation above, the City would need to capture between 2.5% and 3% of all projected single family housing construction in the Sioux Falls MSA.

## **8. Monitor lot availability and development**

**Findings:** As part of this Study, we attempted to identify the inventory of available residential lots for single family housing construction in the City of Hartford. Currently, there are three active residential subdivisions in Hartford including Kelly Point Addition, Western Meadows and Cresswood Estates. There are approximately 42 single family lots currently available in these three subdivisions that are improved and are actively listed for sale.

The developer of the Kelly Point Addition is proposing the development of an additional 24 lots in 2013, which will bring the total to 66 buildable lots. The developers of Western Meadows and Cresswood Estates have land for additional phases of development, but do not plan to proceed unless market demand exists and their current phases are more fully absorbed. Additionally, there are several developers and land owners that are in the discussion or planning phase of developing lots.

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

**Recommendation:** We use a standard that a 2 ½ year supply of lots should be available in the marketplace based on annual lot usage. With projections that 26 to 31 new owner-occupied housing units will be constructed per year, the City should have approximately 65 to 78 residential lots available to meet the expected demand. Part of this demand would be for attached unit construction.

With approximately 66 available lots and the ability of developers to create lots in a timely manner, plus infill lots, the City currently has an adequate number of lots to meet near-term construction demand. It is our opinion that the existing subdivisions can accommodate the range of home prices that will be constructed in Hartford over the next several years. However, our opinion is based on the assumption that the available lots are quality lots that are competitively-priced. Additionally, the new subdivisions in the planning phases will provide new lot options for buyers. We would recommend that the City continue to monitor the number of lots that are available to assure there is an adequate number on an ongoing basis and that lots are available for homes in a variety of price ranges.



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

**Findings:** Hartford has experienced limited owner-occupied attached housing development 2000 to 2012. Many communities over the past decade have seen attached housing take an increasingly large share of new construction. In cities the size of Hartford, 20% to 25% of the housing starts are typically twin homes/townhomes. Over the past 12 years, approximately 14% of the owner-occupied housing units constructed in Hartford 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 77 to 91 households in Hartford from 2010 to 2015. Minnehaha County is also projected to have large increases in these age ranges. It is important for the City to offer a range of life-cycle housing options as many of these households will be seeking to downsize into low maintenance housing options.

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

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 who participate in this program assist each other with constructing affordable new homes. Also, Sioux Falls Habitat for Humanity will work with a Hartford group to construct homes in Hartford. Other local and regional housing agencies and nonprofits may also have the capacity to construct affordable housing in Hartford. These sources can help generate new homes for lower income families in Hartford.

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

## **11. The Meadows Development**

**Findings:** A large residential planned unit development (PUD) has been proposed on a site adjacent to the Hartford City limits. The proposed development has the potential to include the following:

- ▶ 142 acres
- ▶ 145 townhomes
- ▶ 12 twin homes
- ▶ 175 single family homes on half-acre lots
- ▶ Clubhouse and swimming pool
- ▶ Streets with boulevards
- ▶ All housing units will be market rate
- ▶ The project will have a Homeowners Association
- ▶ The first phase will be 145 town homes and 12 twin homes

**Recommendation:** We are not making recommendations on this project as the developers have undertaken their own market research, however, we do have several observations.

Our observations include:

- ▶ The Meadows development is not based on historical housing unit construction in Hartford. The developers are projecting that they can capture a larger percentage of the Sioux Falls MSA new housing construction market that the Hartford area has captured in the past.
- ▶ Potentially, the new housing construction market does exist for this project to be successful. It is estimated that approximately 6,000 to 7,000 owner-occupancy housing units may be constructed in the Sioux Falls MSA over the next five years.
- ▶ For the Meadows development to be successful, it must be in the right location, have the appropriate mix of housing types, acceptable purchase prices, state of the art amenities, etc.
- ▶ A successful Meadows development would have a positive impact on the Hartford area as it would stimulate commercial and retail development, residential development, recreational opportunities, etc.

# **Hartford - Housing Rehabilitation**

## **Housing Rehabilitation**

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

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

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

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

**Findings:** Based on the U.S. Census data, the City of Hartford had approximately 217 rental units in 2010. These rental units are in multi-family projects, small rental buildings, duplexes, single family homes and mobile homes. Many of these rental structures could benefit from rehabilitation as many of the rental structures are more than 25 years old and some rental units are in poor condition.

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

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

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

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

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

Our Hartford housing condition survey rated the 202 single family homes in two of the City's oldest neighborhoods. The survey found that 61 homes need minor repairs and 50 homes need major repairs. Without rehabilitation assistance, there is the potential that the affordable housing stock will shrink in Hartford.

Inter-Lakes Community Action Partnership currently has several housing programs to assist area households with the rehabilitation of their homes, including the Weatherization Program, the Self Help Rehabilitation Program and programs utilizing Home and CHIP funds.

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

# **Hartford - Other Housing Initiatives**

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

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

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

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 Hartford's housing needs. Several funding sources have finance programs that include employers. Additionally, the funding agencies often view funding applications favorably that include employers in the problem solving process.

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

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

**Findings:** Our housing condition survey of two neighborhoods identified five homes that are dilapidated and too deteriorated to rehabilitate. We also identified 50 homes as needing major repair (several of these homes may be too dilapidated to rehabilitate upon a more detailed inspection). There are also homes in other Hartford neighborhoods that may be dilapidated and beyond repair. Additionally, according to the 2010 U.S. Census, there were approximately 26 housing units that were vacant in Hartford in 2010. There is the threat that some of these housing units may deteriorate to the point of being beyond repair.



**Recommendation:** We recommend that Hartford continue to demolish severely dilapidated structures. The City is enhanced when blighted and dilapidated structures are removed. Also, some of the cleared lots can possibly be utilized for the construction of new affordable housing units. Additionally, the demolition of dilapidated rental structures will upgrade the communities' rental housing stock.

Also, Hartford and the Hartford Area Development Corporation should work with Minnehaha County to acquire and demolish tax forfeited properties that are dilapidated and beyond repair.

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

**Findings:** The City of Hartford has a significant inventory of mobile homes. According to the American Community Survey estimates there were between 20 and 30 mobile homes in the City. This represented approximately 3% to 4% of all housing options in Hartford.

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

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

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

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

- ▶ ***Time of Sale Inspection Program*** - This inspection program is designed to provide safe living conditions through the identification and elimination of basic life/safety hazards in older mobile homes. Mobile homes are subject to inspection prior to their sale. All identified safety hazards must be corrected before the unit is sold and/or occupied.
- ▶ ***Cooperative/Land Trust*** - Some mobile home parks have created a cooperative or a land trust which enables the home owners to own the mobile home park land and facilities. This ownership often creates pride which results in a clean, safe park atmosphere.

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

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

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

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

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

**Findings:** The City of Hartford's Downtown commercial district is in good condition, and several commercial buildings have been renovated, however, there are several substandard commercial buildings in Hartford.

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

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

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

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

**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 Hartford and the Hartford Area Development Corporation have been very active in promoting and marketing housing. We recommend that the City and Hartford Area Development Corporation continue to do the following:

- ▶ Determine the City's strengths and competitive advantages and heavily promote them
- ▶ Continue to create marketing materials that can be distributed regionally (including internet, TV, radio, etc.)
- ▶ Work closely with employers (Hartford and Sioux Falls) to provide employees (especially new employees) with housing opportunities in Hartford
- ▶ Work with housing agencies to provide down payment assistance, low interest loans, home owner education and home owner counseling programs
- ▶ Consider an annual Housing Fair that provides information on lots, builders, finance programs, etc. Developers, builders, lenders, realtors, public agencies and local businesses could participate
- ▶ Work with builders to make the construction of a new home a very user friendly process
- ▶ Develop new home construction and home purchase incentive programs. Examples include:
  - ▶ Free water and sewer for a period of time
  - ▶ Construction financing assistance
  - ▶ Permit fee lowered
  - ▶ Developer assistance
  - ▶ Real estate tax abatements
  - ▶ Cash payment
  - ▶ Discounts at area businesses
  - ▶ Lots at a reduced price

## **20. Competition with Other Jurisdictions**

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

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

- ▶ Continue to work on the creation of jobs and the development of retail, service and recreational opportunities that make the City a "full service" community

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

## **Housing Agencies and Resources**

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

### **Hartford Area Development Corporation**

125 North Main  
P.O. Box 102  
Hartford, SD 57033  
(605) 528-3338  
Contact: Gary Sandholm

### **InterLakes Community Action Partnership**

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

### **South Eastern Development Foundation**

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

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

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

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

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

### **Affordable Housing Solutions**

630 South Minnesota Avenue  
Sioux Falls, SD 57117  
(605) 332-0704  
Contact: Shireen Ranschau, Executive Director

### **South Dakota Housing Development Authority**

221 South Central Avenue  
Pierre, SD 57501  
(605) 773-3181  
Contact: Mark Lauseng, Executive Director