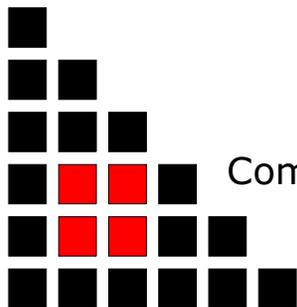


North Sioux City HOUSING STUDY

July 2015

An analysis of the overall housing needs
of North Sioux City



Community Partners Research, Inc.

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Introduction

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

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

Goals

The multiple goals of the study include:

- ▶ Provide updated demographic data including the 2010 Census
- ▶ Provide an analysis of the current housing stock and inventory
- ▶ Determine gaps or unmet housing needs
- ▶ Examine future housing trends that the area can expect to address in the coming years
- ▶ Provide a market analysis for housing development
- ▶ Provide housing recommendations and findings

Methodology

A variety of resources were utilized to obtain information for the Housing Study. Community Partners Research, Inc., collected and analyzed data from December 2014, to April 2015. Data sources included:

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

Limitations

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

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Demographic Data Overview

Sources of Data

The following pages contain demographic data obtained from a variety of local, state and national sources for North Sioux City and Union County. Some data is also included for the Sioux City Metropolitan Statistical Area (MSA), which includes Union County, SD, Woodbury County, IA, Plymouth County, IA, Dakota County, NE, and Dixon County, NE. At the time that the research was completed for this Study, the 2010 Census information was available. However, the 2010 Census was more limited in scope than in the past. As a result, some of the demographic variables, such as income and housing cost information, were not available.

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

The frequency of American Community Survey estimates vary depending on the size of the jurisdiction. For most jurisdictions in South Dakota, the 2013 estimates were derived from sampling that was done over a five-year period, between 2008 and 2013. Unless otherwise noted, the American Community Survey estimates are based on the five-year survey data.

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

Population Data and Trends

Table 1 Population Trends - 1980 to 2014						
	1990 Census	2000 Census	% Change 1990-2000	2010 Census	% Change 2000-2010	2014 ESRI Estimates
North Sioux City	2,019	2,288	13.3%	2,530	10.6%	2,782
Sioux City MSA	N/A	168,563	N/A	168,825	1.6%	170,853
Union County	10,189	12,584	23.5%	14,399	14.4%	15,143

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

- ▶ According to the 2010 U.S. Census, North Sioux City’s population was 2,530 people in 2010. When compared to the 2000 Census, the City had a population gain of 242 people from 2000 to 2010. The 242-person increase from 2000 was a population gain of 10.6%.
- ▶ Union County’s population was 14,399 in 2010. This was an increase of 1,815 people from 2000, for a population gain of 14.4%.
- ▶ The Sioux City MSA’s population was 168,825 in 2010. This was an increase of 262 people from 2000, which is a gain of 1.6%
- ▶ Union County and North Sioux City also experienced significant population increases in the 1990s. North Sioux City’s population increased by 269 people and Union County’s population increased by 2,395 people from 1990 to 2000.
- ▶ ESRI, a private data reporting service, has released 2014 population estimates. The estimate for North Sioux City is 2,782, an increase of 252 people from 2010 to 2014. ESRI’s 2014 estimate for Union County is 15,143, a gain of 744 people since 2010. ESRI’s 2014 estimate for the Sioux City MSA is 170,853, a gain of 2,028 people since 2010.

- ▶ The Census Bureau has released population estimates. The most recent estimate for North Sioux City is effective July 1, 2013, and shows the City's population at 2,509, a decrease of 21 people from 2010 to 2013. The Census Bureau's population estimates for Union County and the Sioux City MSA are effective July 1, 2014. The 2014 estimate for Union County is 15,029 and shows the County up 630 people after the 2010 Census. The 2014 Census estimate for the Sioux City MSA is 168,806, which is down 19 people from 2010.
- ▶ North Sioux City's population is primarily White and non-Hispanic/Latino. At the time of the 2010 Census, 93.5% of the City's residents were White, 0.6% were Black or African American, 1.6% were American Indian and 0.6% were Asian. Additionally, 1.4% of the population identified themselves as some other race and 2.6% of the population identified themselves as two or more races. Approximately 3.8% of the City's population was identified as Hispanic/Latino.

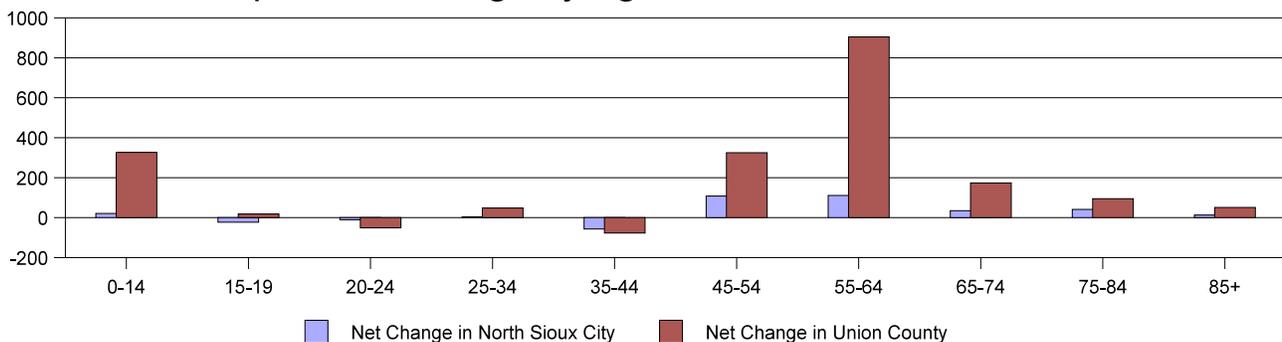
Population by Age Trends: 2000 to 2010

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

Table 2 Population by Age - 2000 to 2010						
Age	North Sioux City			Union County		
	2000	2010	Change	2000	2010	Change
0-14	508	529	21	2,790	3,117	327
15-19	180	157	-23	922	940	18
20-24	144	133	-11	604	553	-51
25-34	357	361	4	1,601	1,649	48
35-44	383	326	-57	1,979	1,902	-77
45-54	297	405	108	1,889	2,214	325
55-64	177	288	111	1,097	2,002	905
65-74	148	183	35	856	1,030	174
75-84	76	117	41	622	717	95
85+	18	31	13	224	275	51
Total	2,288	2,530	242	12,584	14,399	1,815

Source: U.S. Census

Population Change by Age Between 2000 and 2010



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 North Sioux City and Union County. Between 2000 and 2010, North Sioux City had a gain of 219 people and Union County had a gain of 1,230 people in the age ranges between 45 and 64 years old. In 2010, nearly all of the baby boomers were within these age ranges.

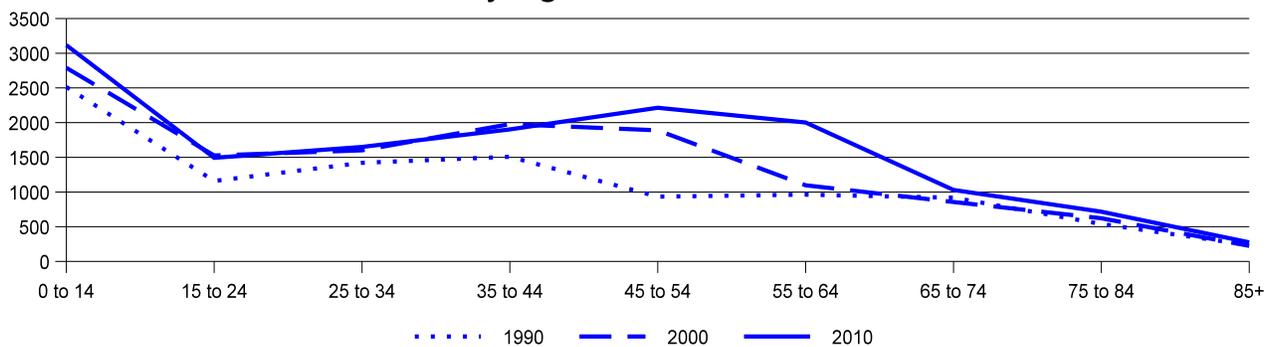
Union County also had growth in the 0 to 19 age ranges, which had a gain of 345 people, the 25 to 34 age range, which had a gain of 48 people, and the 65 and older age ranges, which had a gain of 320 people. Union County had a loss of 51 people in the 20 to 24 age range and a loss of 77 people in the 35 to 44 age range.

In addition to the gains in the 45 to 64 age ranges, North Sioux City had a gain of 21 people in the 0 to 14 age range, a gain of four people in the 25 to 34 age range and a gain of 89 people in the 65 and older age ranges.

North Sioux City experienced a population loss of 34 people in the 15 to 24 age ranges and a loss of 57 people in the 35 to 44 age range.

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

Union County Age Distribution: 1990 to 2010



Population Projections

The following table presents population projections using two different sources. The South Dakota State Data Center has issued Union County population projections for the year 2020. The other set of projections has been created by ESRI, and span the five-year period from 2014 to 2019.

Table 3 Population Projections Through 2019				
	2010 US Census	2014 ESRI Estimate	2019 ESRI Estimate	2020 Projection State Data Center
North Sioux City	2,530	2,782	3,013	N/A
Sioux City MSA	168,825	170,853	173,513	N/A
Union County	14,399	15,143	15,986	16,659

Source: U.S. Census; ESRI; State Data Center

- ▶ ESRI’s growth projections show a population gain of 231 people in North Sioux City from 2014 to 2019.
- ▶ ESRI’s population projection for Union County forecasts a gain of 843 people from 2014 to 2019.
- ▶ ESRI’s population projection for the Sioux City MSA forecasts a gain of 2,660 people from 2014 to 2019.
- ▶ The State Data Center projects that Union County’s population will be 16,659 in 2020. When compared to the County’s population in 2010, this projection assumes an increase of 2,260 people during the current decade.
- ▶ ESRI also projects a countywide gain of residents from 2010 to 2019. ESRI’s projection of 15,986 people in 2019 is below the State Data Center’s projection for 2020.

Household Data and Trends

Table 4 Household Trends - 1980 to 2014						
	1990 Census	2000 Census	% Change 1990-2000	2010 Census	% Change 2000-2010	2014 ESRI Estimate
North Sioux City	747	916	22.6%	1,073	17.1%	1,199
Sioux City MSA	N/A	62,958	N/A	64,271	2.1%	65,407
Union Co.	3,859	4,927	27.7%	5,756	16.8%	6,095

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

- ▶ According to the 2010 U.S. Census, North Sioux City, Union County and the Sioux City MSA had a gain of households from 2000 to 2010. North Sioux City had 1,073 households in 2010, an increase of 157 households from 2000, for a household gain of 17.1%.
- ▶ Union County had 5,756 households in 2010. This was an increase of 829 households between 2000 and 2010, or a household gain of 16.8%.
- ▶ The Sioux City MSA had 64,271 households in 2010. This was an increase of 1,313 households from 2000 to 2010, or a household gain of 2.1%.
- ▶ North Sioux City had a gain of 169 households and Union County had a gain of 1,068 households during the 1990s.
- ▶ ESRI estimates that North Sioux City has gained 126 households, Union County has gained 339 households and the Sioux City MSA has gained 1,136 households from 2010 to 2014.

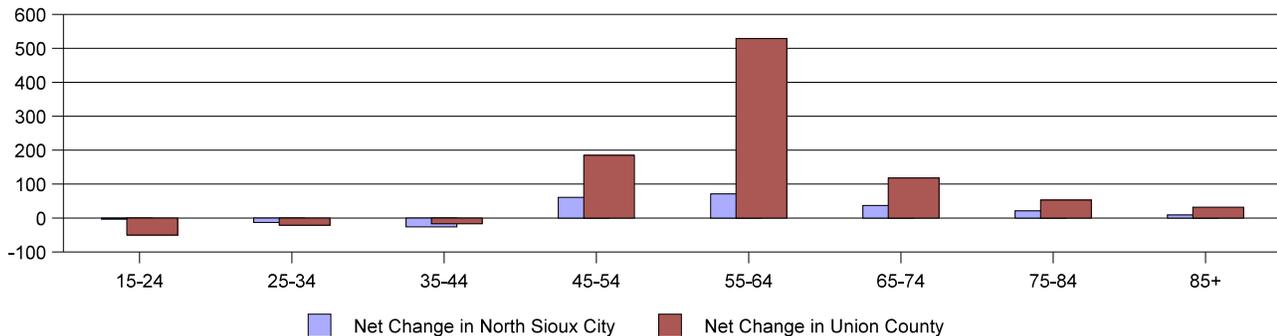
Household by Age Trends: 2000 to 2010

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

Table 5 Households by Age - 2000 to 2010						
Age	North Sioux City			Union County		
	2000	2010	Change	2000	2010	Change
15-24	49	46	-3	220	170	-50
25-34	200	187	-13	834	813	-21
35-44	210	184	-26	1,047	1,030	-17
45-54	182	243	61	1,076	1,261	185
55-64	107	178	71	633	1,162	529
65-74	93	130	37	522	640	118
75-84	61	82	21	436	489	53
85+	14	23	9	159	191	32
Total	916	1,073	157	4,927	5,756	829

Source: U.S. Census

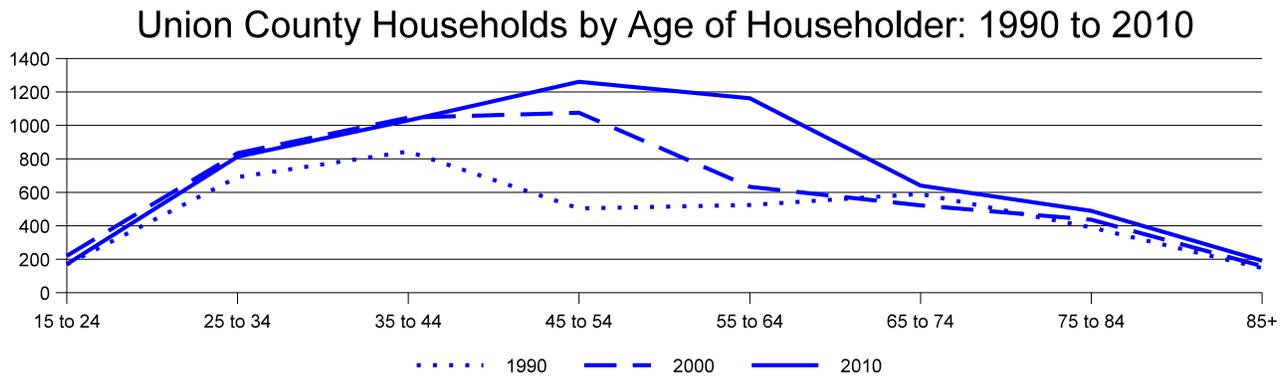
Household Change by Age Between 2000 and 2010



North Sioux City had a loss of 42 households in the 15 to 44 age ranges. North Sioux City had a gain of 199 households in the in the 45 and older age ranges.

Union County experienced a gain of 917 households in the 45 and older age ranges and a decrease of 88 households in the 44 and younger age ranges.

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 Union County using Census information for households by the age of householder.



Average Household Size

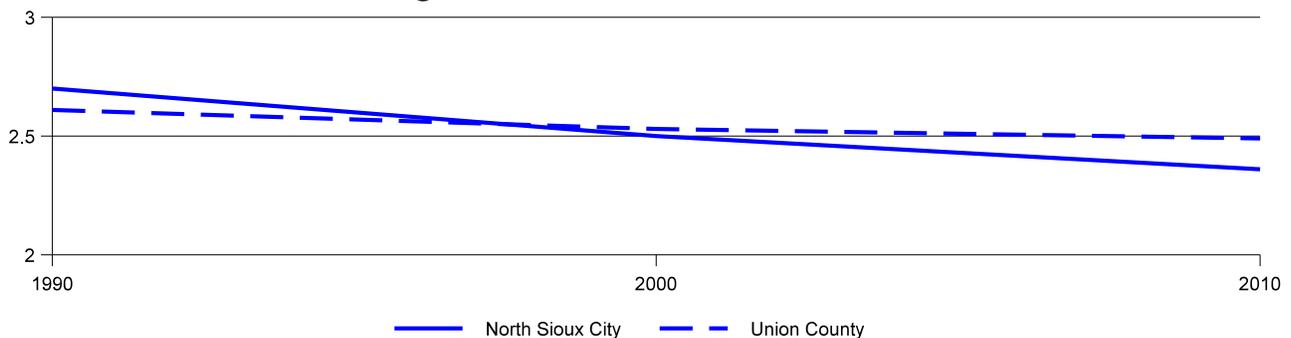
The following table provides decennial Census information on average household size. The 2014 estimates from ESRI are also provided.

Table 6 Average Number of Persons Per Household: 1990 to 2014				
	1990 Census	2000 Census	2010 Census	2014 ESRI Estimate
North Sioux City	2.70	2.50	2.36	2.32
Union County	2.61	2.53	2.49	2.48
South Dakota	2.59	2.50	2.42	N/A

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

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

Average Household Size: 1990 to 2010



In North Sioux City, the average household size decreased significantly from 2.70 persons per household in 1990 to 2.36 in 2010. Union County’s average household size decreased from 2.61 in 1990 to 2.49 in 2010.

In 2010, North Sioux City’s average household size was lower than the Statewide average, but Union County had a larger average household size than the State of South Dakota.

ESRI estimates that North Sioux City’s and Union County’s average household sizes have continued to decrease after 2010.

Household Projections

The following table presents ESRI’s 2014 household estimates and 2019 household projections for North Sioux City and Union County.

Table 7 Household Projections Through 2019			
	2010 Census	2014 Estimate ESRI	2019 Projection ESRI
North Sioux City	1,073	1,199	1,302
Sioux City MSA	64,271	65,407	66,594
Union County	5,756	6,095	6,450

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

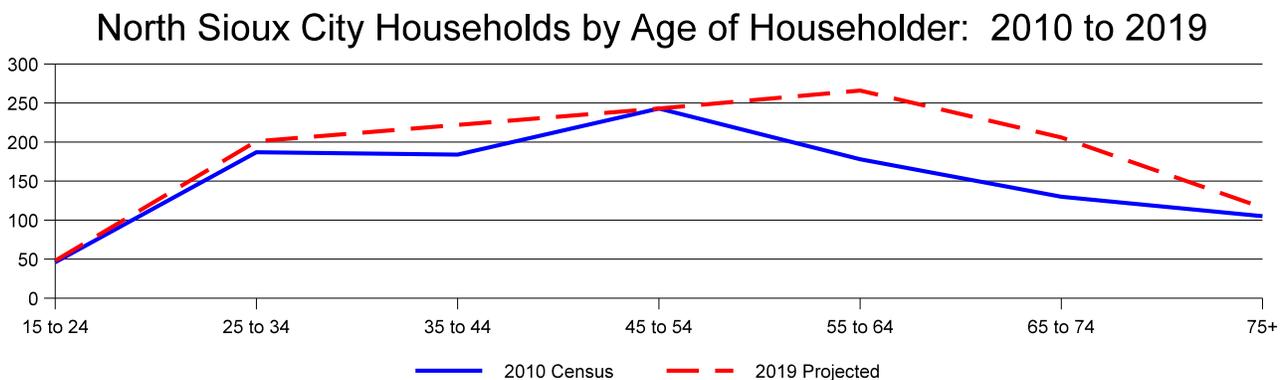
- ▶ The growth projections calculated by ESRI expect household growth in North Sioux City, Union County and the Sioux City MSA from 2010 to 2019.
- ▶ ESRI estimates that North Sioux City has added 126 households from 2010 to 2014 and projects that the City will add 103 more households from 2014 to 2019.
- ▶ ESRI’s 2014 estimate for Union County is 6,095 households, an increase of 339 households from 2010. ESRI projects that Union County will add an additional 355 households from 2014 to 2019.
- ▶ ESRI’s 2014 estimate for the Sioux City MSA is 65,407 households, an increase of 1,136 households from 2010. ESRI projects that the Sioux City MSA will add an additional 1,187 households from 2014 to 2019.

North Sioux City Household by Age Projections: 2010 to 2019

ESRI has released population by age projections to the year 2019. The following table presents ESRI’s 2019 households by age projections for North Sioux City, and the household changes from 2010 to 2019.

Table 8 North Sioux City Projected Households by Age - 2010 to 2019			
Age Range	2010 Census	ESRI	
		2019 Projection	Change from 2010
15-24	46	48	2
25-34	187	201	14
35-44	184	222	38
45-54	243	243	0
55-64	178	266	88
65-74	130	206	76
75+	105	116	11
Total	1,073	1,302	229

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



Consistent with the age distribution data presented earlier, the movement of the “baby boom” generation through the aging cycle should generate most of the City’s growth in households in the age ranges between 55 and 74 years old. These projections expect an increase of 164 households in North Sioux City from 2010 to 2019 in the 20-year age group between 55 and 74 years old.

Growth of 54 households is also expected in the 15 to 44 age ranges. There is also a projected gain of 11 households in the 75 and older age ranges.

No age ranges are expected to lose households from 2010 to 2019 in North Sioux City, however, the number of households in the 45 to 54 age range is expected to remain the same at 243 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 North Sioux City.

Table 9 North Sioux City Household Composition - 2000 to 2010			
	2000 Census	2010 Census	Change
Family Households			
Married Couple with own children	227	203	-24
Single Parent with own children	114	111	-3
Married Couple without own children	243	294	51
Family Householder without spouse	38	71	33
Total Families	622	679	57
Non-Family Households			
Single Person	229	325	96
Two or more persons	65	69	4
Total Non-Families	294	394	100

Source: U.S. Census

Between 2000 and 2010, North Sioux City experienced an overall net increase of 57 “family” households. There was an increase of 51 married couple families without children and an increase of 33 family householder without spouse households. There was a decrease of 24 married couples with children and a decrease of three single parent with children households.

North Sioux City had an increase of 100 “non-family” households. There was an increase of 96 one-person households and an increase of four households that had unrelated individuals living together.

Housing Tenure

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

Table 10 Household Tenure - 2010				
	Number of Owners	Percent of all Households	Number of Renters	Percent of all Households
North Sioux City	686	63.9%	387	36.1%
Union County	4,285	74.4%	1,471	25.6%
State	-	68.1%	-	31.9%

Source: U.S. Census

According to the 2010 Census, the ownership tenure rate in North Sioux City was 63.9% and Union County’s ownership rate was 74.4%. North Sioux City’s rental tenure rate of 36.1% was above the Statewide rate of 31.9% renter households.

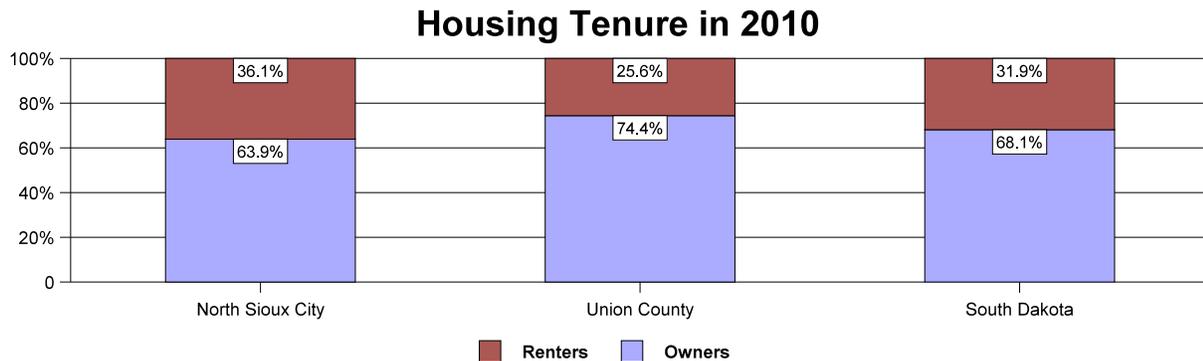


Table 11 Households by Housing Tenure - 2000 to 2010						
Tenure	North Sioux City			Union County		
	2000	2010	Change	2000	2010	Change
Owners	679/74.1%	686/63.9%	7	3,665/74.4%	4,285/74.4%	620
Renters	237/25.9%	387/36.1%	150	1,262/25.6%	1,471/25.6%	209
Total	916/100%	1,073/100%	157	4,927/100%	5,756/100%	829

Source: U.S. Census

North Sioux City’s ownership tenure decreased substantially from 74.1% in 2000 to 63.9% in 2010. For Union County, the ownership tenure rate did not change from 2000 to 2010.

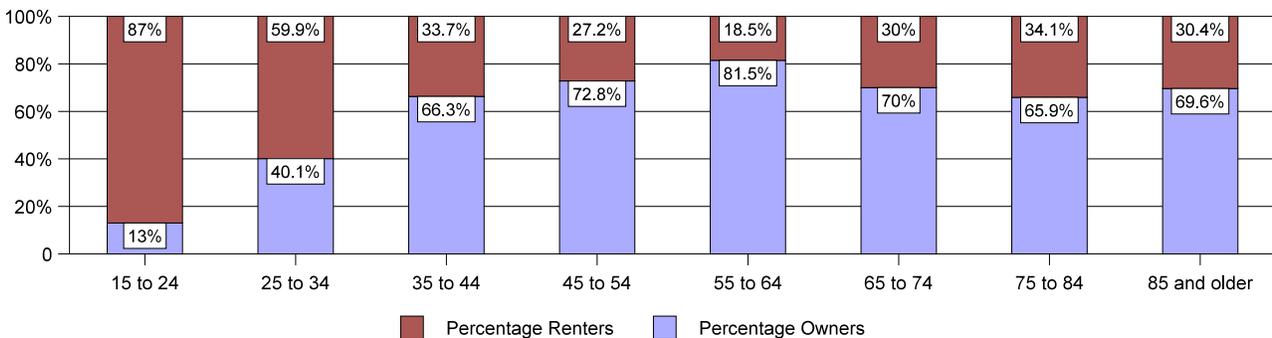
Tenure by Age of Householder

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

Table 12 North Sioux City Tenure by Age of Householder - 2010				
Age	Owners		Renters	
	Number	Percent within age	Number	Percent within age
15-24	6	13.0%	40	87.0%
25-34	75	40.1%	112	59.9%
35-44	122	66.3%	62	33.7%
45-54	177	72.8%	66	27.2%
55-64	145	81.5%	33	18.5%
65-74	91	70.0%	39	30.0%
75-84	54	65.9%	28	34.1%
85+	16	69.6%	7	30.4%
Total	686	63.9%	387	36.1%

Source: U.S. Census

North Sioux City Housing Tenure Patterns by Age in 2010



Within the defined age ranges, typical tenure patterns were present. Households at the lowest end of the age spectrum showed greater preference for rented housing, while middle-aged adult households were primarily homeowners. Approximately 87% of households age 24 and younger rented their unit, and approximately 60% of households in the 25 to 34 age range were renters. Home ownership rates for each of the 10-year age cohorts age 35 and older were 66% or higher.

Tenure by Household Size

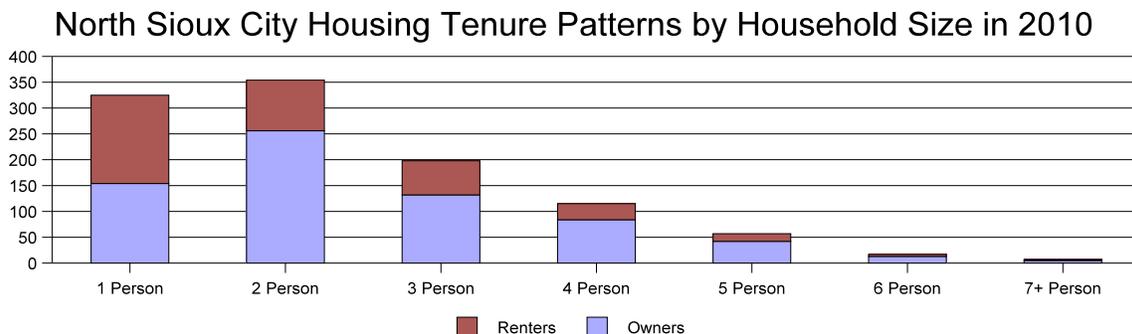
The 2010 Census provided information on housing tenure by household size. This can be compared to 2000 Census information to better understand trends for housing unit needs. The following table provides information for North Sioux City.

Table 13 North Sioux City Tenure by Household Size - 2000 to 2010						
Household Size	Owners			Renters		
	2000	2010	Change	2000	2010	Change
1-Person	142	154	12	87	171	84
2-Person	239	256	17	69	98	29
3-Person	121	132	11	48	66	18
4-Person	116	84	-32	19	31	12
5-Person	49	42	-7	11	15	4
6-Person	9	13	4	2	4	2
7-Persons+	3	5	2	1	2	1
Total	679	686	7	237	387	150

Source: U.S. Census

From 2000 to 2010, there were increases in the number of owner and renter households in North Sioux City. There was an increase of 40 owner households with three or fewer household members. There was also an increase of six households with six or more household members. There was a decrease of 39 owner households with four or five household members.

There was a substantial gain of 131 households with one to three household members and a gain of 19 households with four or more household members. Approximately 70% of the renter households in North Sioux City were one or two person households in 2010.



2013 Income Data

The 2010 Census did not collect information on household income. However, estimates are available at the city and county level through the 2013 American Community Survey.

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

Table 14 Median Household Income - 2000 to 2013			
	2000 Median	2013 Median	% Change
North Sioux City	\$39,333	\$57,482	46.1%
Union County	\$44,790	\$63,468	41.7%
South Dakota	\$35,271	\$49,495	40.3%

Source: U.S. Census; 2013 ACS 5-year survey

Table 15 Median Family Income - 2000 to 2013			
	2000 Median	2013 Median	% Change
North Sioux City	\$44,926	\$70,833	57.7%
Union County	\$51,227	\$74,758	40.1%
South Dakota	\$43,237	\$63,195	46.2%

Source: U.S. Census; 2013 ACS 5-year survey

Information contained in the 2013 American Community Survey shows that the median household and family incomes have increased significantly from 2000 to 2013 in North Sioux City and Union County. North Sioux City and Union County's median family and household incomes were well above statewide medians.

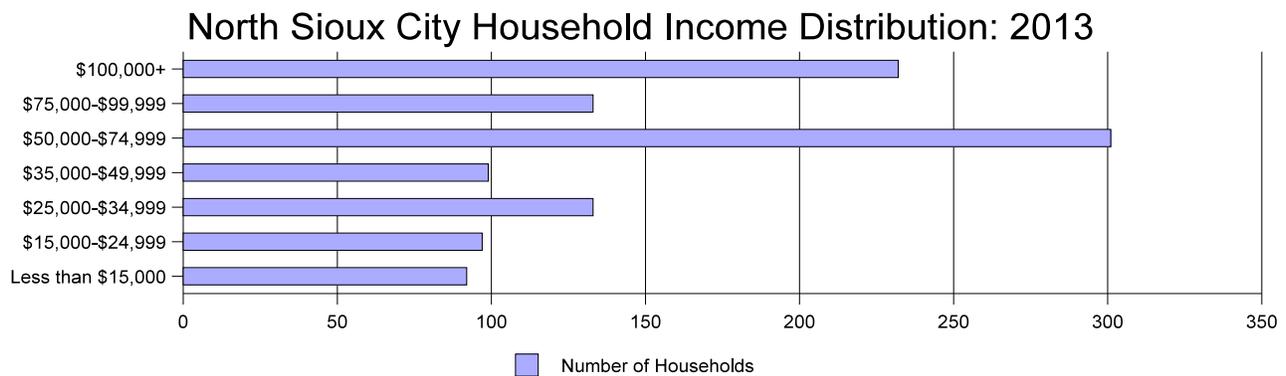
Generally, family household incomes tend to be much higher than the overall household median, as families have at least two household members, and potentially more income-earners. Using the commonly accepted standard that up to 30% of gross income can be applied to housing expenses without experiencing a cost burden, a median income household in North Sioux City could afford approximately \$1,437 per month and a median income family household could afford \$1,771 per month for ownership or rental housing in 2013.

North Sioux City Household Income Distribution

The 2013 American Community Survey household income estimates for North Sioux City can be compared to the same distribution information from 2000 to examine changes that have occurred from 2000 to 2013.

Table 16 North Sioux City Income Distribution - 2000 to 2013			
Household Income	Number of Households 2000	Number of Households in 2013	Change 2000 to 2013
\$0 - \$14,999	91	92	1
\$15,000 - \$24,999	164	97	-67
\$25,000 - \$34,999	122	133	11
\$35,000 - \$49,999	168	99	-69
\$50,000 - \$74,999	169	301	132
\$75,000 - \$99,999	103	133	30
\$100,000+	57	232	175
Total	874	1,087	213

Source: 2000 Census; 2013 ACS



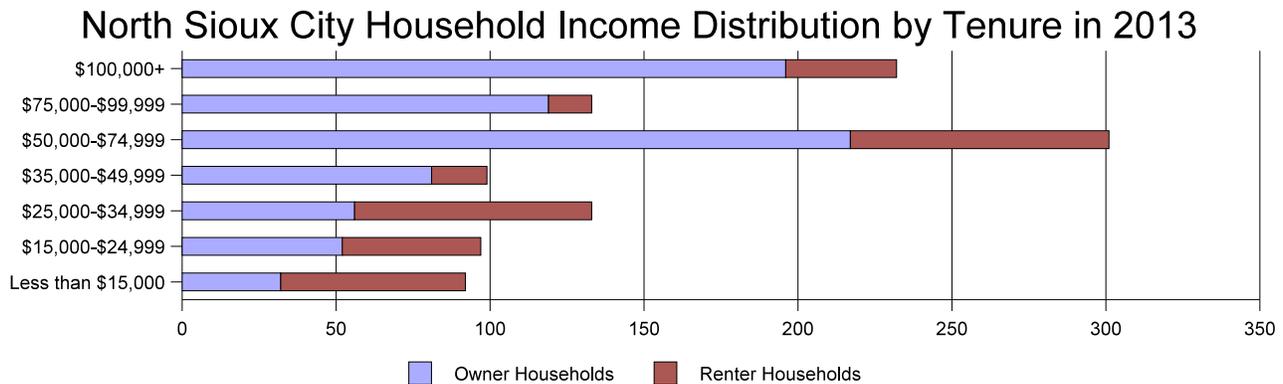
According to income estimates contained in the 2013 American Community Survey, household incomes have improved in North Sioux City. When compared to the 2000 Census (1999 income), there was an increase of 337 households with an income of \$50,000 or more. Conversely, there was a net decrease of 124 households with annual incomes under \$50,000. Although there was a decrease in the number of households in the lower income ranges, there were still 189 households with an annual income below \$25,000 in 2013, which represented 17.4% of all households in North Sioux City.

North Sioux City Income Distribution by Housing Tenure

The 2013 American Community Survey provides income data by owner and renter status. The following table examines income distribution in North Sioux City. The American Community Survey is an estimate, based on limited sampling data, and there are some differences when compared to the 2010 Census. The 2013 American Community Survey appears to have overcounted the number of owner households and undercounted the number of renter households.

Table 17 North Sioux City Income Distribution by Tenure - 2013			
Household Income	Number of Owner Households	Number of Renter Households	Total Households
\$0 - \$14,999	32/34.8%	60/65.2%	92
\$15,000 - \$24,999	52/53.6%	45/46.4%	97
\$25,000 - \$34,999	56/42.1%	77/57.9%	133
\$35,000 - \$49,999	81/81.8%	18/18.2%	99
\$50,000 - \$74,999	217/72.1%	84/27.9%	301
\$75,000 - \$99,999	119/89.5%	14/10.5%	133
\$100,000+	196/84.5%	36/15.5%	232
Total	753	334	1,087

Source: 2013 American Community Survey



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

In 2013, approximately 54% of all renter households in North Sioux City had an annual income below \$35,000. At 30% of income, these households would have \$875, or less, that could be applied to monthly housing costs. The median income for all renter households was approximately \$33,052 in 2013. At 30% of income, a renter at the median level could afford approximately \$826 per month or less for housing costs.

Most owner households had a higher income level than rental households. Approximately 71% of all owner households had an annual income of \$50,000 or more. The estimated median household income for owners in 2013 was approximately \$67,971. At 30% of income, an owner at the median income level could afford approximately \$1,699 per month for housing costs.

2013 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 North Sioux City.

Table 18 Gross Rent as a Percentage of Household Income - 2013			
Percent of Income for Housing	Households Age 64 and Younger	Households Age 65 and Older	Total
Less than 20%	106	19	125/37.4%
20% to 29.9%	60	28	88/26.3%
30% to 34.9%	34	14	48/14.4%
35% or more	35	26	61/18.3%
Not Computed	7	5	12/3.6%
Total	242	92	334/100%

Source: 2013 American Community Survey

According to the American Community Survey, approximately 33% of all renters in the City were paying 30% or more of their income for rent. Federal standards for rent subsidy programs generally identify 30% of household income as the maximum household contribution. When more than 30% of income is required, this is often called a “rent burden”. When more than 35% is required, this can be considered a “severe rent burden”.

Although a housing cost burden could be caused by either high housing costs or low household income, in North Sioux City it was primarily due to low or moderate income levels for renters. A majority of the renter households with a housing cost burden had an annual household income below \$35,000. To avoid a cost burden, these households would have needed a unit with a gross monthly rent of \$875 or less.

Senior citizen renters (age 65 and older) represented approximately 37% of all households with a rental cost burden. Households in the age ranges between 15 and 64 years old represented approximately 63% of all households with a rental cost burden.

2013 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 North Sioux City that are paying different percentages of their gross household income for housing costs.

Table 19 Ownership Costs as a Percentage of Income: North Sioux City		
Percentage of Household Income for Housing Costs	Number of Owner Households 2013	Percent of All Owner Households 2013
0% to 19.9%	524	69.6%
20% to 29.9%	139	18.5%
30% to 34.9%	16	2.1%
35% or more	74	9.8%
Not Computed	0	0%
Total	753	100%

Source: 2013 ACS

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

However, approximately 12% of all home owners reported that they paid more than 30% of their income for housing. A majority of these households were paying more than 35% of income for housing costs.

Occupancy Status of Housing Units - 2010

Table 20 Occupancy Status of Housing Units - 2010						
	Occupied Units		Vacant Units			
	Owner	Renter	For Rent	For Sale	Seasonal Use	Other Vacant
North Sioux City	686	387	30	6	22	15
Union Co.	4,285	1,471	155	76	100	193

Source: U.S. Census

- ▶ In 2010, according to the U.S. Census, there were 100 seasonal housing units in Union County including 22 units in North Sioux City.
- ▶ In addition to the seasonal units in 2010, there were 424 vacant housing units in Union County, including 51 units in North Sioux City.

Existing Home Sales

This section examines houses that have been sold since 2005 in North Sioux City. The information was obtained from the South Dakota Department of Revenue, but reflects information assembled by the Union County Equalization Office.

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

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

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

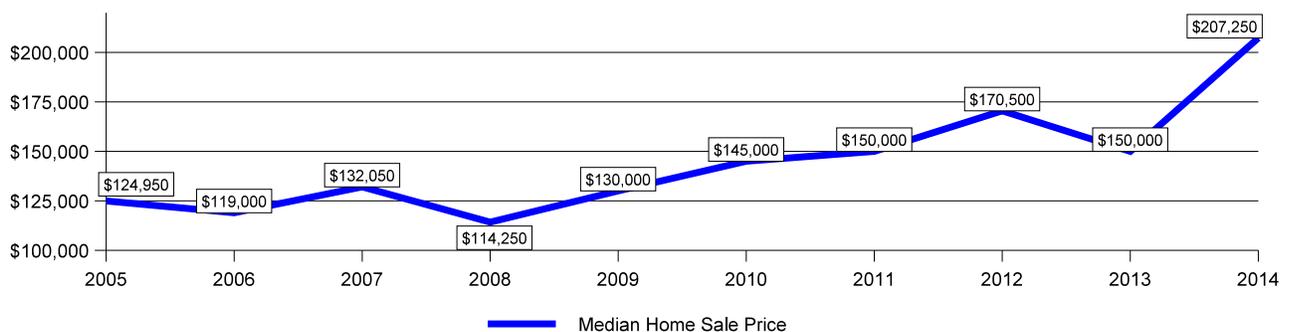
The County's time period for analyzing annual sales differs slightly from the calendar year. It begins on November 1st and ends on October 31st of each year. No information was yet available for sales that have occurred after October 31, 2014.

Table 21 North Sioux City Residential Sales Activity - 2005 to 2014

Sales Year	Number of Sales	Median Sale Price	Highest Sale	Lowest Sale
2014	18	\$207,250	\$385,000	\$25,000
2013	29	\$150,000	\$390,000	\$29,500
2012	23	\$170,500	\$460,900	\$20,000
2011	19	\$150,000	\$267,000	\$40,000
2010	27	\$145,000	\$355,000	\$46,000
2009	17	\$130,000	\$184,000	\$42,000
2008	28	\$114,250	\$273,000	\$24,800
2007	22	\$132,050	\$263,322	\$30,000
2006	29	\$119,000	\$375,000	\$27,500
2005	34	\$124,950	\$219,000	\$11,000

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

Median Home Sale Price: 2005 to 2014



Over the past 10 years the median home sale price in North Sioux City has generally been on an upward trend, although there have been year-to-year reductions at certain points. The median price has ranged from a low of \$114,250 in 2008, to a high of \$207,250 in 2014. Based on the entire 10-year period, the median for 2014 may represent an aberration, as the City had not exceeded \$171,000 for a median sale price in the previous nine years.

In each of the years there was at least one house that sold for less than \$50,000, and in nine of the 10 years at least one sale for more than \$200,000. Over the entire period reviewed, the highest valued sale was for \$460,900.

Home Sales by Price Range

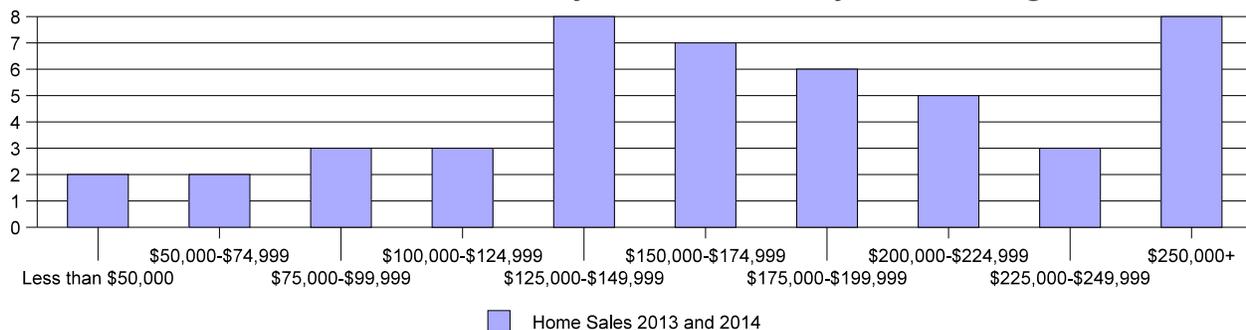
The following table looks at single family houses that sold within defined price ranges in a 24-month period, starting in November 2012 and ending in October 2014. A 24-month period has been used due to the limited number of sales that have occurred within the recent sales years.

Table 22 North Sioux City 24-Month Home Sales by Price Range		
Sale Price	Number of Sales	Percent of Sales
Less than \$50,000	2	4.3%
\$50,000 - \$74,999	2	4.3%
\$75,000 - \$99,999	3	6.4%
\$100,000 - \$124,999	3	6.4%
\$125,000 - \$149,999	8	17.0%
\$150,000 - \$174,999	7	14.9%
\$175,000 - \$199,999	6	12.8%
\$200,000 - \$224,999	5	10.6%
\$225,000-\$249,999	3	6.4%
\$250,000+	8	17.0%
Total	47	100%

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

* 24-month period from Nov. 1, 2012 to Oct. 31, 2014

Recent North Sioux City Home Sales by Price Range



Although recent home sales in North Sioux City have been widely distributed in different price ranges, most sales have been within the moderate to higher ranges. Over the 24-month period reviewed, only 21% of the sales were for less than \$125,000. Nearly 45% of the sales were between \$125,000 and \$199,999, and 34% of the sales were for \$200,000 or more. Fewer than 15% of all sales were priced below \$100,000.

North Sioux City Housing Condition

Community Partners Research, Inc., representatives conducted a visual 'windshield' survey of 149 single family/duplex houses in three of North Sioux City's oldest neighborhoods.

The boundaries of the three neighborhoods are as follows:

- ▶ Neighborhood #1: North - Verna Street
South - North Main Street
East - North Main Street
West - Military Road
- ▶ Neighborhood #2: North - River Drive
South - Campbell Street, Riverside Lane
East - Parkside Avenue
West - Marie Avenue
- ▶ Neighborhood #3: North - Rose Street
South - River Drive
East - Military Road
West - Victor Avenue

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

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

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

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

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

Table 23 Windshield Survey Condition Estimate - 2015					
	Sound	Minor Repair	Major Repair	Dilapidated	Total
Neighborhood #1	8/25.0%	12/37.5%	10/31.3%	2/6.2%	32
Neighborhood #2	17/37.8%	15/33.3%	12/26.7%	1/2.2%	45
Neighborhood #3	21/29.2%	31/43.1%	16/22.2%	4/5.5%	72
Total	46/30.9%	58/38.9%	38/25.5%	7/4.7%	149

Source: Community Partners Research, Inc.

- ▶ Approximately 39% of the houses in the City's three oldest neighborhoods need minor repair and 26% need major repair. Approximately 31% are sound, with no required improvements. Seven houses are dilapidated and possibly beyond repair.

North Sioux City Mobile Home Housing Condition

Community Partners Research, Inc. representatives conducted a visual 'windshield' survey of 174 mobile homes located in North Sioux City's three mobile home parks.

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

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

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

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

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

Table 24 Windshield Survey Condition Estimate - 2015					
	Sound	Minor Repair	Major Repair	Dilapidated	Total
Cottonwood Estates	16/33.3%	13/27.1%	13/27.1%	6/12.5%	48
McCook Lake Village	0/0%	4/16.0%	11/44.0%	10/40.0%	25
McCook Mobile Estates	64/63.3%	23/22.8%	12/11.9%	2/2.0%	101
Total	80/46.0%	40/23.0%	36/20.7%	18/10.3%	174

Source: Community Partners Research, Inc.

- ▶ The mobile home parks in North Sioux City range from poor to good condition. Approximately 23% of the mobile homes in the three parks need minor repair and 21% need major repair. Approximately 46% are sound, with no required improvements.
- ▶ Eighteen mobile homes were dilapidated and possibly beyond repair.

North Sioux City Building Permit Trends

North Sioux City has experienced significant new housing construction activity in recent years. The following table identifies the units that have been constructed from 1998 to 2015.

Year	Single Family	Two Units	Three or more units	Total Units Constructed
2015*	3	0	0	3
2014	6	2	83	91
2013	6	0	65	71
2012	6	0	6	6
2011	6	0	0	6
2010	4	2	0	6
2009	2	4	4	10
2008	3	0	126	129
2007	10	0	74	84
2006	5	0	0	5
2005	8	0	0	8
2004	8	0	0	8
2003	5	0	0	5
2002	9	0	25	34
2001	14	0	0	14
2000	8	0	0	8
1999	9	0	0	9
1998	10	0	20	30
TOTAL	122	8	397	527

Source: City of North Sioux City; Community Partners Research, Inc.

* Partial year

Over the past 18 years, from 1998 to 2015, 527 new housing units have been constructed in North Sioux City, based on building permit issuance and Census Bureau information. Of this total, 122 units are single family homes, eight units are in duplexes and 397 units are in buildings with three or more units.

From 1998 to 2006, the City averaged 13 to 14 new housing units per year. From 2007 to 2015, the City has averaged 45 to 46 new units per year. Many cities in South Dakota had a significant reduction in new housing construction after 2006, however, North Sioux City's new housing construction has increased significantly since 2006.

Rental Housing Data

Census Bureau Rental Inventory

According to the 2010 U.S. Census, there were 387 occupied rental units and 35 unoccupied rental units in North Sioux City, for a total estimated rental inventory of 422 units. The City's rental tenure rate in 2010 was 36.1%, significantly above the Statewide rental rate of 31.9%.

At the time of the 2000 Census, North Sioux City had 237 occupied rental units, and six vacant rental units, for a total estimated rental inventory of 243 units. The rental tenure rate in 2000 was 25.9%.

Based on a Census comparison, the City had a gain of 150 renter-occupancy households, and an increase of approximately 179 rental units from 2000 to 2010.

New Rental Units 2010-2015

From 2010 to 2015, approximately 192 rental units have been constructed in North Sioux City including:

- ▶ River Valley Apartments Phase I - 65 units
- ▶ River Valley Apartments Phase II - 65 units
- ▶ North Lake Apartments - 40 units
- ▶ Gatewood Estates Phase II - 14 units
- ▶ Magnum Residences (two buildings) - 8 units

Rental Housing Survey

As part of this housing study, a telephone survey was conducted of multifamily projects in North Sioux City. Emphasis was placed on contacting properties that have six or more units. For the purposes of planning additional projects in the future, multifamily properties represent the best comparison of market potential.

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

There were 546 housing units of all types that were contacted in the survey. In addition to the 546 rental units, the nursing home in Elk Point, which has 37 beds, was also surveyed. The assisted living units that we surveyed are located in Dakota Dunes and Elk Point.

The units that were successfully contacted include:

- ▶ 387 market rate units
- ▶ 82 federally subsidized units
- ▶ 40 tax credit units
- ▶ 62 senior assisted living units
- ▶ 37 beds in the nursing home

The findings of the survey are provided below.

Market Rate Summary

Information was obtained on 387 market rate rental units in eight rental projects. Seven of the projects are general occupancy and one market rate project, New Horizons, is a senior (55 and older) project. One project, River Valley Apartments Phase II, with 65 units, is in the final stage of construction and is not yet occupied.

Unit Mix

We obtained the bedroom mix on the 387 market rate units. The bedroom mix of the units is:

- ▶ studio - 1 (0.3%)
- ▶ one-bedroom - 166 (42.9%)
- ▶ two-bedroom - 187 (48.3%)
- ▶ three-bedroom - 33 (8.5%)

Occupancy / Vacancy

At the time of the survey, there was one vacancy in the 322 market rate units that were surveyed. The 65-unit River Valley Apartments Phase II Project is under construction and was not included in the occupancy survey. This is a vacancy rate of 0.3%. All of the rental managers and property owners reported very high occupancy rates and a high demand for market rate rental units. Several projects have waiting lists.

Rental Rates

Rental units may include the primary utility payments within the contract rent, or the tenant may be required to pay some utilities separately, in addition to the contract rent.

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

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

<u>Unit Type</u>	<u>Lowest/Highest Gross Rents</u>
Studio	\$555
One-bedroom	\$590-\$920
Two-bedroom	\$685-\$1,425
Three-bedroom	\$1,075-\$1,700

Please note that only one studio unit was surveyed, and this may not be representative of the broader market.

Tax Credit Summary

North Sioux City has one general occupancy rental project that was constructed with assistance from the low income tax credit program, North Lake Apartments.

North Lake Apartments was constructed in 2011 and includes 32 three-bedroom units and eight four-bedroom units for a total of 40 units. Tenant households must have an income of 60% or less of the area median income.

Rents are \$759 for a three-bedroom unit and \$793 for a four-bedroom unit. Tenants also pay gas and electricity. The manager reported one vacant three-bedroom unit, however, the units are usually fully occupied.

Gatewood Estates Phase I, with 59 units, was also a tax credit project, but has recently converted to a market rate project.

Subsidized Summary

The research completed for this Study identified three subsidized projects providing rental opportunities for lower income households. These projects have a combined 82 units. One project with a total 40 units offers family rental housing, and two projects with a total of 42 units are senior projects.

The three subsidized rental projects in North Sioux City include:

- ▶ **McCook Apartments** - McCook Apartments is a 40-unit USDA Rural Development family project. The 40 units all are two-bedroom units. The project was constructed in 1975.
- ▶ **Northport Apartments** - Northport Apartments is a 21-unit senior HUD 202 project constructed in 2004. All of the units are one-bedroom. Tenants must be age 62 or older.
- ▶ **Prairie Lake Homes** - Prairie Lake Homes is a 21-unit senior HUD 202 project constructed in 2009. All of the units are one-bedroom. Tenants must be age 62 or older.

The City's subsidized units charge rent based on 30% of the tenant's household income up to a maximum rent.

Unit Mix

The bedroom mix breakdown for the 82 subsidized housing units in North Sioux City is as follows:

- ▶ 42 one-bedroom (51.2%)
- ▶ 40 two-bedroom (48.8%)
- ▶ 0 three-bedroom (0%)

Occupancy / Vacancy

No vacancies were identified in the subsidized projects on the date of the survey. The managers report that the units have very high annual occupancy rates.

Subsidized Housing Gains/Losses

Federal subsidy sources for low income rental housing have been very limited for the past few decades. Many subsidized projects in South Dakota were constructed in the 1960s, 1970s and 1980s. Some of these older projects have completed their compliance requirements and have the opportunity to leave their subsidy program and convert to conventional rental housing.

At this time, we are not aware of any projects that have recently left or are planning to leave the subsidy program and convert to market rate. As stated previously, one moderate rent tax credit project did convert to conventional market rate housing.

Senior Housing with Services

Unit Inventory

There are no senior with services projects in North Sioux City. However, Elk Point has two senior with services projects and Dakota Dunes has one project. These projects are in close proximity to North Sioux City. These include:

- ▶ **Prairie Estates Care Center** - Prairie Estates Care Center is located in Elk Point and includes 34 skilled nursing beds and three assisted living beds, with a total 37 licensed beds. The facility was constructed in the 1960s.
- ▶ **Welcor Assisted Living** - Welcor Assisted Living is located in Elk Point and includes 34 units. The project is approximately 15 years old. The 34 units include four one-bedroom and 30 studio units. The facility provides the full array of assisted living services including meals, housekeeping, medication management, assistance with personal care, etc.
- ▶ **StoneyBrook Suites Assisted Living** - Stoney Brook Suites Assisted Living is a 28-unit assisted living facility located in Dakota Dunes. The 28 units include studio and parlor units. The facility is six years old. The facility provides the full array of assisted living services including meals, laundry, 24-hour staffing, housekeeping, medication management, bathing, etc.

There are also senior with services projects in Sioux City, which we did not inventory.

Occupancy / Vacancy

At the time of the survey, all three facilities reported that they had vacant units or beds.

Table 26 North Sioux City Multifamily Rental Housing Inventory

Name	Number of Units /Bedroom Mix	Rent	Vacancy/ Wait List	Tenant Mix	Comments
Market Rate					
Gatewood Estates Phase I	1 - studio 42 - 2 bedroom <u>16 - 3 bedroom</u> 59 total units	\$485 \$750 \$895	No vacancies	General occupancy	Gatewood Estates Phase I is a 59-unit market rate project. Gatewood Estates was a tax credit project. Gatewood Estates was a tax credit project, but converted to market rate. The project is approximately 16 years old. Tenants pay heat and electricity in addition to rent. Also, tenants pay \$45 for a garage. The complex includes a fitness center, pool, playground, etc. There is a variety of floor plans. The manager reports no vacancies.
Gatewood Estates Phase II	6 - 1 bedroom <u>8 - 3 bedroom</u> 14 total units	\$745-\$795 \$1,375	No vacancies	General occupancy	Gatewood Estates Phase II is a 14-unit market rate project. Construction on Phase II was recently completed. The project includes six one-bedroom and eight three-bedroom units. Rent is \$745 to \$795 for a one-bedroom unit and \$1,375 for a two-bedroom unit. Tenants also pay heat and electricity. The manager reports no vacancies.
Magnum Residences	2 - 1 bedroom 14 - 2 bedroom <u>4 - 3 bedroom</u> 20 total units	\$780 to \$925	No vacancies	General occupancy	Magnum Residences is a 20-unit market rate general occupancy project. The 20 units are in five buildings and include two one-bedroom, 14 two-bedroom and four three-bedroom units. The units range from three to six years old. Rent ranges from \$780 to \$925. Tenants also pay all utilities. The manager reports no vacancies and a waiting list.
Maplewood & Rosewood Apartments	8 total units	N/A	N/A	N/A	Maplewood & Rosewood Apartments are at the corner of Louis & Rose Streets. They appear to be two four-plexes. The manager was not interested in participating in the survey.

Table 26 North Sioux City Multifamily Rental Housing Inventory

Name	Number of Units /Bedroom Mix	Rent	Vacancy/ Wait List	Tenant Mix	Comments
Market Rate					
Prairie Apartments	2 - 1 bedroom 23 - 2 bedroom <u>1 - 3 bedroom</u> 26 total units	\$500 to \$775	No vacancies	General occupancy	Prairie Apartments include 26 units. There are two one-bedroom, 23 two-bedroom and one three-bedroom units. Rents range from \$500 to \$775. Tenants also pay utilities. The owner reports no vacancies and there is a high demand for the units.
Prairiewood Townhomes	56 - 1 bedroom 58 - 2 bedroom <u>4 - 3 bedroom</u> 118 total units	\$770-\$820 \$1050-1310 \$1550	1 vacancy	General occupancy	Prairiewood Townhomes is a 118-unit market rate project constructed in 2008 and 2009. The project includes 56 one-bedroom, 58 two-bedroom and four three-bedroom units. There is a variety of floor plans. Most of the units have garages. The complex includes a fitness center, pool, playground, etc. Tenants pay heat and electricity in addition to rent. The manager reports one vacancy.
River Valley Apartments Phase I	48 - 1 bedroom <u>17 - 2 bedroom</u> 65 total units	\$675 \$735	No vacancies	General occupancy	River Valley Apartments Phase I is a 65-unit general occupancy project constructed in 2014. There are 48 one-bedroom and 17 two-bedroom units. Rent is \$675 for a one-bedroom unit and \$735 for a two-bedroom unit. Tenants also pay heat and electricity. Garages are an additional \$50. The manager reports no vacancies.
River Valley Apartments Phase II	40 - 1 bedroom <u>25 - 2 bedroom</u> 65 total units	\$775 \$835	Starting the lease-up phase	General occupancy	River Valley Apartments Phase II is a 65-unit general occupancy project that is currently under construction. There will be 40 one-bedroom and 25 two-bedroom units. Rents will be \$775 for a one-bedroom unit and \$835 for a two-bedroom unit. Garages will be an additional \$50. The project will have a pool that can be used by Phase I and Phase II tenants. The manager reports that he is starting the lease-up phase for this project.

Table 26 North Sioux City Multifamily Rental Housing Inventory

Name	Number of Units /Bedroom Mix	Rent	Vacancy/ Wait List	Tenant Mix	Comments
Market Rate - Senior					
New Horizons	12 - 1 bedroom <u>8 - 2 bedroom</u> 20 total units	\$490 \$550	No vacancies with a waiting list	55 & older	New Horizons is a 20-unit market rate senior rental project that is owned by the North Sioux City Housing and Redevelopment Commission. The project was constructed in 1998. Tenants have to be 55 or older to rent a unit. There are 12 one-bedroom and eight two-bedroom units. Rent is \$490 for a one-bedroom unit and \$550 for a two-bedroom unit. Tenants also pay heat and electricity. The manager reports no vacancies and a waiting list of eight or nine people for a one-bedroom unit and 13 to 14 people for a two-bedroom unit. Garages are \$40 for a detached and \$50 for an attached garage.
Tax Credit					
North Lake Apartments	32 - 3 bedroom <u>8 - 4 bedroom</u> 40 total units	\$759 \$793	1 three-bedroom	Family	North Lake Apartments is a 40-unit tax credit family project constructed in 2011. There are 32 three-bedroom and eight four-bedroom units. Tenants must have incomes under the program's income limits. Rent is \$759 for a three-bedroom unit and \$793 for a four-bedroom unit. Tenants also pay gas and electricity. Manager reports one vacant three-bedroom unit and they have a high ongoing occupancy rate.

Table 26 North Sioux City Multifamily Rental Housing Inventory

Name	Number of Units /Bedroom Mix	Rent	Vacancy/ Wait List	Tenant Mix	Comments
Subsidized					
McCook Apartments	40 - 2 bedroom	30% of income up to a market rent of \$440	No vacancies	Family	McCook Apartments is a family Rural Development project constructed in approximately 1975. Tenants pay 30% of income up to a market rent of \$440. Currently, three tenants pay maximum rent. The manager reports no vacancies and a high ongoing occupancy rate.
Northport Apartments	21 - 1 bedroom	30% of income up to a market rent of \$425	No vacancies	Seniors	Northport Apartments is a 21-unit senior HUD 202 project. The project is owned by Lutheran Social Services and was constructed in 2004. Tenants must be below income limits and age 62 or older. Tenants pay 30% of their income up to a maximum rent of \$425. All of the units are one-bedroom. The manager reports no vacancies and a high occupancy rate.
Prairie Lake Homes	21 - 1 bedroom	30% of income up to a market rent of \$394	No vacancies	Seniors	Prairie Lake Homes is a 21-unit senior HUD 202 project. The project is owned by Lutheran Social Services and was constructed in 2009. All of the units are one-bedroom. Tenants must be below income limits and age 62 or older. Tenants pay 30% of their income up to a maximum rent of \$394. The manager reports no vacancies and a high occupancy rate.

Table 26 North Sioux City Multifamily Rental Housing Inventory

Name	Number of Units /Bedroom Mix	Rent	Vacancy/ Wait List	Tenant Mix	Comments
Senior with Services					
StoneyBrook Suites Assisted Living - Dakota Dunes	28 units - studio & parlor units	Based on level of services	Currently has vacancies	Assisted Living Center	StoneyBrook Suites Assisted Living is a 28-unit facility located in Dakota Dunes. The facility is six years old. The 28 units include studio and parlor units. The facility provides the full array of assisted living services. The staff reports that there are vacant units in the facility.
Welcor Assisted Living	34 units - 1 bedroom, studio deluxe & studio	Based on level of services	Several vacant units	Assisted Living Center	Welcor Assisted Living is a 34-unit assisted living facility that is approximately 15 years old. The units include one-bedroom, studio deluxe and studio units. The facility provides the full array of assisted living units including meals, housekeeping, medication management, assistance with personal care, activities, etc. At the time of the survey, there were several vacant units.
Prairie Estates Care Center	34 -Skilled Nursing <u>3 - Assisted Living</u> 37 total units	Based on level of services	Several ongoing vacancies	Skilled nursing home	Prairie Estates Care Center is a 37-bed nursing home constructed in the 1960s. The beds include 34 skilled nursing and three assisted living beds. Some of the residents have dementia, however, there are no lockdown beds in the facility. There are typically several vacant beds in the facility.

Source: Community Partners Research, Inc.

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.

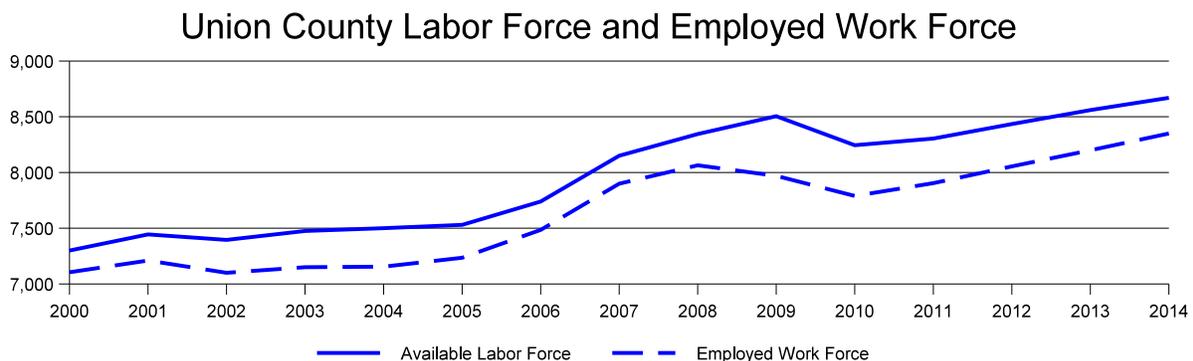
North Sioux City is part of the Sioux City MSA and much of the household growth that has occurred in North Sioux City in the past decades was the direct result of job opportunities that were available in the region. The type of employment, wage level, and working conditions will each influence the kind of housing that is needed and at what level of affordability.

Labor Force and Unemployment

Employment information is available at the County level. The table presents information based on place of residence, not by the location of employment.

Table 27 Union County Average Annual Labor Force: 2000 to 2014						
Year	Labor Force	Employed	Unemployed	Unemployment Rate - County	Unemployment Rate - SD	Unemployment Rate - US
2000	7,300	7,105	195	2.7%	2.7%	4.0%
2001	7,445	7,210	235	3.1%	3.1%	4.7%
2002	7,395	7,100	295	4.0%	3.3%	5.8%
2003	7,475	7,150	325	4.3%	3.5%	6.0%
2004	7,500	7,155	345	4.6%	3.7%	5.6%
2005	7,530	7,235	295	3.9%	3.7%	5.1%
2006	7,740	7,485	255	3.3%	3.1%	4.6%
2007	8,150	7,900	250	3.1%	2.9%	4.6%
2008	8,345	8,065	280	3.4%	3.0%	5.8%
2009	8,505	7,970	535	6.3%	5.2%	9.3%
2010	8,245	7,790	455	5.5%	5.1%	9.6%
2011	8,305	7,905	400	4.8%	4.7%	8.9%
2012	8,435	8,055	380	4.5%	4.2%	8.1%
2013	8,560	8,200	360	4.2%	3.8%	7.4%
2014	8,670	8,350	320	3.7%	3.6%	6.2%

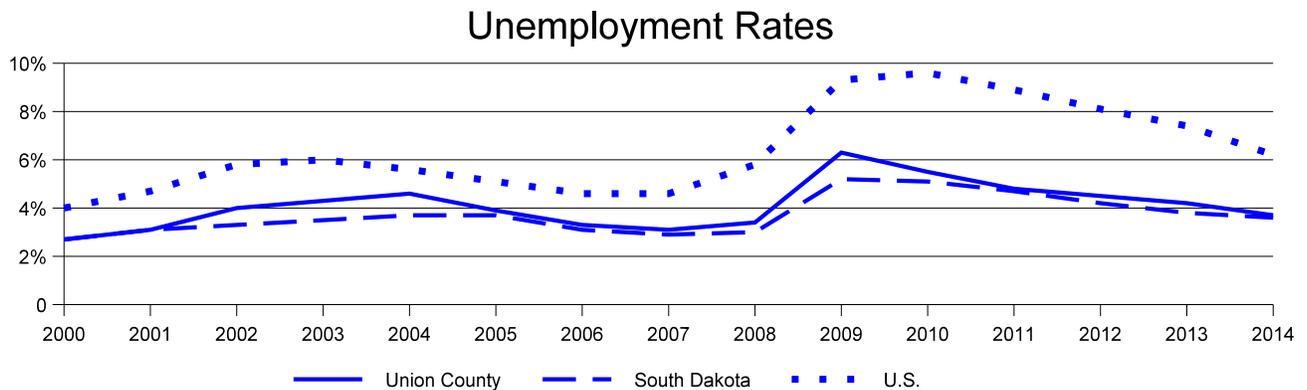
Source: South Dakota Department of Labor



Although there have been some downward changes in the County's labor statistics from year to year, the long-term trend shows solid growth in both the available resident labor force and employed work force. From 2000 to 2014, the size of the resident labor force increased by 1,370 people, or 18.8%. The employed work force increased by 1,245 people, or 17.5% during this same time period.

After experiencing some decrease in the labor statistics between 2009 and 2010, the County has fully recovered, and 2014 represented the peak year for both the size of the available resident labor force and the employed work force.

Throughout the entire time period reviewed, the unemployment rate in Union County has stayed well below the national rate. However, the County's unemployment rate has remained slightly above the Statewide since 2002.



Average Annual Wages by Industry Sector

The following table shows the annual employment and average annual wages by major employment sector in 2013, the last full year of data. It is important to note that the major employment sectors listed do not represent all employment in Union County.

Table 28 Union County Average Annual Wages by Industry Detail: 2013		
Industry	2013 Employment	2011 Average Annual Wage
Total All Industry	9,068	\$46,022
Natural Resources, Mining	42	\$40,488
Construction	196	\$40,227
Manufacturing	1,654	\$44,082
Trade, Transportation, Utilities	1,255	\$43,353
Information	92	\$44,463
Financial Activities	941	\$40,554
Professional and Business Services	2,074	\$69,535
Education and Health Services	1,050	\$53,385
Leisure and Hospitality	820	\$13,421
Other Services	157	\$22,166
Government	786	\$29,788

Source: South Dakota Department of Labor

The average annual wage for all industry in 2013 was \$46,022. The highest paying wage sectors were Professional and Business Services, and Education and Health Services, which were also the largest and fourth largest industry sectors, respectively, for total employment.

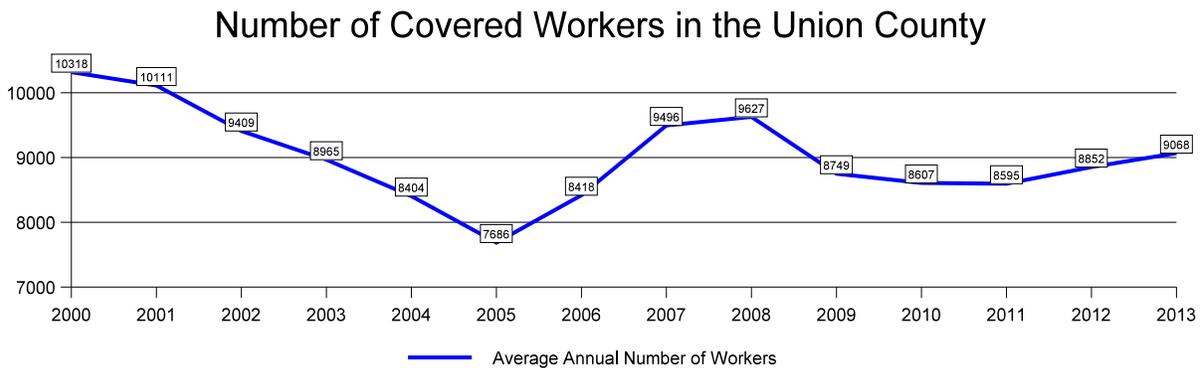
The lowest paying wage sector was Leisure and Hospitality, with an average annual wage of only \$13,421.

Annual Covered Employment

Since the Quarterly Census of Covered Workers (QCEW) tracks employees covered by unemployment insurance by location of the worker, it is possible to examine longer-term patterns in the local employment level. The following table displays the total number of workers reported in the County back to the year 2000.

Year	Total Covered Employment	Year	Total Covered Employment
2000	10,318	2007	9,496
2001	10,111	2008	9,627
2002	9,409	2009	8,749
2003	8,965	2010	8,607
2004	8,404	2011	8,595
2005	7,686	2012	8,852
2006	8,418	2013	9,068

Source: QCEW - SD Department of Labor



When viewed over a longer-term there has been downward movement in the number of employees working in Union County. If 2013 is compared to the year 2000, there has been a decrease of 1,250 reported workers covered by unemployment insurance, or a reduction 12.1%. However, much of this net loss occurred between 2000 and 2005, and then again after 2008. Since 2011, there has been a gradual increase in the number of covered workers. Although the specific causes are not directly known, some of the reductions are probably tied to employment changes at Gateway, once located in North Sioux City.

Commuting Patterns of Area Workers

Some information is available on area workers that commute for employment. The best information is from the 2013 American Community Survey, and has been examined for North Sioux City. The first table examines City residents that traveled to work and excludes people that work at home.

Table 30 Commuting Times for North Sioux City Residents - 2013		
Travel Time	Number	Percent
Less than 10 minutes	445	32.6%
10 to 19 minutes	487	35.7%
20 to 29 minutes	303	22.2%
30 minutes +	128	9.4%
Total	1,363	100%

Source: 2013 American Community Survey

The large majority of North Sioux City residents were commuting 10 minutes or more to work in 2013, and were apparently employed outside of the city limits. Overall, more than 67% of residents commuted 10 minutes or more to work. Most of these commuters actually traveled 10 to 19 minutes, consistent with employment in the Sioux City area.

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

Table 31 Commuting Times for North Sioux City-based Employees		
Travel Time	Number	Percent
Less than 10 minutes	578	21.3%
10 to 19 minutes	977	35.9%
20 to 29 minutes	669	24.6%
30 minutes +	495	18.2%
Total	2,719	100%

Source: 2013 American Community Survey

Most of the people that worked in North Sioux City lived within the immediate area, as approximately 67% traveled 19 minutes or less to the City. However, approximately 18% of city-based workers did commute from greater distances, and traveled 30 minutes or more to North Sioux City.

Census On the Map

The Census Bureau also produces commuter reports through its Center for Economic Studies division. This information is based on reports for the year 2011, but provides a further breakdown of worker movement.

According to the report for North Sioux City, there were 3,170 people that were employed within the City in 2011. Only 6.2% of these city-based employees also lived in North Sioux City. The remaining 93.8% of employees lived outside the City and commuted in for their job.

On the Map can also be used to track worker outflow patterns from the City. Overall, there were 1,341 North Sioux City residents that were employed. More than 85% of these City residents worked outside the community. Only 14.6% of City residents also worked within their home community.

Findings on Growth Trends

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

North Sioux City's population increased by 13.3% from 1990 to 2000. The population increased from 2,019 in 1990 to 2,288 in 2000. From 2000 to 2010, North Sioux City's population increased by 242 people, which was a population gain of 10.6%.

Union County's population increased from 10,189 in 1990 to 12,584 in 2000, which was an increase of 23.5%. The population continued to increase in the 2000s from 12,584 in 2000 to 14,399 in 2010, which was a gain of 14.4%.

The Sioux City MSA's population increased from 168,563 in 2000 to 168,825 in 2010, which is a gain of 1.6%.

Household levels in North Sioux City and Union County also increased from 1990 to 2010. North Sioux City experienced a gain of 169 households from 1990 to 2000 and a gain of 157 households from 2000 to 2010. Union County had an increase of 1,068 households from 1990 to 2000 and a gain of 829 households from 2000 to 2010. The Sioux City MSA had a gain of 1,313 households from 2000 to 2010.

ESRI estimates that North Sioux City, Union County and the Sioux City MSA all gained population and households from 2010 to 2014. ESRI estimates that North Sioux City gained 252 people and 126 households, Union County gained 744 people and 339 households and the Sioux City MSA gained 2,028 people and 1,136 households from 2010 to 2014.

Findings on Projected Growth

This Study has utilized ESRI's projections for North Sioux City, Union County and the Sioux City MSA, which show continued growth patterns established over the past four years. ESRI projects that North Sioux City's population will increase by 231 people from 2014 and 2019. The household projections expect a gain of 103 households from 2014 to 2019, which is approximately 20 to 21 households per year.

Union County is expected to gain approximately 843 people from 2014 to 2019. Union County's household projections expect a gain of 355 households from 2014 to 2019.

The Sioux City MSA is expected to gain approximately 2,660 people from 2014 to 2019. The Sioux City MSA household projections expect a gain of 1,187 households from 2014 to 2019.

Summary of North Sioux City’s Growth Projections by Age Group

The Demographic section of this Study presented North Sioux City projection information on anticipated changes by age group from 2010 to 2019. This information can be informative in determining the housing that may be needed due to age patterns of the City’s population.

Consistent with the age distribution data presented earlier, the movement of the “baby boom” generation through the aging cycle should generate much of the City’s growth in households in the age ranges between 55 and 74 years old. Age projections would expect the City to add approximately 164 households in the 55 to 74 age ranges from 2010 to 2019.

The ESRI age-based projections also expect an increase of 54 households in the 15 to 44 age ranges and a gain of 11 households in the 75 and older range.

North Sioux City is not projected to lose households in any age ranges, however, the number of households in the 45 to 54 age range is projected to not change from 2010 to 2019.

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 North Sioux City adds population at a rate that is faster or slower than past patterns would suggest, traditional age-based forecasts would be altered.

<u>Age Range</u>	<u>Projected Change in Households 2010 to 2019</u>
15 to 24	2
25 to 34	14
35 to 44	38
45 to 54	0
55 to 64	88
65 to 74	76
75 and older	11
Total	229

Findings on Unit Demand by Type of Housing

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

Age 24 and Younger - The projections used for this Study expect a slight gain of two households in the 15 to 24 age range through the year 2019. Past tenure patterns indicate that approximately 87% of these households in North Sioux City will rent their housing. Only a slight increase in the number of households in this age range should mean that rental demand from younger households will remain stable during the projection period.

25 to 34 Years Old - The projections show a gain of 14 households in this age range by 2019. Within this age range households often move from rental to ownership housing. The ownership rate among these households in North Sioux City was approximately 40% in 2010. A household increase of 14 households within this age range indicates demand for both first-time home buyer and rental opportunities from this age range will increase slightly during the projection period.

35 to 44 Years Old - The projections for this 10-year age cohort expect a gain of 38 households between 2010 and 2019 in North Sioux City. In the past, this age group has had a rate of home ownership in North Sioux City, at approximately 66%. Households within this range often represent both first-time buyers and households looking to trade-up in housing, selling their starter home for a more expensive house.

45 to 54 Years Old - By 2019, 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 North Sioux City, the projections show no change in the number of households in this range. This age group historically has had a high rate of home ownership, approximately 73% in North Sioux City in 2010, and will often look for trade-up housing opportunities. No change in the number of households in this age group indicates that the demand for trade-up housing will remain stable during the projection period.

55 to 64 Years Old - This age range is part of the baby boom generation. The projections show an increase of 88 households in this 10-year age range by the year 2019 in the City. This age range has traditionally a high rate of home ownership in North Sioux City, at approximately 82% in 2010. Age-appropriate housing, such as town house or twin home units, is often well suited to the life-cycle preferences of this age group, as no maintenance/low maintenance housing has become a popular option for empty-nesters.

65 to 74 Years Old - A strong gain of 76 households is expected by the year 2019 in the 65 to 74 age range. While this group will begin moving to life-cycle housing options as they age, the younger seniors are still predominantly home owners. At the time of the 2010 Census, approximately 70% of the households in this age range owned their housing in North Sioux City. Once again, preferences for age-appropriate units would increase from household growth within this age cohort.

75 Years and Older - There is a projected gain of 11 households in North Sioux City in this age range between 2010 and 2019. In the past, households within this age range have had approximately a 67% rate of home ownership in North Sioux City. An expansion of housing options for seniors, including high quality rental housing, should appeal to this age group. In most cases, income levels for senior households have been improving, as people have done better retirement planning. As a result, households in this age range may have fewer cost limitations for housing choices than previous generations of seniors.

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

Findings on Housing Unit Demand and Tenure

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

Demand from Growth - The household projections used for this Study expect North Sioux City to gain 103 households, Union County to gain 355 households and the Sioux City MSA to gain 1,187 households from 2014 to 2019. Household growth in North Sioux City, Union County and the Sioux City MSA will yield significant demand for new housing production in North Sioux City.

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

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

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

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 North Sioux City. They are based on the following strategies.

- ▶ **Be realistic in expectations for housing development** - The scale of activities proposed for the future should be comparable with the area's potential for growth.
- ▶ **Proactive community involvement** - New home and apartment construction will more likely occur in North Sioux City if there is proactive support from the City, local and regional housing and economic development agencies, the private sector, employers and the South Dakota Housing Development Authority.
- ▶ **Protect the existing housing stock** - The future of North Sioux City will be heavily dependent on the City's appeal as a residential location. The condition of the existing housing stock is a major factor in determining the City's long-term viability. The existing housing stock is in good condition and is a major asset, however, rehabilitation efforts are needed to preserve the housing stock.
- ▶ **Protect the existing assets and resources** - North Sioux City has many assets including a K-12 school, large employers, recreational opportunities, etc. These are strong assets that make North Sioux City a desirable community to live in, and are key components to the City's long-term success and viability. These assets must be protected and improved.
- ▶ **Develop a realistic action plan with goals and time lines** - In the past the City has been involved in housing issues. The City should prioritize its housing issues and establish goals and time lines to achieve success in addressing its housing needs.
- ▶ **Access all available resources for housing** - In addition to the local efforts, the City has other resources to draw on including the South Eastern Council of Governments, the South Eastern Development Foundation, USDA Rural Development, the South Dakota Housing Development Authority and Grow South Dakota. These resources should continue to be accessed as needed to assist with housing activities.

Strengths for Housing Development

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

- ▶ **Adequate land for development** - North Sioux City has adequate land available for both residential and commercial/industrial development.
- ▶ **Educational system** - North Sioux City has an excellent public K-12 school system. A new high school is currently being constructed.
- ▶ **Infrastructure** - North Sioux City's water and sewer infrastructure can accommodate future expansion.
- ▶ **Median sales price of existing homes** - The median sales price of existing homes sold in North Sioux City in 2013 and 2014 was \$169,000. This median sales price is high and will promote new housing construction in the City.
- ▶ **North Sioux City Housing and Redevelopment Commission** - The North Sioux City Housing and Redevelopment Commission is active in addressing North Sioux City's housing needs.
- ▶ **Employers** - North Sioux City has several large employers that provide job opportunities for local residents.
- ▶ **North Sioux City Economic Development Corporation** - The North Sioux City Economic Development Corporation is active in promoting commercial and industrial development.
- ▶ **Commuters** - More than 2,900 employees are commuting into North Sioux City daily for work. These commuters are a potential market for future housing construction.
- ▶ **Desirable location for families** - North Sioux City is an attractive community for families. The City has an excellent school system, is within commuting distance of a large regional center and has housing options. Desirable lots for new construction are also available.
- ▶ **Population and household growth** - Population and household projections expect population and household growth in North Sioux City over the next five years.

- ▶ **Available lots** - North Sioux City has lots available for the construction of homes.
- ▶ **Proximity to Sioux City** - North Sioux City is located five miles from Sioux City. Sioux City provides employment opportunities, retail/service options, educational opportunities, health care facilities and cultural amenities. Some households prefer to live near, but not in a large regional center.

Barriers or Limitations to Housing Activities

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

- ▶ **Lower paying jobs** - Although North Sioux City has job opportunities, some jobs are at the lower end of the pay scale and employees with these jobs have limited housing choices.
- ▶ **Commercial/retail option** - North Sioux City has a limited number of commercial and retail opportunities compared to larger regional centers.
- ▶ **Proximity to Sioux City** - Although it is a strength to be located in close proximity to Sioux City, it is also a barrier as North Sioux City must compete with Sioux City, which offers attractive residential opportunities and other amenities and services.
- ▶ **Lack of an affordable housing stock** - North Sioux City's housing stock has a limited number of affordable housing units. The median sales price in 2013/2014 was \$169,000.

Summary of Findings/Recommendations

The findings/recommendations for the City of North Sioux City have been formulated through the analysis of the information provided in the previous sections and include 24 recommendations. The findings/recommendations have been developed in the following five categories:

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

The findings/recommendations for each category are as follows:

Rental Housing Development

1. Develop 60 to 70 general occupancy market rate rental units
2. Promote the development/conversion of 6 to 8 affordable market rate rental housing units
3. Promote the development of 12 to 14 general occupancy subsidized rental housing units
4. Consider the development of 30 to 40 moderate rent tax credit units
5. Consider the development of 26 to 33 senior with services units
6. Develop a mixed-use commercial/housing project
7. Apply to access the Housing Choice Voucher Program
8. Preserve the existing supply of subsidized housing

Home Ownership

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

Single Family Housing Development

11. Lot availability and development
12. Strategies to encourage residential lot sales and new home construction in North Sioux City
13. Coordinate with economic development agencies, housing agencies and nonprofit groups to construct affordable housing
14. Promote twin home/town home development

Housing Rehabilitation

15. Promote rental housing rehabilitation
16. Promote owner-occupied housing rehabilitation efforts
17. Develop a neighborhood revitalization program

Other Housing Initiatives

18. Acquire and demolish dilapidated structures
19. Create a plan and a coordinated effort among housing agencies
20. Encourage employer involvement in housing
21. Promote commercial rehabilitation and development
22. Develop home ownership and new construction marketing programs
23. Competition with other jurisdictions
24. Consider the implementation of a time-of-sale/rent mobile home program

North Sioux City - Rental Housing Development

Rental Housing Development

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

However, North Sioux City has been an exception to this trend and it is estimated that approximately 418 rental units have been constructed in North Sioux City from 2000 to April, 2015. These include market rate general occupancy units, market rate senior units, tax credit units and senior subsidized units.

In addition to the 418 new rental units, some single family homes were converted from owner-occupied to rental use between 2000 and 2015.

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

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

In addition to these demand generators, North Sioux City has a fourth generator, which is its proximity to a large regional center.

Our household projections for North Sioux City expect household growth. Over the next five years, it is projected that there will be a gain of 103 households, which is a 20 to 21 household annual average increase in North Sioux City. It is projected that approximately 40% of these households will be rental households, thus, there will be a demand for approximately 41 additional rental units due to household growth over the next five years. It is also possible that North Sioux City could capture additional households from the growth that is projected in Union County and the Sioux City MSA. It is estimated that Union County will add 355 households and the Sioux City MSA will add 1,187 households over the next five years. A significant majority of the rental units constructed in the Sioux City MSA since 2000 have been constructed in North Sioux City.

Demand created by replacement of lost units is more difficult to determine, but the best available evidence suggests that the City will lose as many as two to three units per year. As a result, approximately 10 to 15 additional units will be needed over the next five years to replace lost units. In some cases, this unit

replacement will be necessary as existing units are removed from the inventory through demolition or conversion. In other cases, this replacement is appropriate due to the deteriorating condition of older, substandard rental housing that should be removed from the occupied stock. Rental units will also be lost due to rental units converting to owner occupancy.

Pent-up demand also exists. As part of this study, a rental survey was conducted. The survey found only one vacancy in general occupancy market rate units and no vacancies in the tax credit and subsidized units. Several rental projects have waiting lists. Additionally, there are no senior with services units in North Sioux City. Part of the high demand for rental units is the significant number of construction workers that are currently working in the area.

We have identified pent-up demand for market rate rental units, tax credit units, family subsidized rental units, and senior with services units.

These demand generators, after factoring current vacancy rates, show a need for 134 to 165 rental units over the next five years. Based on the factors stated above, we recommend the development of the following new rental units over the next five years from 2015 to 2020.

▶ General Occupancy Market Rate	60-70 units
▶ Affordable/Conversions	6-8 units
▶ Subsidized	12-14 units
▶ Tax Credit Moderate Rent	30-40 units
▶ Senior With Services	<u>26-33 units</u>
Total	134-165 units

1. Develop 60 to 70 general occupancy market rate rental units

Findings: Approximately 81% of the rental housing in the City of North Sioux City can be classified as general occupancy market rate housing. These units are free of any specific occupancy restrictions such as financial status, age, or student enrollment. Market rate housing does not have any form of rent controls, other than those imposed by the competitive marketplace.

Of the 322 market rate rental units we surveyed, we found only one vacancy, which is a 0.3% vacancy rate. The owners and managers of rental properties reported very high occupancy rates and strong demand for rental housing. Some of the owners and managers also reported a waiting list.

There is a variation in rental rates in the market rate segment in the City of North Sioux City. The existing rent range including utilities based on the survey is \$555 for a studio unit, \$590 to \$920 for a one-bedroom unit, \$685 to \$1,425 for a two-bedroom unit and \$1,075 to \$1,700 for a three-bedroom unit. From 2000 to 2015, 282 market rate rental units have been constructed in North Sioux City. Also, some single family homes have converted from owner-occupied to rental units partially due to the downturn in the economy.

Recommendation: As stated earlier in this section, rental housing demand is based on household growth, pent-up demand and replacement of housing units that have been demolished or converted. Also, North Sioux City's proximity to Sioux City provides an opportunity to capture a higher share of the new rental unit construction in the Sioux City MSA than is projected.

Based on this combination of demand generators, we believe that it is reasonable to plan for production of between 60 to 70 market rate rental units over the next five years, which is 12 to 14 units annually.

It is certainly possible that development proposals will emerge that could create substantially more units than projected by this Study as the demand for rental housing in the Sioux City MSA is greater than the units projected for North Sioux City. However, it is assumed that rental units will be constructed in Sioux City and other smaller cities in the MSA over the next five years. Also, the existing rental inventory in the MSA must absorb the rental units vacated by the construction workers when their work is completed. Additionally, a 65-unit project, which is under construction and nearing completion in North Sioux City, needs to be absorbed into the market.

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 past 18 years, significantly more rental housing has been built in North Sioux City than owner-occupancy units. 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 North Sioux City 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 North Sioux City to rent, as they develop connections to the community, these families may elect to purchase or build a home in the City. This potential would seem to be especially strong among families with children that move to North Sioux City for its public school system.

Based on our research, there is a lack of all sizes of rental units, thus, the new units constructed over the next five years should include one, two and three-bedroom units.

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

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

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

The first option to developing market rate housing would be to encourage private developers to undertake the construction of market rate rental housing. If private developers do not proceed, the North Sioux City Housing and Redevelopment Commission could potentially utilize essential function bonds, or similar funding sources, to construct market rate units. The North Sioux City Housing and Redevelopment Commission has previously constructed 20 rental units in 1998. However, private developers have been constructing rental units and addressing the demand for market rate rental housing over the past decade.

**Recommended unit mix, sizes and rents for the North Sioux City
Market Rate Housing Units:**

<u>Unit Type</u>	<u>No. of Units</u>	<u>Size/Sq. Ft.</u>	<u>Rent</u>
One Bedroom	18-20	750 - 850	\$650 - \$950
Two Bedroom	34-40	900 - 1,000	\$800 - \$1,400
Three Bedroom	<u>8-10</u>	1,100 - 1,200	\$950 - \$1,650
Total	60-70		

Note: The recommended rents are gross rents including all utilities. The rents are quoted in 2015 dollars.

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

Findings: The previous recommendation had addressed the market potential to develop high quality rental units in North Sioux City. Unfortunately, these units would tend to be beyond the financial capability of many area renters. A majority of North Sioux City's renter households have an annual income below \$25,000. These households would need a rental unit at \$650 per month or less.

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

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

It would be difficult to create units through new construction. Instead, it may be more practical to work on building renovation or conversion projects that can create housing. This opportunity may arise in commercial or mixed-use buildings, or through the purchase and rehabilitation of existing single family homes. Several single family homes have been rehabilitated for rental housing by local individuals.

The estimated prevailing rent range for older rental units in North Sioux City is typically less than \$650 per month. Creating some additional units with contract rents below \$650 per month would help to expand the choices available to a majority of the City's renter households.

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

3. Promote the development of 12 to 14 general occupancy subsidized rental housing units

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

The research completed for this Study found three subsidized projects in North Sioux City, which have a combined 82 units. One project is family rental housing and two projects are senior projects. The 82 units represent 12% of the total rental inventory in North Sioux City. This is a low percentage of subsidized rental housing compared to other similar sized cities.

A summary of the three subsidized projects in North Sioux City is as follows:

- ▶ **McCook Apartments** - McCook Apartments is a 40-unit USDA Rural Development family project. The 40 units all are two-bedroom units. The project was constructed in 1975.
- ▶ **Northport Apartments** - Northport Apartments is a 21-unit senior HUD 202 project constructed in 2004. All of the units are one-bedroom. Tenants must be age 62 or older.
- ▶ **Prairie Lake Homes** - Prairie Lake Homes is a 21-unit senior HUD 202 project constructed in 2009. All of the units are one-bedroom. Tenants must be age 62 or older.

At the time of the survey, there were no vacancies in North Sioux City’s subsidized projects. The managers reported that the projects have very high ongoing occupancy rates.

Of the 82 subsidized units in North Sioux City, 42 units are one-bedroom and 40 units have two bedrooms. There are no three-bedroom subsidized units in North Sioux City.

In addition to rental housing with project-based subsidies, most cities have access to additional subsidized resources through the tenant-based Housing Choice Voucher Program. The Vouchers allow tenants to pay 30% of income for housing in suitable private-market rental units. North Sioux City is one of the few cities in South Dakota that does not have access to the Housing Choice Voucher Program.

The 2013 American Community survey estimated that approximately 33% of all renter households in the City of North Sioux City were paying 30% or more of their income for rent. Most of the households with a severe rent burden had low annual incomes, and would be under the income limits for subsidized housing.

Recommendation: Based on the housing cost burden data contained in the American Community Survey, the high occupancy rates in North Sioux City's subsidized rental housing, the lack of three-bedroom units, and the absence of the Housing Voucher Program in Union County, 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 12 to 14 units that achieve a rent level that would be affordable to very low income households earning less than \$25,000 per year.

This recommendation represents a modest goal, since substantially more low income households exist in the City with a cost burden. However, over the past few decades, very few federal subsidy sources have been available for the construction of "deep subsidy" rental housing. The actual number of units that can be developed will be dependent upon access to financial resources.

In the opinion of the analysts, the highest priority would be to create three-bedroom general occupancy units for families and younger households.

4. Consider the Development of 30 to 40 Tax Credit Rental Housing Units

Findings: North Sioux City has one general occupancy rental project that was constructed with assistance from the low income tax credit program, North Lake Apartments.

North Lake Apartments was constructed in 2011 and includes 32 three-bedroom units and eight four-bedroom units for a total of 40 units. Tenant households must have an income of 60% or less of the area median income.

Rents are \$759 for a three-bedroom units and \$793 for a four-bedroom unit. Tenants also pay gas and electricity. The manager reported one vacant three-bedroom unit, however, the units are usually fully occupied.

Gatewood Estates Phase I, with 59 units, was also a tax credit project, but has converted to a market rate project.

Since the late 1980s, tax credits have been the primary federal production incentive for the creation of housing to serve moderate income people. Because tax credits only provide a 'shallow subsidy', this type of housing does not generally serve very low income renters, but does serve households at or below 60% of the median income level.

The use of federal tax credits places both income restrictions on tenants, and gross rent caps on the rental units. The 60% of income gross rent limits and income limits in Union County for 2015 are as follows:

<u>Rent Limits</u> (60% of Median Income)	<u>Household Income Limits</u> (60% of Median Income)
One Bedroom - \$696	1 person - \$25,980
Two Bedroom - \$835	2 person - \$29,700
Three Bedroom - \$964	3 person - \$33,420
Four Bedroom - \$1,075	4 person - \$37,080
	5 person - \$40,080
	6 person - \$43,020

It would be advantageous for a new tax credit project to have lower rents than the maximum. This would increase the number of households who are eligible and can afford a new tax credit unit. Additional subsidy sources could be used along with tax credits to generate more affordable units.

Recommendation: We would recommend that 30 to 40 additional tax credit units be developed in the City over the next five years. These units would address the projected demand for additional rental housing caused by household growth and pent-up demand in the Sioux City MSA. The development of tax credit units has been minimal in the Sioux City MSA over the past several years. However, the development of tax credit units in the other MSA cities should be monitored prior to proceeding with developing additional units in North Sioux City.

If tax credit units are developed in the future, we would recommend that mostly one and two-bedroom units be constructed as the units in North Lake Apartments are all three and four-bedroom units. At the time of the 2010 Census, approximately 87% of the renter households in North Sioux City had three or fewer household members. One and two-bedroom affordable units could serve these smaller rental households and allow for lower development costs.

We would recommend that unit rents be kept below the maximum allowable limits imposed by the tax credit program, which are generally above the prevailing rates for market rate housing in North Sioux City. Any new tax credit housing should attempt to be at or below the 50% median income rent limits.

Additionally, we recommend that a developer have a project specific tax credit study conducted prior to development of a tax credit project to determine the MSA's market demand at that time.

5. Consider the development of 26 to 33 senior with services units

Findings: Senior housing with services defines a wide range of housing types. Skilled nursing homes, assisted living and memory care housing are generally the most service-intensive units. High-service housing provides 24-hour staffing and a high level of assistance with daily living needs of residents.

Lower-service housing, sometimes referred to as congregate senior housing, generally offers the availability of a daily meal, and services such as weekly light housekeeping. There are no senior with service projects in Sioux City. However, Union County has three specialized projects that provide senior housing with supportive services that are in close proximity to North Sioux City. These senior with services projects include:

- ▶ **Prairie Estates Care Center** - Prairie Estates Care Center is located in Elk Point and includes 34 skilled nursing beds and three assisted living beds. The facility was constructed in the 1960s.
- ▶ **Welcor Assisted Living** - Welcor Assisted Living is located in Elk Point and includes 34 units. The project is approximately 15 years old. The 34 units include 4 one-bedroom and 30 studio units. The facility provides the full array of assisted living services including meals, housekeeping, medication management, assistance with personal care, etc.
- ▶ **StoneyBrook Suites Assisted Living** - Stoney Brook Suites Assisted Living is a 28-unit assisted living facility located in Dakota Dunes. The 28 units include studio and parlor units. The facility is six years old. The facility provides the full array of assisted living services including meals, laundry, 24-hour staffing, housekeeping, medication management, bathing, etc.

There are also senior with services projects in Sioux City that we did not inventory.

To determine future senior with services housing demand in North Sioux City, we determined that North Sioux City's market for senior with services housing includes the southern portion of Union County, with the following jurisdictions: Big Sioux Township, Jefferson Township, Civil Bend Township, Elk Point Township and the Cities of Jefferson, Elk Point and North Sioux City. However, any future senior with services facilities will also have residents from outside the Market Area.

Recommendation: In 2010, the Market Area had 648 people between the age of 65 and 74 and 548 people over the age of 75. The growth projections show some continued growth in the County's senior population over the next five years.

- ▶ ***Skilled Nursing Home*** - The research for this Study points to a decreasing reliance on nursing homes as a long-term residency option for older senior citizens. Over time, the nursing homes have tended to use more beds for rehab/recovery stays, or other specialized uses. There has also been a long-standing State moratorium that limits expansion in most cases. No recommendations are offered for this type of specialized housing. Elk Point has a well-established provider, Prairie Estates Care Center, that serves this segment of the market. Also, there are nursing homes in the Sioux City MSA who can serve North Sioux City residents.
- ▶ ***Memory Care Housing*** - There are no designated lockdown memory care beds in Union County. However, the senior with services facilities in the Market Area do serve residents with memory loss. Some local providers do report some unmet demand for this type of specialized housing. If a capture rate of 1.5% to 2% of the older senior population is applied, the Market Area would need 8 to 11 memory care beds by 2020. Based on the demand for the beds and unmet need, we recommend the development of 8 to 11 beds in the Market Area dedicated for memory care over the next five years.
- ▶ ***Assisted Living*** - Currently, Welcor Assisted Living has 34 units, Stoney Brook Suites Assisted Living has 28 units and Prairie Estates Care Center has three assisted living beds. It is our opinion that based on the Market Area's older population, the existing number of assisted living units/beds in the three facilities, based on historic vacancy rates, is adequate to address demand. However, we recommend that the need for assisted living beds should continue to be monitored.

- ▶ **Independent/Light Service Housing** - We did not identify any independent/light service senior projects in the Market Area. If a 1.5% capture rate could be achieved among senior households, age 65 and older in the Market Area, approximately 18 units of market rate independent lighter services housing could be supported. More units could be justified as some tenants would rent a unit from outside the Market Area. Therefore, we recommend the development of 18 to 22 independent/senior units in the Market Area over the next five years.

The supply and demand overview presented above indicates potential demand for 26 to 33 additional units/beds of housing with services for seniors. These recommendations presented have looked at overall demand, not competitive positioning for individual projects. We view North Sioux City as an excellent location for senior with light services housing. However, memory care units may be better suited as an expansion to an existing senior with services project.

It is very likely that more units could be successfully constructed in North Sioux City than we have recommended. However, this would probably reduce occupancy rates in existing projects. It is also possible that a developer will view a larger market area for units in North Sioux City, such as the entire MSA, which would create a higher potential demand.

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

6. Develop a Mixed-Use Commercial/Housing Project

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

New mixed use projects have been developed in several cities comparable to the size of North Sioux City. Some of these projects were developed because of market demand while others were developed to enhance the City's commercial district, to introduce a new product to the market and to serve as a catalyst for redevelopment.

Recommendation: We recommend the development of a mixed-use building in North Sioux City. There are several potential sites for a mixed-use project.

We recommend commercial space on the first floor and rental units on the second floor. Prior to construction, a portion of the commercial space should be leased to an anchor tenant who would complement existing businesses.

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

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

7. Apply for access to the Housing Choice Voucher Program

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

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

Based on research for this study, it appears that the Housing Choice Voucher Program is not available in North Sioux City and Union County. Union County is one of the few Counties in the State of South Dakota that does not have the Housing Choice Voucher Program available for its residents.

Recommendation: The North Sioux City Housing and Redevelopment Commission should work with area and regional housing agencies, the South Eastern Council of Governments, and the South Dakota Housing Development Authority to determine if North Sioux City can obtain access to the Housing Choice Voucher Program.

8. Preserve the existing supply of subsidized housing

Findings: North Sioux City has three “deep subsidy” rental housing projects that allow tenants to pay rent based on 30% of income. One of these projects, McCook Apartments, was constructed in 1975. The other two projects, Northport Apartments and Prairie Lake Homes, were constructed in 2004 and 2009.

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

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

Recommendation: At the time of this Study, we are not aware of any subsidized projects in North Sioux City that are planning to convert to market rate housing.

The North Sioux City Housing and Redevelopment Commission should check on an ongoing basis to determine if any North Sioux City subsidized housing projects are considering the option to drop their subsidy contract. At this time, McCook Apartments, is the only subsidized project in North Sioux City that may have the option to convert to market rate housing. Northport Apartments and Prairie Lake Homes are newer projects that are at an earlier stage of their subsidy contracts and should not be eligible to opt out of the subsidy program for many years. In some communities, public or nonprofit agencies have been able to purchase projects that are at risk of being lost to preserve the affordable housing resources.

North Sioux City - Home Ownership

Home Ownership

Findings: Expanding home ownership opportunities is one of the primary goals for most cities. High rates of home ownership promote stable communities and strengthen the local tax base. The median owner-occupied home value in North Sioux City is estimated to be approximately \$169,000 based on sales activity from 2013 and 2014. Although the home values in North Sioux City are relatively high, there is some opportunity for first time buyers and households seeking moderately priced homes.

Our analysis of North Sioux City demographic trends shows a substantial increase in the number of households in the traditionally strong home ownership age ranges between 25 and 74 years old over the next five years. Some households in these age ranges have not been able to achieve the goal of home ownership and may need the assistance of special programs to help them purchase their first home.

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

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

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

First time home buyer assistance, down payment assistance, low interest loans and home ownership counseling and training programs can help to address affordable housing issues. The City of North Sioux City has a limited supply of houses that are price-eligible for these assistance programs. However, 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: North Sioux City and the North Sioux City Housing and Redevelopment Commission should work with area housing agencies, the South Dakota Housing Development Authority, USDA Rural Development and local financial institutions to utilize all available home ownership assistance programs. Private and nonprofit agencies should also be encouraged to provide home ownership opportunities.

The City of North Sioux City and the North Sioux City Housing and Redevelopment Commission should also work with housing agencies to assure that they are receiving their share of resources that are available in the region.

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

10. Develop a Purchase/Rehabilitation Program

Findings: North Sioux City has a limited stock of older, lower valued homes, some of which need repairs. Our analysis of 2013 and 2014 sales activity indicates that approximately 15% of the homes in North Sioux City are valued less than \$100,000. As some lower valued homes come up for sale, they may not be attractive options for potential home buyers because of the amount of repair work that is required.

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

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

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

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

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

Also, some private individuals are purchasing homes in North Sioux City, rehabbing the homes and selling the homes. There may be an opportunity for local housing agencies to financially assist the private sector with purchasing, rehabilitating and selling homes. This may increase the inventory of substandard homes that economically can be rehabilitated and sold.

North Sioux City - Single Family Housing Development

Single Family Housing Development

Findings: Based on Census Bureau and City information, North Sioux City has experienced some single family housing development from 1998 to 2015. Over the past 18 years, approximately 130 single family owner-occupied units have been constructed in North Sioux City. This is an average of approximately seven to eight owner-occupied units constructed annually in the City.

The new home construction has been inconsistent over the past 18 years, with a high of 14 homes constructed in 2001 and a low of two homes constructed in 2009. There have also been a significant number of homes constructed in the Sioux City MSA. From the 10-year period from 2004 to 2013, 2,364 single family homes were constructed in the MSA, which is an average of 236 homes annually.

Over the 10-year period from 2004 to 2013, 2.5% of the owner-occupied single family homes in the Sioux City MSA were constructed in North Sioux City. In 2007, approximately 4.5% of the homes constructed in the MSA were constructed in North Sioux City, representing the highest single-year percentage achieved over the 10-year period reviewed. The lowest percentage achieved was in 2013, when 1.1% of the homes constructed in the MSA were constructed in North Sioux City.

It is our opinion that if the City, developers, housing agencies, and builders are proactive, 12 to 15 homes can be constructed or moved into North Sioux City annually from 2015 to 2020. This is 4% to 5% of the projected home construction in the MSA, over the next five years.

The breakdown of the 12 to 15 new owner-occupied housing units constructed annually over the next five years is as follows:

▶ Higher and Median priced homes	6-7
▶ Affordable Homes	2-3
▶ Twin homes/Town homes	<u>4-5</u>
Total	12-15

11. 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 North Sioux City. Currently, the River Valley Development has eight planned residential development phases. The first phase, which has utilities installed, has 30 lots. Several homes have been constructed in Phase I, including twinhomes. Phase 2, which does not yet have utilities, will have 24 lots. An additional six phases are possible, with lots for single family homes, twinhomes, townhomes and multi-family housing, and will be developed based on demand. Lot prices for Phase I are in the \$30,000 range.

The Harvest Bend Subdivision is a 17-lot subdivision owned by the North Sioux City Housing and Redevelopment Commission. Nine lots have been sold and eight lots are for sale. The price of the lots is \$12,500. There are four homes that have been constructed including one Habitat for Humanity home and one Governor's home. Another Habitat home is under construction in 2015. Land may be available in the area of the Harvest Bend Subdivision for future lot development.

There are also miscellaneous infill lots scattered around the city that we did not attempt to count. We do not know the availability of some of these infill lots. Also, dilapidated houses will be acquired and demolished over the next five years. 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 12 to 15 new owner-occupied housing units will be constructed per year, the City should have approximately 30 to 38 residential lots available to meet the expected demand. Part of this demand would be for attached unit construction.

With approximately 55 available lots in River Valley Development Phase 1 and 2 and Harvest Bend, plus infill lots, the City currently has an adequate number of lots. Although River Valley Development Phase 2 does not have utilities, the developer can have utilities installed within one construction season if the demand exists, thus, we have included Phase 2 lots in the available inventory.

Both subdivisions have the option to develop additional phases as demand dictates. Additionally, lots are available for homes in all price ranges and for attached and detached housing.

12. Strategies to encourage residential lot sales and new home construction in North Sioux City

Findings: There is an inventory of approximately 55 lots in subdivisions plus infill lots available in the City of North Sioux City. There is also the option to develop many more lots. Lots are available for new homes in all price ranges. In addition to a local market for lots, North Sioux City is in the Sioux City MSA, which has a population of approximately 170,000 people.

Recommendation: We recommend that the City of North Sioux City, the North Sioux City Housing and Redevelopment Commission, the North Sioux City Economic Development Corporation, private developers/builders and realtors coordinate efforts to promote lot sales and housing development in North Sioux City.

Following are recommendations to promote lot sales and housing development. Please note that some of these recommendations are already being implemented in one or both subdivisions. Also, some of these recommendations may pertain to only one of the subdivisions.

- ▶ **Continue competitive pricing** - There are lots available in communities throughout the Sioux City MSA. Lot prices in North Sioux City will need to remain competitive with other lot options in the MSA.
- ▶ **Plan for long-term absorption** - The research completed for this Study expects limited annual absorption of lots in North Sioux City. We are projecting the construction of 12 to 15 new units per year. It is therefore necessary to view the development of the future subdivision phases and in-fill lots as a long-term plan.
- ▶ **Generate activity** - To stimulate new construction at a faster pace, proactive efforts, such as the sale of some lots at discounted prices, reduction of hookup and permit fees or other incentives should be considered if the buyer agrees to build a home of a certain quality and style within one year. This will help create momentum for more houses to be built.
- ▶ **Past Success** - There have been several successful housing developments in the Sioux City MSA including Dakota Dunes. It is possible that the Dakota Dunes success could be replicated. In Dakota Dunes, a system was developed which made the home building process user-friendly. Also, Dakota Dunes has developed a reputation as an excellent residential development. Replicating this project may not be easy, but proactive efforts to duplicate this success should be encouraged.

- ▶ **Continue to develop builder(s) relationship** - Momentum can be created when a builder or builders have access to several lots. This allows for marketing opportunities and efficiencies in the home building process. The subdivision owners, however, should obligate the builder to construct a minimum number of homes per year. Builders are more willing to enter a market when the lots are attractive and affordable. A block of lots available to an exclusive builder or builders should be explored, even if price concessions are required.
- ▶ **User-Friendly** - The lot purchase and homebuilding process must be 'user-friendly.' This includes the construction of spec homes, and builders that are readily available to build custom homes.
- ▶ **Spec home development** - Although spec home construction is a risk, there are also financial risks associated with holding unsold lots. Also, spec houses could potentially attract a buyer that is not interested in going through the home building process, but instead wants a turnkey unit. A spec home can also serve as a model, allowing potential home buyers to examine specific floor plans and features in the home before committing to buy. In an attempt to spur additional spec home construction, some communities have formed partnerships with private home builders to share the financial risks. For example, some developers have been willing to defer the payment for the lot until the spec home is sold. Another builder incentive is to waive any water/sewer hook up fees and building permit fees until the home is sold. A more aggressive approach is to become directly involved in helping cover the payments on a home builder's construction loan, if the house does not sell within a reasonable period of time. A community risk pool would need to be established for this type of activity. These types of approaches would somewhat reduce the builder's risk, by lowering the upfront development costs.
- ▶ **Continue to allow for a range of house prices** - The lots should continue to be available to as wide a range of home sizes and prices as possible, without compromising the subdivision. This broadens the lot buyer market. It appears that there are lots available for homes in all price ranges.
- ▶ **Lot availability for twin home/town home development** - It is our opinion that there will be a strong demand for twin homes/town homes over the next five years. Lots should be available for twin home/town home lot development. It appears that the River Valley Development is addressing this issue.

- ▶ **Marketing** - The City of North Sioux City and private developers should develop a comprehensive marketing strategy to sell available lots. All stakeholders including realtors, financial institutions, builders, employers, etc. should be included in marketing strategies. In addition to marketing the lots, the City of North Sioux City and its amenities should be marketed.
- ▶ **Access to City Sewer** - A sewer extension project will be necessary for city sewer to be available to some of the future phases of the River Valley Development.

13. Coordinate with economic development agencies, housing agencies and nonprofit groups to construct affordable housing

Findings: There are several housing agencies and nonprofit groups that have the capacity to construct new housing in North Sioux City. Habitat for Humanity has constructed one home and has another home that has started construction in the Harvest Bend Subdivision.

Recommendation: We encourage the City of North Sioux City and the North Sioux City Housing and Redevelopment Commission to continue to actively work with economic development and housing agencies, nonprofit groups and the private sector to develop affordable housing.

As the housing economy continues to improve, new affordable home construction production in North Sioux City will continue to be more feasible.

Also, a Governor's home has been moved into the Harvest Bend Subdivision, and the Housing and Redevelopment Commission is exploring the possibility of bringing in more units. Governor's homes are an affordable new housing option that should be encouraged and supported.

14. Promote twin home/town home development

Findings: Attached housing provides desirable alternatives for empty nesters and seniors to move out of their single family homes, thus, making homes available for families. It is important for the community to offer a range of life-cycle housing options.

In many cities the size of North Sioux City, approximately 20% to 25% of the new ownership housing constructed are twin homes/town homes. In North Sioux City since 2000, only eight new ownership housing units have been twin homes/town homes.

In 2010, North Sioux City had 208 households, Union County had 1,802 households and the Sioux City MSA had 15,958 households in the 55 to 74 age ranges. These age ranges are expected to increase by 99 households in North Sioux City and 689 households in Union County from 2010 to 2019. Household growth among empty-nester and senior households should result in increased demand for attached single family units. It is likely that demand for attached housing units will also be dependent on the product's ability to gain additional market acceptance among the households in the prime target market, and among other households.

Recommendation: It is our projection that approximately four to five new owner-occupied twin homes or town homes could be constructed in North Sioux City annually over the next five years. Our projection is based on the availability of ideal locations for twin home/town home development as well as high quality design and workmanship.

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

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

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

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

North Sioux City - Housing Rehabilitation

Housing Rehabilitation

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

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

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

15. Promote rental housing rehabilitation

Findings: Based on the U.S. Census data, the City of North Sioux City had approximately 422 rental units in 2010. Also, approximately 232 rental units have been constructed in North Sioux City from 2010 to April, 2015. Therefore, there are approximately 654 rental units in North Sioux City. These rental buildings are in multi-family projects, small rental buildings, duplexes, single family homes, mixed-use buildings and mobile homes. Although most of the rental units have been constructed since 2000 and are in good condition, some of North Sioux City's rental structures and units could benefit from rehabilitation as they are more than 25 years old and in poor condition.

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

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

16. Promote owner-occupied housing rehabilitation efforts

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

Our housing condition survey of 149 homes in three of North Sioux City 's older neighborhoods found 58 homes that need minor repairs and 38 homes that need major repairs. Without rehabilitation assistance, the affordable housing stock will shrink in North Sioux City.

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

Grow South Dakota currently has several housing programs to assist households with the rehabilitation of their homes. Also, the Rural Office of Community Services, Inc., provides Weatherization funds for North Sioux City and Union County.

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

17. Develop a Neighborhood Revitalization Program

Findings: The City of North Sioux City has several neighborhoods that are on the bubble. These neighborhoods have a significant number of homes that need rehabilitation or should be demolished. These neighborhoods also have a significant number of low/moderate income households. The neighborhoods could deteriorate or could be revitalized to continue to be strong vital neighborhoods.

Recommendation: We recommend that the City of North Sioux City, area housing agencies and the private sector develop and implement a Neighborhood Revitalization Program.

Redevelopment strategies and opportunities should be identified including:

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

The Neighborhood Revitalization Plan should include time lines, responsible City Department or Housing Agency, funding sources, etc. The Program should be evaluated on an ongoing basis as opportunities and potential projects may change priorities.

It must be noted that neighborhood revitalization can result in the loss of affordable housing. Redevelopment projects, infill construction and other affordable housing projects in the community should assure that there are overall net gains in the affordable housing stock.

North Sioux City - Other Housing Initiatives

Other Housing Initiatives

18. Acquire and demolish dilapidated structures

Findings: Our housing condition survey identified seven single family houses in three of the City's oldest neighborhoods that are dilapidated and too deteriorated to rehabilitate. We also identified 38 single family houses in North Sioux City as needing major repair and some of these homes may be too dilapidated to rehabilitate. To improve the quality of the housing stock and to maintain the appearance of the City, dilapidated structures should be demolished.

Recommendation: The City of North Sioux City should work with property owners on an ongoing basis to demolish dilapidated homes. The appearance of the City is enhanced when blighted and dilapidated structures are removed. Also, some of the cleared lots can be utilized for the construction of new affordable housing units.

Also, the City of North Sioux City or the North Sioux City Housing and Redevelopment Commission should maintain a lot inventory of structures that may be candidates for future acquisition. Additionally, an inventory of in-fill lots for future development should be maintained.

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

Findings: North Sioux City will continue to need staff resources in addition to existing staff to plan and implement many of the housing recommendations advanced in this Study. The City of North Sioux City has access to the South Eastern Council of Governments, the South Eastern Development Foundation, the Rural Office of Community Services, Inc., the South Dakota Housing Development Authority and USDA Rural Development. These agencies all have experience with housing and community development programs.

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

It will also be important for the City of North Sioux City to look for opportunities to work cooperatively with other area cities to address housing issues. With the number of small cities in the region, and limited staff capacity at both the city and county levels, cooperative efforts may be the only way to accomplish certain projects. Cooperative efforts will not only make housing projects more practical, but they will often be more cost-effective and competitive.

20. Encourage employer involvement in housing

Findings: 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. Housing for new employees is a concern for employers, thus, 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 North Sioux City'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 such as an affordable lot subdivision or a rental project.

21. Promote Commercial Rehabilitation and Development

Findings: The City of North Sioux City's commercial district is minimal in comparison to its population. This is primarily due to its close proximity to Sioux City. Also, there are several substandard commercial buildings in North Sioux City.

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 North Sioux City continue to work with commercial property and business owners to rehabilitate their buildings and to continue to encourage new businesses to locate in the City.

The City of North Sioux City should also seek funding to assist property owners with rehabilitating their commercial buildings and for new businesses to locate in the community.

22. 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 in the past. 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.

North Sioux City is in a unique position in that it must compete with the other cities in the MSA including Sioux City. However, North Sioux City has access to a large population, which is an excellent market for new households to locate in North Sioux City.

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 North Sioux City has been active in promoting and marketing housing. We recommend the continuation or consideration of the following:

- ▶ Identify 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 (North Sioux City and the entire MSA and region) to provide employees with housing opportunities in North Sioux City
- ▶ 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 and developers to make the construction of new homes or rental units a very user friendly process
- ▶ Develop new home construction and home purchase incentive programs.

23. Competition with Other Jurisdictions

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

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

- ▶ Review the City’s policies to assure that the City’s process for working with developers and builders is user-friendly, fair and receptive.
- ▶ Continue to work on the creation of jobs and the development of retail, service and recreational opportunities that make the City a “full service” community
- ▶ 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
- ▶ Develop incentives to encourage new home construction
- ▶ Develop new housing choices that serve life-cycle housing needs, such as new rental housing, twin homes, senior housing, etc.
- ▶ Publicize and market North Sioux City throughout the MSA and the region and among the employers and employees in North Sioux City and the MSA and the region
- ▶ Develop a coordinated housing plan with area housing agencies

24. Consider the implementation of a Time of Sale/Rent Mobile Home Program

Findings: Based on our mobile home survey, there are approximately 174 mobile homes in the City of North Sioux City three mobile home parks. There are also several mobile homes in North Sioux City that are not in a mobile home park. Approximately 23% of the mobile homes in the mobile home parks need minor repair and 21% need major repair. Eighteen homes (10%) are dilapidated and possibly beyond repair.

North Sioux City currently does not allow mobile homes that are more than 20 years old to be moved into the City.

Recommendation: In addition to not allowing older mobile homes to be placed in the City, we recommend that the City of North Sioux City consider implementation of a Time of Sale/Rent 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 rent or sale. All identified safety hazards must be corrected before the mobile home is sold or rented.

Agencies and Resources

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

South Eastern Council of Governments

500 North Western Avenue, Suite 100
Sioux Falls, SD 57104
(605) 367-5390

South Eastern Development Foundation

500 North Western Avenue, Suite 100
Sioux Falls, SD 57104
(605) 367-5390

Rural Office of Community Services, Inc.

140 South Highway 50
Lake Andes, SD 57356
(605) 487-7634

Grow South Dakota

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

South Dakota Housing Development Authority

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

USDA Rural Development

2408 East Benson Road
Sioux Falls, SD 57104
(605) 996-1564