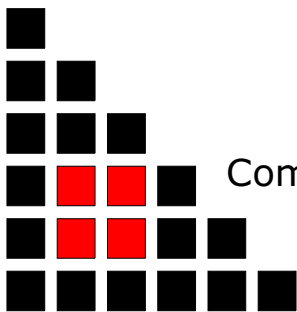


City of Fort Pierre HOUSING STUDY UPDATE

October 2022

An updated analysis of the overall housing needs
of the City of Fort Pierre and the surrounding area



Community Partners Research, Inc.

Lake Elmo, MN

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Introduction

Overview

In 2012, Community Partners Research, Inc., was hired by the Fort Pierre Development Corporation (FPDC) to complete a comprehensive study of housing market conditions in Fort Pierre and the surrounding area. In 2022, an Update to this Housing Study was initiated.

Methodology

A variety of resources were utilized to obtain information for the Housing Study. Community Partners Research, Inc., collected and analyzed data from April to September 2022. Data sources included:

- U.S. Census Bureau
- Records and data from the City
- Records and data maintained by Stanley and Hughes Counties
- Data from the SD Department of Labor
- Data provided by the Multiple Listing Service
- Interviews with elected officials and staff from the City
- Interviews with community leaders
- Interviews with people familiar with the area's housing conditions
- Area housing agencies
- Rental property owner surveys
- Housing condition survey

Limitations

This Update represents an analysis performed with the data available at the time of the research. Any findings 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 findings and conclusions contained in this Study.

During the course of the research for this project, a global pandemic was still underway, which has had widespread impacts, including on economic, housing and educational conditions. The longer-term effects of the pandemic cannot be predicted, and the analysts have proceeded with the best information available at the time of the research.

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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. At the time that research was completed for this Update, the 2020 Census information was available. However, some of the more detailed tables from the Census will not be available until 2023.

The global health pandemic impacted both the Census release schedule and the data collection in 2020. As a result, there are some questions about the accuracy of 2020 Census data, but in the opinion of the analysts it still represents the best demographic information available.

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

The frequency of American Community Survey estimates vary depending on the size of the jurisdiction. For most jurisdictions in South Dakota, the 2020 estimates were derived from sampling that was done over a five-year period, between 2016 and 2020. Unless otherwise noted, the American Community Survey estimates are based on the five-year survey data.

The Governor's Office of Economic Development provides demographic profile information for cities, towns and counties supplied by Applied Geographic Solutions (AGS), a private company. The AGS estimates are for 2021, with projections to 2026 and have been used for this Update.

Prior to using AGS, the State had used Esri, Inc., for community profiles. The analysts have also utilized estimates and projections from Esri. Both of these private data reporting services are widely used by financial and government entities.

It is important to note that the 2021 estimates from both AGS and Esri were generated prior to the release of any demographic totals from the 2020 Census and may differ from the official Census information.

Market Area Designations

The Cities of Pierre and Fort Pierre serve as a regional center for a number of surrounding counties. In addition to demographic information for the City, an aggregated area that includes both Pierre and Fort Pierre has also been used.

Past discussions with economic development staff identified a trade area that included all or part of many neighboring counties, extending both east and west of the Missouri River. There are also a number of Native American Tribal Reservations that look to the Pierre/Fort Pierre area for certain services and housing opportunities. However, a more compact trade area has been used in the demographic analysis that includes all of Hughes and Stanley Counties. These two Counties form a Micropolitan Statistical Area (MiSA) as defined by the Office of Management and Budget (OMB). The two-County MiSA serves as a primary market area for housing and is referred to in this Study as the MiSA.



Pierre Micropolitan Statistical Area

Population Data and Trends

Table 1 Population Trends - 1990 to 2020						
	1990 Census	2000 Census	% Change 1990-2000	2010 Census	% Change 2000-2010	2020 Census
Fort Pierre	1,854	1,991	7.4%	2,078	4.4%	2,115
Pierre/Ft. Pierre	14,760	15,867	7.5%	15,724	-0.9%	16,206
Pierre MiSA	17,270	19,253	11.5%	19,988	3.8%	20,745

Source: U.S. Census

- ▶ The release of population totals from the 2020 U.S. Census has established a new benchmark for the number of people residing in each jurisdiction. The Census total had an effective date of April 1, 2020.
- ▶ In 2020, the population for the City of Fort Pierre was 2,115 people. When compared back to the 2010 Census, the City had added 37 permanent residents, for a population increase of 1.8%.
- ▶ The 2020 Census count continued a 30-year pattern of population growth for Fort Pierre, although the numeric level of growth has been slowing over time. In the 1990s the City averaged growth of nearly 14 people per year, followed by an annual average of nearly nine people per year between 2000 and 2010. After 2010, the annual average dropped to fewer than four additional residents in an average year.
- ▶ Although the City of Fort Pierre has experienced only moderate population growth, the larger two-county Micropolitan Statistical Area (MiSA) has been showing greater growth over the past three decades. In 2020, the population for the MiSA was 20,745, up by 757 people, or 3.8%, from 2010.
- ▶ The MiSA, consisting of Hughes and Stanley Counties, has had sustained growth in recent decades, adding 1,983 people in the 1990s, 735 people between 2000 and 2010, and then 757 people between 2010 and 2020.
- ▶ There are 2021 population estimates available from private data reporting services, although these were issued prior to the release of the 2020 Census. These estimates will not be revised to incorporate the new 2020 benchmark data until sometime in 2022.

- ▶ Applied Geographic Solutions (AGS), the data source utilized by the Governor’s Office of Economic Development, estimates that the City of Fort Pierre had 2,118 permanent residents in 2021. This estimate was nearly identical to the 2020 Census count.
- ▶ The AGS 2021 estimate for the combined communities of Pierre and Fort Pierre showed 16,268 residents, compared to the 2020 Census count of 16,206. When adjusted for the one-year time difference this would also appear to be a very accurate estimate.
- ▶ The AGS population estimate for the two-county MiSA showed 20,728 residents in 2021, compared to 20,745 counted in the 2020 Census. Once again, this estimate appears to be very accurate.
- ▶ An estimate for Fort Pierre was also obtained from Esri, Inc. This showed a 2021 population of 2,375 people. This estimate was much higher than the 2020 Census count of 2,115 people, and is not viewed as reliable.
- ▶ Although Esri appears to have overestimated Fort Pierre’s population level as a single jurisdiction, their estimate for 2021 for the MiSA was 20,795 compared to 20,745 counted in the 2020 Census. This estimate appears to be very accurate.

Population by Race/Ethnicity

- ▶ In 2020, more than 86% of Fort Pierre’s residents were identified as White for race. The next largest racial designation was for Native Americans at nearly 7% of the City’s population. People listing “Two or more races” represented nearly 6% of the City’s population. A majority of the people listed as two or more races included Native American as one of the races.
- ▶ At the time of the 2020 Census, less than 1% of the City’s population was identified for being of Hispanic/Latino ethnicity.

Group Quarters Population

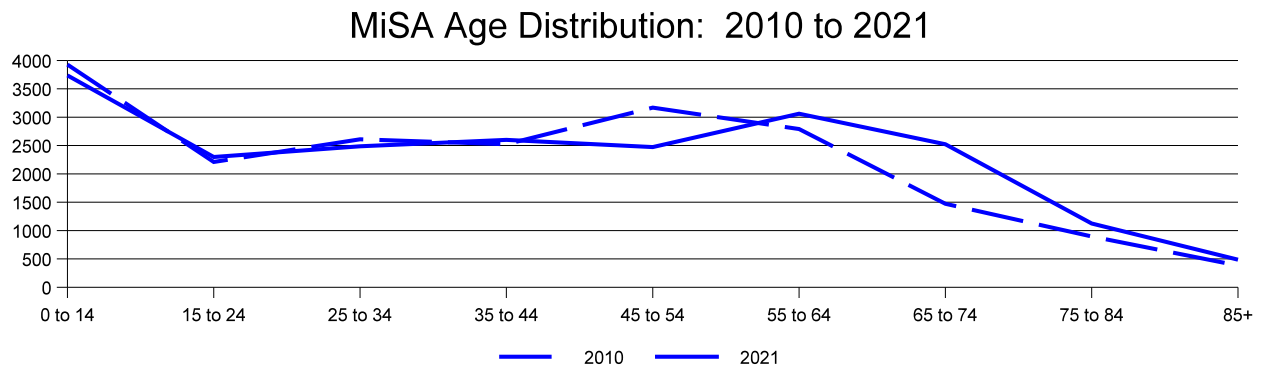
- ▶ There were no people in Fort Pierre living in group quarters housing at the time of the 2020 Census. The City does not have a nursing home, correctional facility or other type of institutional or noninstitutional form of group housing.

Population by Age Trends: 2010 to 2021

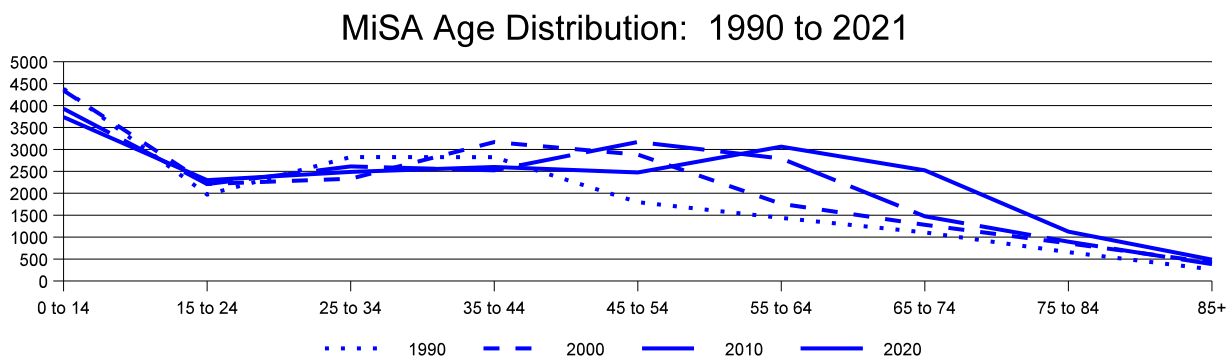
Age-based population details are not yet available from the 2020 Census. In the following table, estimates from Esri for the year 2021 have been compared to age distribution information from the 2010 Census to analyze the area’s changing age patterns. Information is provided for the two-county MiSA.

Table 2 Population by Age - 2010 to 2021			
Age	Pierre MiSA		
	2010	2021	Change
0-14	3,928	3,738	-190
15-19	1,257	1,118	-139
20-24	954	1,181	+227
25-34	2,611	2,487	-124
35-44	2,523	2,600	+77
45-54	3,169	2,474	-695
55-64	2,792	3,062	+270
65-74	1,473	2,523	+1,050
75-84	897	1,125	+228
85+	384	487	+103
Total	19,988	20,795	+807

Source: U.S. Census; Esri



- ▶ The previous Study completed for Fort Pierre had commented on the advancing “baby boom” generation and its impact on the area’s aging patterns. The age cohorts that represent the baby boomers continue to grow in size as this large demographic segment moves through the aging cycle.
- ▶ For the MiSA which includes Hughes and Stanley Counties, there has been a strong increase between 2010 and 2021 in the population that is age 55 and older. In 2021, nearly all of the baby boomers were within the 20-year range between 55 and 74 years old. Since 2010, the MiSA had a gain of more than 1,300 people in this 20-year age cohort.
- ▶ Conversely, the largest estimated loss within any age group occurred within the 45 to 54 year old range, with an estimated reduction of nearly 700 people. Most of this reduction was because the age group immediately trailing the advancing baby boomers was smaller in size, and could not replace the population numbers.
- ▶ If the age ranges are combined into larger aggregations, the MiSA had an increase of 1,651 people age 55 and older, but an estimated net decrease of 844 people age 54 and younger between 2010 and 2021.



- ▶ Longer-term age progression patterns back to the year 1990 can be examined for the MiSA, This shows the demographic “wave” created by the advancement of the baby boom generation over recent decades.

Population Projections

The following table presents projections from Applied Geographic Solutions and Esri. These projections extend to 2026, and are based off of each company’s 2021 estimates. The 2020 Census totals are provided for comparison.

Table 3 Population Projections Through 2026				
	2020 Census	2021 Estimate	2026 Projection	Projected Change
Fort Pierre - AGS	2,115	2,118	2,378	+260
Fort Pierre - Esri	2,115	2,375	2,470	+95
Pierre/Ft Pierre - AGS	14,090	16,268	15,799	-469
Pierre/Ft Pierre - Esri	14,090	16,097	16,332	+235
MiSA - AGS	20,745	20,728	20,344	-384
MiSA - Esri	20,745	20,795	21,201	+406

Source: AGS; Esri

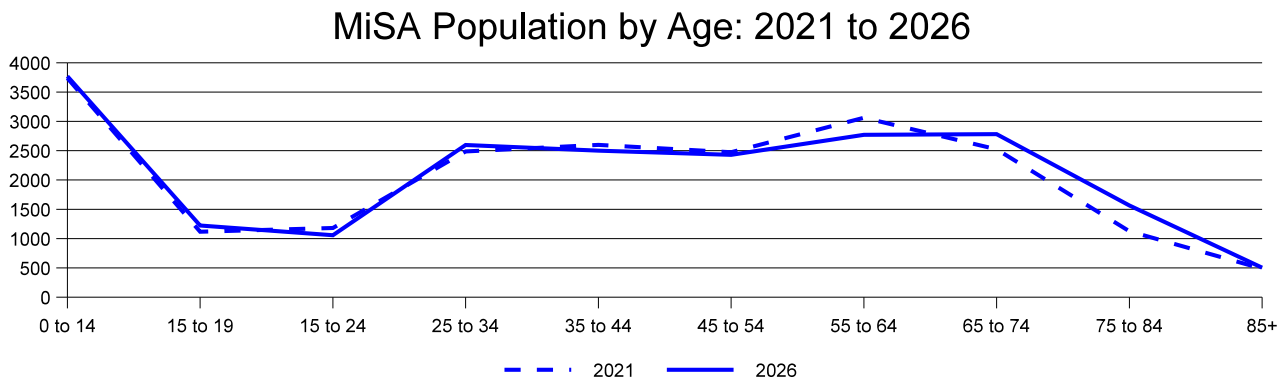
- ▶ The 2021 population estimate from AGS appeared to be very accurate and this source believes that Fort Pierre will add 260 additional residents over the 5-year projection period. While growth at this level is possible, it would require a significantly faster addition of people than has occurred in the past.
- ▶ Esri has significantly overestimated the current population of Fort Pierre when compared to the 2020 Census. Going forward, Esri believes that the City will add 95 additional residents by 2026.
- ▶ For the combined jurisdictions of Pierre and Fort Pierre, AGS is projecting a reduced population by 2026. In the opinion of the analysts, this forecast is not reliable. Esri is projecting the addition of 235 residents between the two cities, or an annual average of 47 people per year, which is viewed as a very achievable forecast.
- ▶ AGS is projecting that the two-county MiSA will lose population between 2021 and 2026, due to their low projection for Pierre. This is viewed as an unreliable forecast, as the MiSA has continually added population for at least the past three decades. Esri is projecting that the two-county area will add 406 permanent residents by 2026, or an annual average of 81 people per year.

MiSA Population by Age Projections: 2021 to 2026

Esri’s age-based population estimates for 2021 have been compared to their projections to the year 2026 to examine expected age progression patterns over the next five years.

Table 4 MiSA Projected Population by Age - 2021 to 2026			
Age Range	2021 Estimate	2026 Projection	Change
0-14	3,738	3,770	+32
15-19	1,118	1,224	+106
20-24	1,181	1,058	-123
25-34	2,487	2,597	+110
35-44	2,600	2,501	-99
45-54	2,474	2,429	-45
55-64	3,062	2,771	-291
65-74	2,523	2,783	+260
75-84	1,125	1,564	+439
85+	487	504	+17
Total	20,795	21,201	+406

Source: Esri, Inc.



- ▶ The age-based projections from Esri show relatively limited change in many of the defined age ranges. In broader terms, Esri is projecting an overall increase in residents age 65 and older, with the projected addition of more than 700 senior citizens between 2021 and 2026.

- ▶ A growing number of seniors would be consistent with the movement of the large “baby boom” generation through the aging cycle. By 2026, nearly all of the baby boomers will be age 65 or older.
- ▶ Trailing behind the baby boomers were smaller demographic cohorts. These projections expect a decrease of 291 people in the age range between 55 and 64 years old, as this group was not able to replace the advancing baby boomers.
- ▶ Esri is also projecting some decrease in the 20-year range between 35 and 54 years old, with an expected reduction of 144 people.
- ▶ Some growth is projected among younger adults in the 25 to 34 year old range. However, a decrease in 20 to 24 year old group will offset this growth resulting in no real change in the younger adult groups.
- ▶ An increase in children and young adults, age 19 and younger, is being projected by 2026.

Household Data and Trends

Table 5 Household Trends - 1990 to 2020						
	1990 Census	2000 Census	% Change 1990-2000	2010 Census	% Change 2000-2010	2020 Census
Fort Pierre	689	810	17.6%	893	10.2%	907
Pierre/Ft. Pierre	5,752	6,377	10.9%	6,671	4.6%	6,759
Two-County	6,701	7,623	13.8%	8,294	8.8%	8,484

Source: U.S. Census

- ▶ At the time of the 2020 Census, Fort Pierre had 907 permanent resident households. When compared to 2010, the City had added 14 households over the decade for an increase of 1.6%.
- ▶ Although the City has continued to add households over the past 30 years, the annual average level off growth has been slowing. In the 1990s, the City averaged approximately 12 additional households per year, followed by an average of eight households per year between 2000 and 2010. From 2010 to 2020, this annual average decreased to between one and two households per year.
- ▶ The combined communities of Pierre and Fort Pierre had 6,759 households in 2020, up by 88 households from 2010, with Pierre adding 74 households over the decade and Fort Pierre adding 14 households.
- ▶ The entire MiSA had 8,484 resident households in 2020, up by 190 households from 2010. Approximately 54% of the net household growth between 2010 and 2020 occurred outside of the cities of Pierre and Fort Pierre.
- ▶ Household estimates for 2021 also exist, although these were issued prior to the release of 2020 Census data and have not been adjusted to the new demographic benchmark.
- ▶ The 2021 estimate from Applied Geographic Solutions showed 911 households in Fort Pierre, compared to 907 counted in the 2020 Census. This estimate appears to be very accurate with an effective date that is one year forward from the Census.

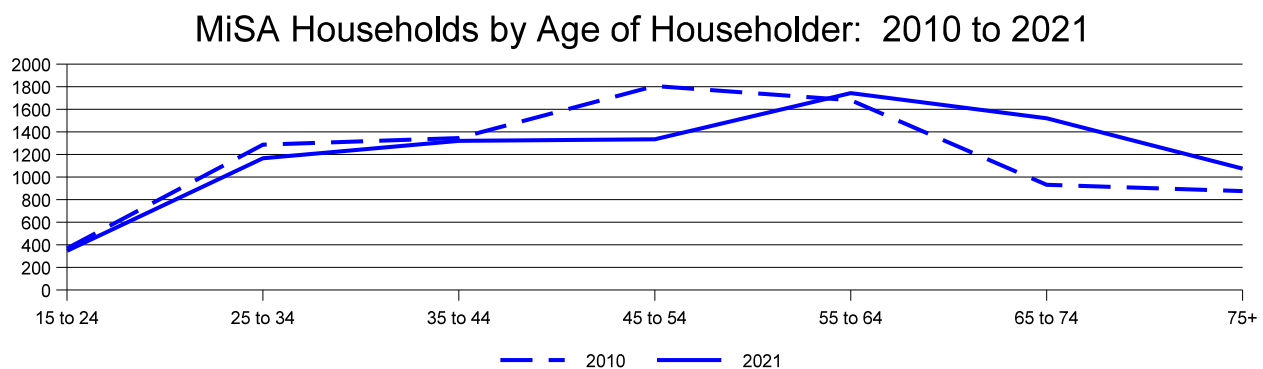
- ▶ The 2021 estimate from Esri showed 1,025 households, well above the 2020 Census count of 907 households. Even with the one-year time difference, Esri's estimate appears to be too high.
- ▶ The AGS 2021 estimate for the MiSA showed 8,477 households, compared to the 2020 Census count of 8,484. While this estimate may be slightly low, it is a generally reliable estimate for the two-county area.
- ▶ The 2021 estimate from Esri showed 8,718 households in the MiSA, above the Census count of 8,484 households. Even with the one year time difference in effective dates, it is probable Esri's 2021 estimate is high by approximately 2.5%.

Household by Age Trends: 2010 to 2021

The 2020 Census will not release age-based demographic data until 2023. In the following table, age-based household estimates from Esri for 2021 have been compared to the 2010 Census data to track the area’s changing age patterns in recent years in the two-County MiSA. Esri’s estimate for the MiSA appeared to be too high, by approximately 2.5%. In the following table, the MiSA information has been adjusted downward to better reflect the probable household total for 2021.

Table 6 Households by Age of Householder - 2010 to 2021			
Age	MiSA		
	2010	2021	Change
15-24	368	346	-22
25-34	1,287	1,166	-121
35-44	1,345	1,320	-25
45-54	1,806	1,334	-472
55-64	1,681	1,743	+62
65-74	931	1,520	+589
75+	876	1,075	+199
Total	8,294	8,504	+210

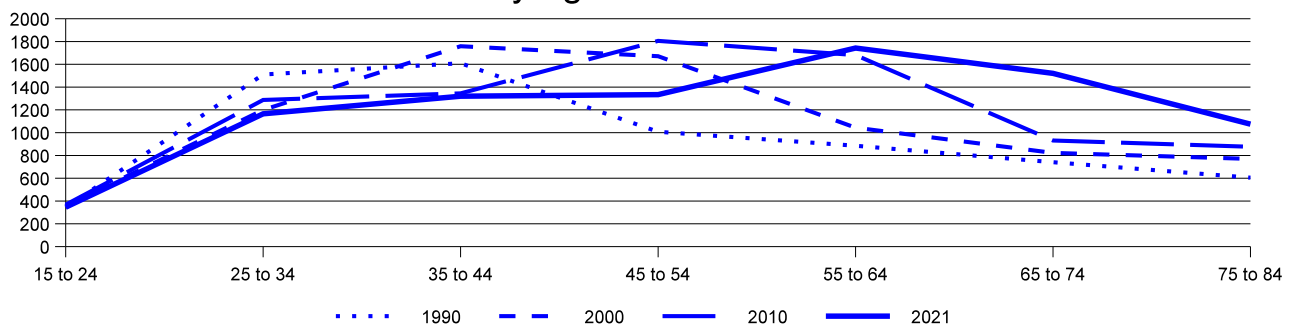
Source: U.S. Census; Esri; Community Partners Research, Inc.



- ▶ Although the entire MiSA is estimated to have added only 210 total households between 2010 and 2021, Esri’s age-based estimates show some large changes within the defined age ranges.

- ▶ The largest estimated change occurred among households in the 65 to 74 year old range, representing much of the large “baby boom” generation. This younger senior age group added 589 households between 2010 and 2021, as presumably a large number of resident households advanced through the aging cycle.
- ▶ The MiSA is also estimated to have added nearly 200 households in the older senior age group, age 75 and above, and had some increase in near-senior households, age 55 to 64 years old.
- ▶ If all of the age groups 55 and older are combined, the MiSA had an estimated increase of 850 households in these older adult ranges.
- ▶ Conversely, the age-based estimates from Esri show a declining number of younger households in the MiSA, with especially large reductions within the 45 to 54 year old range and in the 25 to 34 year old group. If all of the age ranges 54 and younger are combined, there was an estimated net decrease of 640 households in MiSA between 2010 and 2021.
- ▶ It is possible to track the “wave” progression made by the aging of the baby boom generation in the MiSA since 1990 using Census information for and adjusted Esri estimates for households by the age of householder.

MiSA Households by Age of Householder: 1990 to 2021



Average Household Size

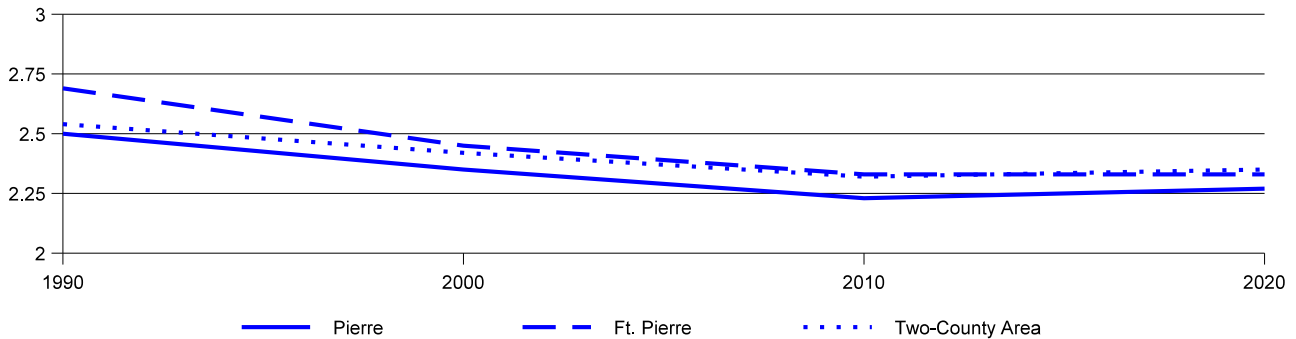
The following table provides decennial Census information on average household size.

Table 7 Average Number of Persons Per Household: 1990 to 2020				
	1990 Census	2000 Census	2010 Census	2020 Census
Ft. Pierre	2.69	2.45	2.33	2.33
Pierre	2.50	2.35	2.23	2.27
Pierre MiSA	2.54	2.42	2.32	2.35

Source: U.S. Census

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

Average Household Size: 1990 to 2020



- ▶ Although the average household size in Fort Pierre had been decreasing between 1990 and 2010, the average then stabilized at 2.33 persons over the most recent decade. However, the City’s average household size in 2020, was well below the 2.69 average in 1990.
- ▶ Over the past three decades the average in Fort Pierre has been larger than the average household size in Pierre.
- ▶ The average household size in the entire MiSA has largely reflected the changes in Pierre, with a slight increase between 2010 and 2020.

Household Projections

Household projections from Applied Geographic Solutions and Esri are available to the year 2026. Once again the 2020 Census count for households is provided for comparison.

Table 8 Household Projections Through 2026				
	2020 Census	2021 Estimate	2026 Projection	Change
Fort Pierre - AGS	907	911	1,064	+153
Fort Pierre - Esri	907	1,025	1,068	+43
Pierre/Ft Pierre - AGS	6,759	6,817	7,285	+468
Pierre/Ft Pierre - Esri	6,759	6,902	7,028	+126
MiSA - AGS	8,484	8,477	9,128	+651
MiSA - Esri	8,484	8,718	8,917	+199

Source: U.S. Census; AGS; Esri

- ▶ When compared to the 2020 Census, the base-year 2021 estimate from AGS was very accurate. Going forward, this source is projecting that the Fort Pierre will add 153 households over the 5-year time period, or an average of nearly 31 households per year. Growth at this level would be significantly greater than achieved in the recent past, as Fort Pierre has added fewer than 100 households over the past 20 years. In the opinion of the analysts, the AGS forecast is overly optimistic.
- ▶ Esri’s household estimate for Fort Pierre in 2021 was very high when compared to the 2020 Census. However, Esri is projecting a more moderate pace of growth going forward, with the expected addition of 43 households between 2021 and 2026, or an annual average of 8 to 9 households per year. While growth at this level would be approximately double the average annual increase over the past 20 years, this forecast would be very achievable for the City going forward provided adequate housing options exist.
- ▶ The AGS forecast for the two-county MiSA is also very high, reflecting their high projection for the City of Pierre. AGS believes that the MiSA will add 651 households over the 5-year time period, or 130 households per year. For comparison, the MiSA averaged annual growth of 19 households per year in the 2010s. In the opinion of the analysts, the AGS forecast is not reliable.

- ▶ Esri's projection for the MiSA shows an increase of 199 households between 2021 and 2026. This would include 83 households in Pierre, 43 households in Fort Pierre and 73 households in the remainder of the MiSA. For the entire MiSA, average annual growth of 40 households per year would be projected, approximately double the level achieved last decade.

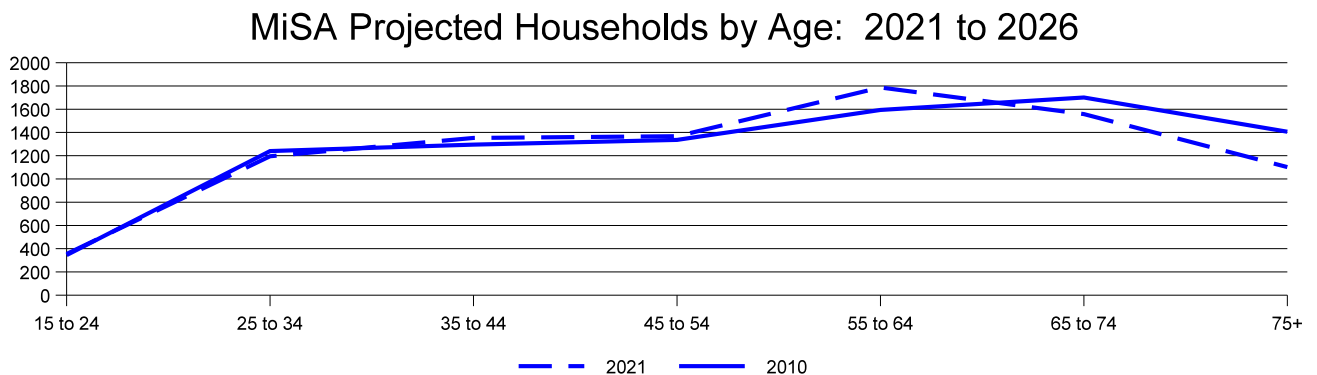
Household by Age Projections: 2021 to 2026

Esri has generated household by age projections to the year 2026. The following tables present Esri’s 2021 estimates and 2026 projections to examine potential age-based changes in the area. This information is for the entire Micropolitan Statistical Area (MiSA).

Although Esri’s total household count for both 2021 and 2026 are viewed by the analysts as too high, the following table has not been adjusted and instead is focused on the numeric change that is being projected through 2026.

Table 9 MiSA Projected Households by Age - 2021 to 2026			
Age	2021 Estimate	2026 Projection	Change
15-24	355	345	-10
25-34	1,195	1,240	+45
35-44	1,353	1,295	-58
45-54	1,368	1,336	-32
55-64	1,787	1,594	-193
65-74	1,558	1,701	+143
75+	1,102	1,406	+304
Total	8,718	8917	+199

Source: Esri



- ▶ While the Esri household totals are probably high by approximately 2.5%, their estimates of age-based changes are viewed as the best available information on this demographic topic.

- ▶ Esri is projecting a decreased number of households in most of the age groups 54 years old and younger, but the expected numeric change is limited. If these age ranges are combined, the projections point to approximately 55 fewer households in these young adult and middle-aged groups.
- ▶ A large decrease is projected for the 10-year range between 55 and 64 years old. By the year 2026 nearly all of the large baby boom generation will be age 65 or older, and the age cohort following behind was not as large and will not replace the aging baby boom.
- ▶ There are projected increases in the number of senior-headed households, age 65 and older. Most of this increase is expected in the older senior ranges, age 75 and above.

Housing Tenure

The 2020 Census has not yet released occupancy tenure information for owner and renter households. There are tenure estimates available in the 2020 American Community Survey. In the following table, percentage distributions from both the 2010 Census and the 2020 American Community Survey are provided.

Table 10 Households by Tenure - 2010 and 2020				
	2010 Census		2020 ACS	
	Percent Owned	Percent Rented	Percent Owned	Percent Rented
Fort Pierre	76.1%	23.9%	80.5%	19.5%
Pierre/Fort Pierre	68.8%	31.2%	69.2%	30.8%
MiSA	78.2%	21.8%	72.4%	27.6%

Source: U.S. Census; ACS

- ▶ At the time of the 2010 Census, the ownership tenure rate in the City of Fort Pierre was 76.1%, with the remaining 23.9% of households renting their unit. According to the estimates contained in the 2020 American Community Survey, the home ownership rate increased over the decade and was above 80%.
- ▶ While it is possible that the home ownership rate in Fort Pierre did increase between 2010 and 2020, it is doubtful that the tenure shift was as large as estimated by the American Community Survey. Instead, it is probable that the actual tenure distribution in Fort Pierre in 2022 is generally similar to the levels reported in 2010.
- ▶ When Pierre and Fort Pierre are combined, the ownership rate decreased to 69.2% in 2020, up slightly from 68.8% in 2010. Fort Pierre has a much higher rate of home ownership than in Pierre, which has most of the area’s rental housing.
- ▶ The tenure estimate for the entire MiSA shows a decrease in the home ownership rate between 2010 and 2020. In the opinion of the analysts, this represents a sampling flaw and it is probable that the home ownership rate has remained stable since 2010.

Median Income Data

Income estimates are available at the city and county level through the American Community Survey. The most recent estimates are for 2020, and can be compared to 2010 data to track changes over the decade.

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 11 Median Household Income - 2010 to 2020			
	2010 Median	2020 Median	% Change
Households			
Fort Pierre	\$55,841	\$72,813	30.4%
Pierre	\$52,534	\$68,363	30.1%
MiSA	\$53,251	\$69,868	31.2%
South Dakota	\$46,369	\$59,896	29.1%
Families			
Fort Pierre	\$65,750	\$93,449	42.1%
Pierre	\$71,065	\$85,320	20.1%
MiSA	\$67,254	\$87,415	30.0%
South Dakota	\$58,958	\$77,042	30.7%

Source: ACS

- ▶ According to the American Community Survey, the median household income level in Fort Pierre was \$72,813 in 2020. This median had increased by more than 30% between 2010 and 2020.
- ▶ The median household income for Fort Pierre was higher than the comparable medians for Pierre or the entire MiSA, and was nearly \$13,000 higher than the Statewide median household income in 2020.
- ▶ Family household incomes tend to be higher than the overall household median, as families have at least two household members, and potentially more income-earners, while many non-family households have only one household member.

- ▶ The estimated median family income for Fort Pierre was \$93,449 in 2020, up by more than 42% from 2010.
- ▶ Once again, Fort Pierre’s median family income was higher than the comparable medians for Pierre or the MiSA, and was more than \$16,000 above the median family income for the State of South Dakota.
- ▶ 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 Fort Pierre could afford more than \$1,820 per month for ownership or rental housing in 2020.
- ▶ Applying the same standard, a median income family in Fort Pierre could afford more than \$2,335 for monthly housing costs.
- ▶ However, as will be detailed later in this section, renter households tend to be below the overall median, while owner households tend to be above the median level.

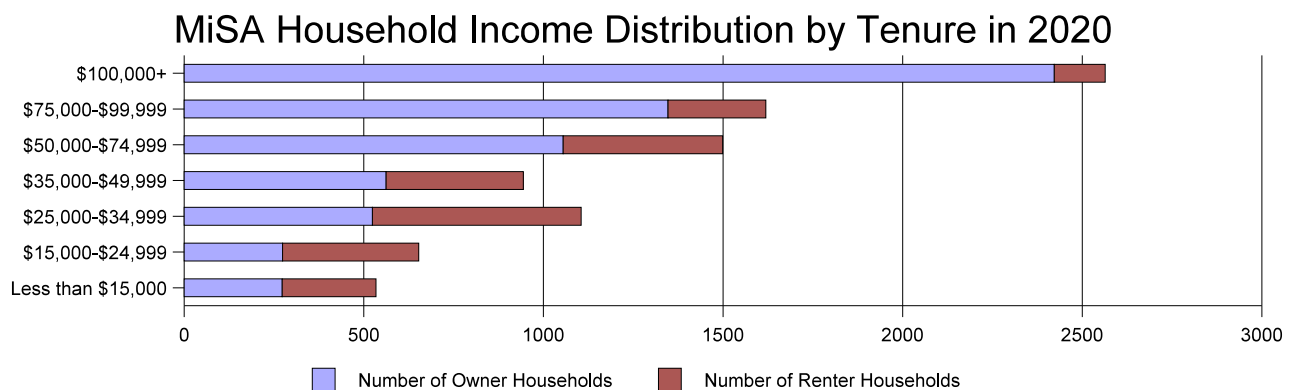
MiSA Income Distribution by Housing Tenure

The American Community Survey provides income estimates by owner and renter status. The following table examines income distribution within the entire Micropolitan Statistical Area.

The American Community Survey is based on sampling data, and there are some differences when compared to the 2020 Census. For total households, the American Community Survey reported approximately 5.1% more households than the Census. As a result, the numeric distribution of households represents and over count, but the relative distribution of households by income range is viewed as the best available information.

Table 12 MiSA Household Income Distribution by Tenure - 2020			
Household Income	Number of Owner Households	Number of Renter Households	Total Households
\$0 - \$14,999	273 / 4.2%	261 / 10.6%	534 / 6.0%
\$15,000 - \$24,999	274 / 4.2%	379 / 15.4%	653 / 7.3%
\$25,000 - \$34,999	524 / 8.1%	581 / 23.6%	1,105 / 12.4%
\$35,000 - \$49,999	562 / 8.7%	382 / 15.5%	944 / 10.6%
\$50,000 - \$74,999	1,055 / 16.3%	444 / 18.0%	1,499 / 16.8%
\$75,000 - \$99,999	1,347 / 20.9%	272 / 11.1%	1,619 / 18.2%
\$100,000+	2,422 / 37.5%	142 / 5.8%	2,564 / 28.8%
Total	6,457 / 100%	2,461 / 100%	8,918 / 100%

Source: 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 2020, nearly 50% of all renter households living in the MiSA 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 MiSA renter households was \$35,210 in 2020.
- ▶ Most owner households had a substantially higher income level. More than 58% of all owner households had an annual income of \$75,000 or more.
- ▶ The estimated median household income for owners in 2020 was \$85,970. At 30% of income, an owner at the median level could afford approximately \$2,150 per month for housing costs.

Estimated Income and Rental Housing Costs - Fort Pierre

The American Community Survey also collected information on housing costs. The following table provides data on the number of renter households that are paying different percentages of their gross household income for housing in the City of Fort Pierre. This information is provided by age of householder.

Table 13 Gross Rent as a Percentage of Household Income - 2020		
Percentage of Household Income for Housing Costs	Number of Households	Percent of All Renters
0% to 19.9%	82	34.3%
20% to 29.9%	21	8.8%
30% to 34.9%	12	5.0%
35% or more	124	51.9%
Not Computed	0	0%
Total	239	100%

Source: American Community Survey

- ▶ Federal standards for rent subsidy programs generally identify 30% of income as the maximum household contribution. When more than 30% of income is required, this is often called a “rent burden”. When more than 35% is required, this can be considered a “severe rent burden”.
- ▶ According to the American Community Survey, nearly 57% of all renters in the City were paying 30% or more of their income for rent. The large majority of these households were actually paying 35% or more of their income for housing.
- ▶ Although a housing cost burden could be caused by either high housing costs or low household income, in Fort Pierre it was primarily due to low income levels for renters. All of the renter households with a housing cost burden had an annual household income below \$35,000. To avoid a cost burden, these lower income households would have needed a unit with a gross monthly rent of \$875 or less.

Estimated Income and Owner Housing Costs - Fort Pierre

The American Community Survey also provided housing cost estimates for owner-occupants. The following table provides estimates of households in Fort Pierre that were paying different percentages of their gross household income for housing costs.

The American Community Survey appears to have over estimated the number of owner households and only percentages have been presented.

Table 14 Ownership Costs as a Percentage of Income - 2020	
Percentage of Household Income for Housing Costs	Percent of All Owner Households
0% to 19.9%	73.6%
20% to 29.9%	19.6%
30% to 34.9%	2.8%
35% or more	4.1%
Not Computed	0%
Total	100%

Source: ACS

- ▶ It is important to note that mortgage lending practices also tend to limit the amount of monthly income that can be used for mortgage repayment to less than 30%.
- ▶ A large majority of owner-occupants, which would include households with and without a mortgage, reported paying less than 30% of their income for housing. Fewer than 7% of all home owners reported that they paid more than 30% of their income for housing. Most of these households were paying more than 35% of income for housing costs.
- ▶ As would be expected, the majority of cost-burdened home owners had a mortgage on their home. However, there were also households without a mortgage that reported a cost burden, typically caused by a lower household income.

Building Permit Reporting: Fort Pierre

The following table examines annual building permit reporting for the years from 2010 through June 2022.

Table 15 Fort Pierre Housing Unit Construction Activity: 2010 to 2022*			
Year	Single Family	Multifamily	Total Units
2022*	5	0	5
2021	12	0	12
2020	7	0	7
2019	11	0	11
2018	8	0	8
2017	12	0	12
2016	17	0	17
2015	26	0	26
2014	14	0	14
2013	17	24	41
2012	11	0	11
2011	7	0	7
2010	11	0	11
TOTAL	158	24	182

Source: City of Fort Pierre; Census Bureau; Community Partners Research, Inc.

* 2022 is through July

- ▶ Over the 13-year time period from 2010 through 2022 (partial year), there were an estimated 182 housing units constructed in Fort Pierre, based on annual permitting reports. For all types of housing this would be an annual average of 14 units per year through new construction.
- ▶ Most of the housing units were in traditional detached single family houses. While a few attached single family units, such as twin homes for owner-occupancy may have been constructed, the large majority of the City's housing starts were in detached homes.

- ▶ Only one multifamily project was constructed in Fort Pierre, when the second phase of Marion’s Garden Apartments was permitted in 2013 and completed in 2014.
- ▶ Although not yet reflected in the building permit reporting for 2022, there are two planned projects that are expected to start construction. One will create 38 units of conventional market rate rental housing in a traditional apartment building. The second project will construct a senior project offering services to residents including assisted living and memory care.

Building Permit Reporting: Hughes and Stanley Counties

In addition to the new housing construction that has occurred in Pierre and Fort Pierre, there have been a substantial number of units added in the rural portions of Hughes and Stanley Counties. The following table presents information from the Census Bureau on annual reporting for the unincorporated areas of the two Counties.

Although most of the unit construction that has occurred in the rural portions of Hughes and Stanley Counties is assumed to be for permanent residents, there may also have been some construction of seasonal/recreational use units.

Table 16 Rural Housing Unit Construction: 2010 to 2021				
Year	Single Family Detached	Single Family Attached	Multifamily/ Apartments	Total Units
2021	22	0	0	22
2020	14	0	0	14
2019	9	0	0	9
2018	10	0	0	10
2017	16	0	0	16
2016	23	0	0	23
2015	27	0	0	27
2014	19	0	0	19
2013	19	0	0	19
2012	16	0	0	16
2011	30	8	0	38
2010	13	0	0	13
TOTAL	218	8	0	226

Source: Census Bureau; Community Partners Research, Inc.

- ▶ Over the twelve-year period from 2010 to 2021, there were 226 housing units constructed in the unincorporated portions of Hughes and Stanley Counties. On an average basis, there were nearly 19 units per year.
- ▶ There were 8 attached single family units reported in 2011, but all of the other units appeared to be in detached single family homes.

2020 Census Housing Unit Data

The first housing counts released from the 2020 Census included information on occupancy and vacancy. The following table compares information from 2010 and 2020 to track changes over the decade as reported by the Census.

Table 17 Housing Units, Occupancy and Vacancy - 2020									
	Total Housing Units			Occupied Units			Vacant Units		
	2010	2020	Change	2010	2020	Change	2010	2020	Change
Ft. Pierre	959	1,006	+47	893	907	+14	66	99	+33
MiSA	9,010	9,349	+339	8,294	8,484	+190	716	865	+149

Source: U.S. Census

- ▶ According a reconciliation of decennial Census data, Fort Pierre had 47 more housing units in 2020 than were present at the time of the 2010 Census.
- ▶ On a previous page information was presented on building permit issuance which indicated that an estimated net gain of approximately 158 new housing units can be tracked through new construction records between 2010 and 2019. This unit estimate from building permits is significantly greater than the Census totals, which showed Fort Pierre adding only 47 housing units between 2010 and 2020.
- ▶ While the housing unit discrepancy may be due to counting methods used by the Census in 2020, it may instead be due to unit losses, such as demolition or removal of older units.
- ▶ Based on Census data, the entire MiSA added 87 housing units between 2010 and 2020 outside of the Cities of Pierre and Fort Pierre. The growth in the area's housing inventory would be significantly less than the number of newly built units from 2010 to 2019 within Hughes and Stanley Counties. This would imply once again that some older housing was lost over the decade.

American Community Survey Housing Data

The Census Bureau's American Community Survey includes information on various housing topics. As stated previously, the estimates are based on sampling, which can result in a margin of error within the individual data being presented.

Median Year of Construction - Owner-occupancy Housing

For owner-occupancy units an estimated median year of construction is provided. In Fort Pierre, the estimated median year of construction was 1992. Nearly 13% of the owner-occupied houses were constructed before 1960.

The single family housing stock in Fort Pierre is newer than the area average. For the two-county MiSA the estimated median year of construction was 1977.

Median Year of Construction - Renter-occupancy Housing

For renter-occupancy units in Fort Pierre, the estimated median year of construction was 1981.

For the MiSA the estimated median year built for rental units was 1981.

Existing Home Sales

This section examines houses that have been sold between 2017 and 2021 in the City of Fort Pierre. The sales information was obtained from the South Dakota Department of Revenue, which reports on sales activity in each County as collected by the Board of Equalization.

The Stanley 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 sorts the residential sales into different groupings, primarily based on whether or not the house was actively listed for sale in the open market. Only the open market sales, also referred to as qualified or good sales have been used in the analysis that follows.

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. The 5-year time period analyzed reflects sales between November 1, 2016 through October 31, 2021.

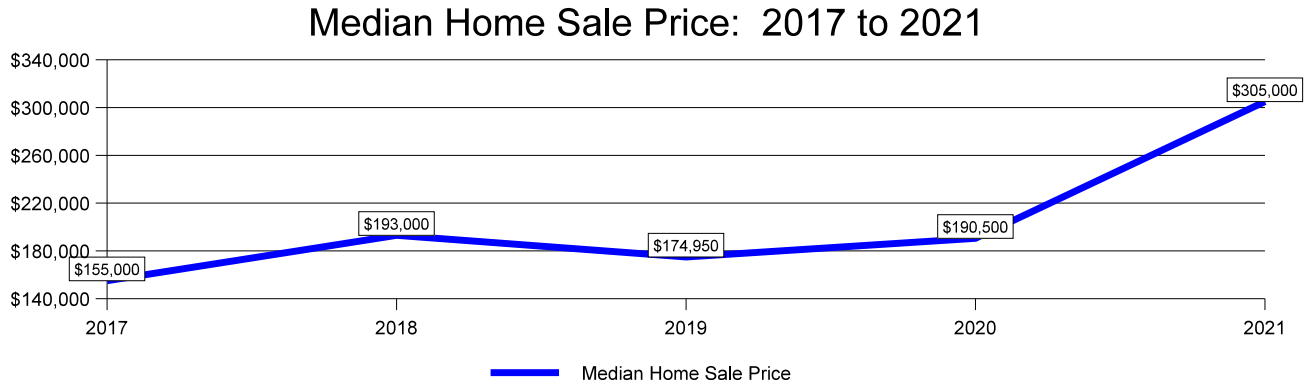
Table 18 Fort Pierre Residential Sales Activity - 2017 through 2021

Sales Year	Number of Sales	Median Sale Price	Highest Sale	Lowest Sale
2021	43	\$305,000	\$1,350,000	\$25,000
2020	36	\$190,500	\$468,750	\$32,500
2019	32	\$174,950	\$465,000	\$25,000
2018	33	\$193,000	\$574,000	\$23,000
2017	24	\$155,000	\$500,000	\$45,000

Source: SD Department of Revenue; Stanley County Equalization; Community Partners Research

- ▶ With a limited number of sales within any 12-month period, there can be year-to-year variation in the annual median home sale price in Fort Pierre. However, in the 2021 sales period the median moved to significantly higher to \$305,000, compared to \$190,500 in 2020.

- ▶ Prior to 2021, the City’s median sale price had not exceeded \$200,000. The previous recent high had been \$193,000 in 2018.



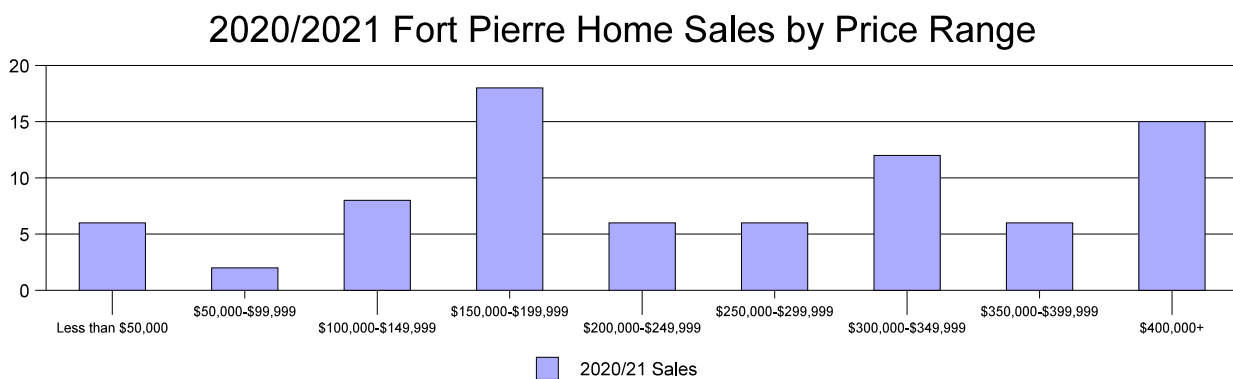
- ▶ Some lower valued sales have also occurred annually. Since 2017 at least one sale has been recorded for \$45,000 or less.
- ▶ In each of the years reviewed at least one house has sold for \$465,000 or more.
- ▶ An alternate estimate of home values exists in the American Community Survey. In 2020, the estimated median value for all owner-occupied housing in Fort Pierre was \$150,900. This estimate was much lower than the median sale price recorded in 2020 of \$190,500.

Home Sales by Price Range

The following table looks at houses that sold within defined price ranges. Due to the limited number of sales in Fort Pierre in a single year, a two-year sample has been used.

Table 19 Fort Pierre Home Sales by Price Range in 2020/21		
Sale Price	Number of Sales	Percent of Sales
Less than \$50,000	6	7.6%
\$50,000 - \$99,999	2	2.5%
\$100,000 - \$149,999	8	10.1%
\$150,000 - \$199,999	18	22.8%
\$200,000 - \$249,999	6	7.6%
\$250,000 - \$299,999	6	7.6%
\$300,000 - \$349,999	12	15.2%
\$350,000 - \$399,999	6	7.6%
\$400,000+	15	19.0%
Total	79	100%

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



- ▶ Home sales in 2021 were distributed within a wide range of prices. However, nearly 57% of all sales were for \$200,000 or more.
- ▶ Approximately 10% of all sales in Fort Pierre were for less than \$100,000.
- ▶ 19% of all sales in 2020 and 2021 were for \$400,000 or more.

Active Residential Listings

The website Realtor.com, maintained by the National Association of Realtors, was used to collect information on active residential real estate listings in Fort Pierre. On June 1, 2022, there was only one single family home that was actively listed for sale in Fort Pierre. There were two additional homes listed, but both of these were identified as “pending” sales.

The only active home listing in Fort Pierre was for \$990,000 and was a newly constructed house.

There was a manufactured home listed, although this was also a “pending” sale.

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

Residential Lots

Fort Pierre

A review of the Multiple Listing Service by a local Realtor identified the following inventory of vacant residential lots in Fort Pierre in June 2022:

- ▶ Three single family lots priced at \$40,000 or less
- ▶ 26 lots with canal/river access with 25 priced at \$120,000 or more
- ▶ One multifamily lot priced at \$30,000

There were a number of additional listed parcels that appeared to be located outside of the city limits of Pierre and Fort Pierre. These were larger lots primarily located in Hughes County.

Pierre

Based on information supplied by the Pierre Planning Department, there are single family lots that are still vacant in a number of different subdivisions in Pierre. However, in many cases, the remaining lot inventory is small. In 2022, there were only four different development areas that had a vacant lot inventory of five or more undeveloped lots. There was one additional subdivision that had a supply of lots for town house construction.

In total, the subdivisions listed above have an estimated 45 lots for single family construction and 31 lots for attached single family units. Two subdivisions are identified as having multifamily lots.

Some of the City's active subdivisions represent recent phases of development in larger areas. Additional future phases of development may also be planned.

Housing Condition

Community Partners Research, Inc. representatives updated a visual 'windshield' survey of single family/duplex houses in four of the oldest neighborhoods in Fort Pierre. The neighborhood boundaries had been selected in 2012 with input from staff from the City and the Development Corporation. The neighborhoods are as follows:

Neighborhood #1 - 2nd Avenue on the north; Bad River on the south; 2nd Street on the east; and 7th Street on the west

Neighborhood #2 - Park Street on the north; Tim Street on the south; 1st Street on the east; and 2nd Street on the west

Neighborhood #3 - Ash Avenue on the north; Casey Tibbs Street on the south; Wandel Street on the east; and 1st Street on the west

Neighborhood #4 - 4th Avenue on the north; Main Avenue on the south; Missouri River on the east; and Deadwood Street on the west

Houses that appeared to contain three or more residential units were excluded from the survey. Neighborhood #1 contained a mix of single family homes and mobile homes, which were rated and reported separately.

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

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

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

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

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

Table 20 Windshield Survey Condition Estimate - 2022

	Sound	Minor Repair	Major Repair	Dilapidated	Total
#1 Single family	52 (39.7%)	48 (36.6%)	21 (16.0%)	10 (7.7%)	131
#1 Mobile homes	4 (21.0%)	6 (31.6%)	6 (31.6%)	3 (15.8%)	19
#2	7 (30.4%)	9 (39.2%)	7 (30.4%)	0 (0%)	23
#3	12 (29.3%)	19 (46.3%)	10 (24.4%)	0 (0%)	41
#4	9 (36.0%)	10 (40.0%)	5 (20.0%)	1 (4.0%)	25
Total	84 (35.2%)	92 (38.5%)	49 (20.5%)	14 (5.8%)	239

Source: Community Partners Research, Inc.

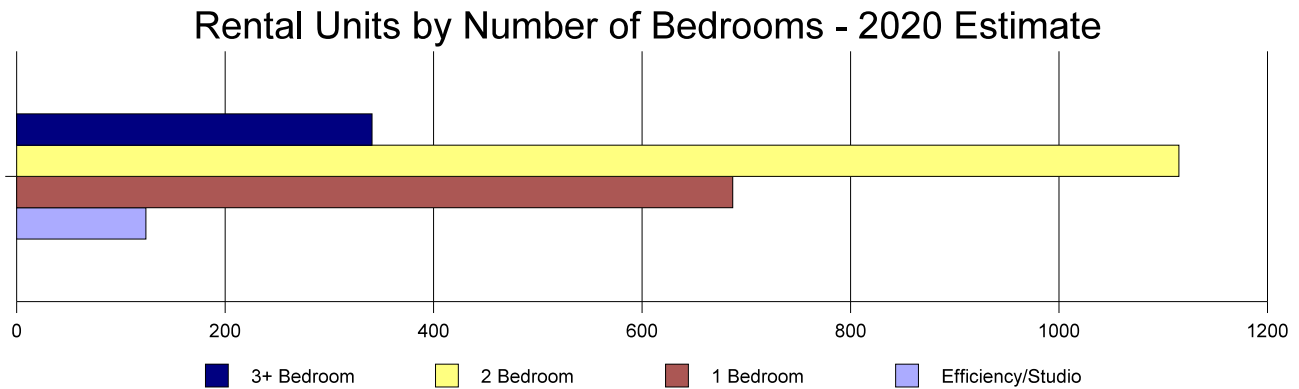
- ▶ The visual condition survey found that most of the neighborhoods were in good to fair condition. In each neighborhood, a majority of the structures were rated as needing some level of repair, although this included the Minor Repair category.
- ▶ In each of the neighborhoods, more than 23% of all structures were in one of the two lowest condition categories.
- ▶ There were 11 single family houses and 3 mobile homes in these neighborhoods that were rated as Dilapidated, and possibly beyond repair. Dilapidated structures may be suitable for demolition and clearance. The total number of Dilapidated structures was nearly unchanged from 2022.
- ▶ Although the changes between the 2012 and 2022 surveys were generally very minor, there was some increase in the in the number of houses rated as Sound, the highest rating given. There was also some increase in the Minor Repair total, as the Major Repair category had a decrease in the number of houses.

American Community Survey Rental Inventory Data

The 2020 American Community Survey provides estimates on rental units. In the following tables, the estimates for Pierre and Fort Pierre have been combined.

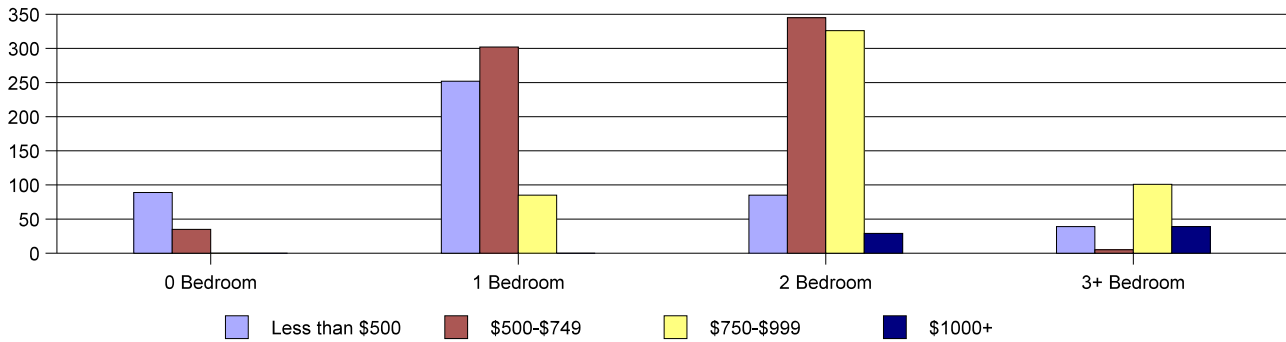
Table 21 Pierre/Fort Pierre Rental Distribution by Bedrooms and Rent						
Unit Size	Rent less than \$500	Rent \$500 to \$749	Rent \$750 to \$999	Rent \$1,000+	No cash rent	Total Units
Efficiency/Studio	89	35	0	0	0	124
1 Bedroom	252	302	85	48	0	687
2 Bedroom	85	345	326	330	29	1,115
3+ Bedroom	39	5	101	157	39	341
Total	465	687	512	535	68	2,267

Source: American Community Survey



According to the American Community Survey, two-bedroom rental units represented more than 49% of all rental options in the two Cities, and one-bedroom units represented more than 30%. Larger units, with three or more bedrooms accounted for approximately 15% of all rental housing, and efficiency/studio type units represented approximately 5.5% of the rental stock.

Gross Rent Distribution by Bedroom Size - 2020



The American Community Survey also provided an estimate of the median gross rents by City:

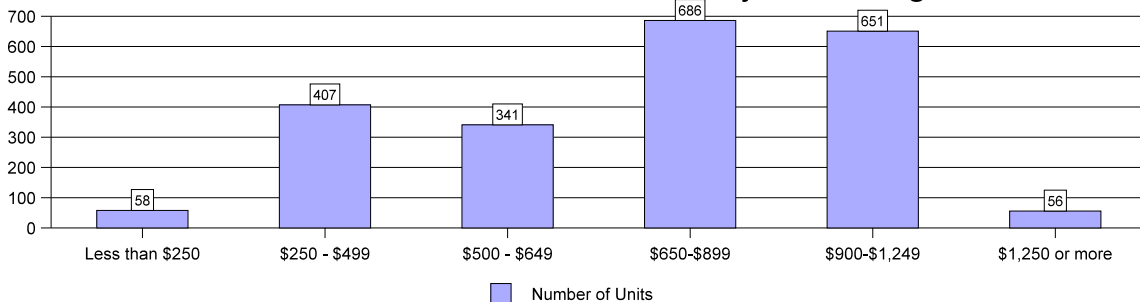
- ▶ \$732 median gross rent for all units in Pierre
- ▶ \$819 median gross rent for all units in Fort Pierre

- ▶ \$348 for studio/efficiency units in Pierre
- ▶ \$608 for one-bedrooms in Pierre
- ▶ \$783 for two-bedrooms in Pierre
- ▶ \$1,035 for three-bedrooms in Pierre

The estimated median rent levels in 2020 were generally in a moderate range, especially for units with two or fewer bedrooms. Rents increased substantially for larger units offering three or more bedrooms.

The median rents and rent distribution tables from the American Community Survey also do not differentiate between different segments of the market. Since all types of renter households should be surveyed, the rent distribution should include subsidized units, tax credit units, and possibly some specialized senior housing. However, the vast majority of units in Pierre and Fort Pierre would represent conventional, market rate housing.

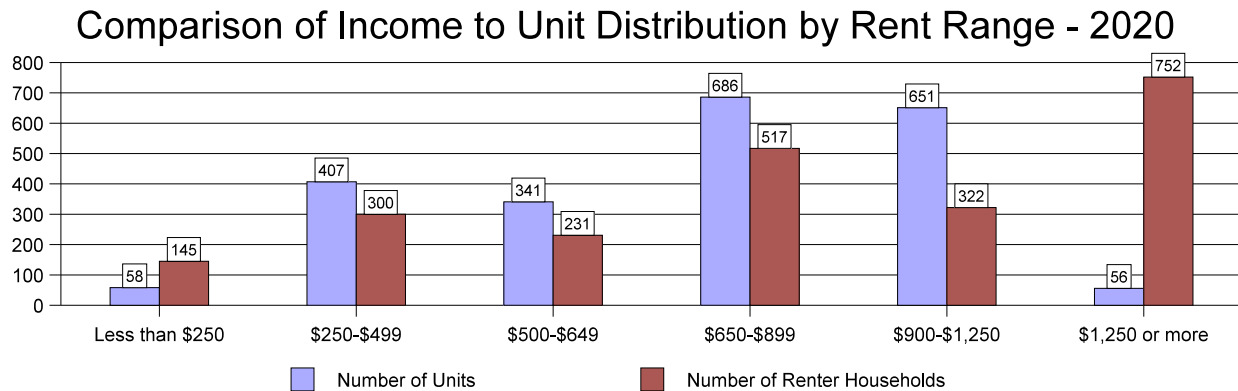
Pierre/Fort Pierre Rental Unit Distribution by Rent Range - 2020



The information on gross monthly rent by the number of bedrooms used fairly broad ranges for reporting rents. The American Community Survey also presents information on gross rents within more defined ranges, but this information is not distributed by bedroom mix.

Using the overall distribution of gross monthly rents and renter households by income, it is possible to compare rents and income. The following chart displays the overall rent distribution within defined price ranges as estimated for all rental units in Pierre and Fort Pierre.

This information is then compared to the number of renter households that would need a unit within this same basic price range, using a standard that 30% of income can be applied to housing costs.



Comparing supply and demand, based on the price needed versus unit distribution, shows some interesting trends.

Although the number of very low income households needing a unit priced at \$250 or less greatly exceeded the supply of units, this pattern was reversed in the next lowest price range. Overall, the supply of rental units priced at \$500 or less was very similar to the number of renter households with an annual income of \$20,000 or less.

In the \$500 to \$649 price range than there were more units than households within these basic income ranges. This same distribution pattern was also present in the rent range between \$650 and \$899 per month. The overall median gross rent level in Pierre in 2020 was \$732 per month, and a large number of rental options in the area exist within the \$500 to \$899 price ranges.

In the rent range between \$900 and \$1,249 per month the unit supply was greater than the number of households in this income range. The conventional rental market has been able to produce new units in this basic price range in recent decades. Higher income households that rent a less expensive unit would potentially elect to rent a unit in this price range.

In the higher price range of \$1,250 or more, the total supply of units was significantly smaller than the number of renter households with moderate to higher incomes of \$50,000 or more.

Overall, the American Community Survey estimates showed that more than 33% of all renter households in Pierre/Fort Pierre in 2020 had an annual income of \$50,000 or more, but fewer than 3% of all rental units were priced at \$1,250 or more for gross rent.

Rental Housing Data

Census Bureau Rental Inventory

The occupancy tenure distribution data from the 2020 Census will not be released until 2023.

At the time of the 2010 U.S. Census, there were 213 occupied rental units, and at least 14 unoccupied rental units in Fort Pierre, for a total estimated rental inventory of approximately 227 units. The City's rental tenure rate, was only 23.9%, based on renter-occupancy households, well below the Statewide rate in 2010 of 31.9% rental.

The American Community Survey for 2020 contained a tenure estimate. According to this source there were 239 occupied rental units and no unoccupied units. If accurate, the City had added 26 renter-occupancy households but only 12 rental units between 2010 and 2020. All of the rental units that were reported as vacant in 2010 were occupied by 2020.

Although the American Community Survey is an estimate with a margin of error, it does appear to be relatively accurate for Fort Pierre. After the 2010 Census, there were 24 new rental units constructed. With the probability that some older rental housing may have been lost over the decade, the addition of 26 renter-occupancy households and a decrease in vacant units would generally be consistent with identifiable changes within this housing segment.

Estimated Rental Tenure Rate 2022

Although the American Community Survey estimate for rental housing appears to be reasonably accurate, the estimates for owner-occupancy appear to over count the number of home owners in the community. According to this source, the rental tenure rate in Fort Pierre had decreased to 19.5% in 2020. In the opinion of Community Partners Research, the tenure rate in Fort Pierre is probably very similar to the level of 23.9% that existed in 2010.

Recent Rental Construction/Demolition

In the section of this document that examines building permit trends, information was provided on rental housing development since the year 2010. The only identified multifamily project that has been constructed since 2010 in Fort Pierre is the second phase of Marion's Gardens, with 24 conventional market rate units.

Pending Rental Projects

The research in 2022 identified the following proposed/pending rental housing projects in Fort Pierre and Pierre:

- ▶ A continuum of care senior project will begin construction in 2022 in Fort Pierre that will include 19 units of housing with light services for more independent seniors, 31 units for assisted living and 13 rooms for memory care.
- ▶ A 38-unit conventional market rate apartment project is proposed for construction in 2023 in Fort Pierre.
- ▶ A 60-unit conventional market rate apartment project is planned for construction in 2023 in downtown Pierre. This would be part of a mixed-use development, including a hotel and commercial space. As planned, the apartments would serve both the luxury rental segment and the work force segment.

Rental Housing Survey

As part of this housing study, a telephone survey was conducted of multifamily projects in the City of Pierre and Fort Pierre, since these two cities form a unified market for rental housing. The survey was primarily conducted during the month of April 2022, with some additional contacts made in May. Multiple attempts were made to contact each building.

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

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

While completely independent senior housing is included in this section of the Update, a later section of this document contains the information on the senior units that also provide some level of services.

There were 1,226 rental housing units of all types that were contacted in the survey. This total would probably represent between 45% and 50% of the Pierre/Fort Pierre estimated total inventory of rental housing units. The units that were successfully contacted include:

- ▶ 786 conventional, market rate units
- ▶ 0 tax credit/moderate rent units (other tax credit units included in subsidized summary)
- ▶ 135 subsidized units oriented to senior/disabled occupancy
- ▶ 194 subsidized units for general occupancy
- ▶ 111 apartment-style specialized senior living units (detailed in following section)

The findings of the survey for independent living units are provided below. The findings of the survey for senior housing with services units are presented in the next section of this Study.

Market Rate Summary

Usable information was obtained from 25 different market rate rental projects in Pierre and Fort Pierre. Combined, these projects had 786 conventional rental units. All of the units in the survey were multifamily buildings with eight or more units.

Unit Mix

The following breakdown is based on the information obtained from 786 units:

- ▶ Efficiency/Studio - 137 units (17.4% of all units surveyed)
- ▶ One-bedroom - 208 units (26.5%)
- ▶ One-bedroom+den - 9 units (1.1%)
- ▶ Two-bedroom - 378 units (48.1%)
- ▶ Three-bedroom - 42 units (5.3%)
- ▶ Four-bedroom - 12 units (1.5%)

Pierre has a relatively large number of efficiency/studio rental units. This is largely due to hotels/motels that use some of their rooms for longer-term rentals. This may be for time periods as short as a week, to as long as many months. In some cases, the number of longer-term rentals is dependent upon the time of year. These room rentals may be a desirable choice for construction workers temporarily located in the area, interns and people at the State Capitol for a limited term, or students locating in the community for a short period of time.

Occupancy / Vacancy

Within the market rate multifamily segment there were very few vacant units reported. The estimated vacancy rate was approximately 1.5%. All of the vacant units were two-bedroom rentals.

Some of the units that were vacant at the time of the survey were reported as recent turnovers that had not yet been leased. But good demand was also reported.

It should be noted that both Pierre and Fort Pierre also have a large number of units in small rental properties, including rental houses. No specific occupancy information was collected from this segment of the rental market.

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 has attempted to estimate the gross rents being charged, inclusive of an estimate for tenant-paid utilities.

In the first column, the lowest and highest gross rents have been identified, as reported in the telephone survey. Since the highest and lowest ends of the rent range may not be representative of most units, a prevailing rent column has also been listed that attempts to define the gross rents being charged by a majority of the units surveyed.

<u>Unit Type</u>	<u>Lowest/Highest Gross Rents</u>	<u>Prevailing Rents Majority of Units</u>
Efficiency/Studio	\$425-\$900	\$425-\$700
One-bedroom	\$550-\$1025	\$650-\$950
Two-bedroom	\$670-\$1550	\$775-\$1175
Three-bedroom	\$875-\$1450	\$1000-\$1450

Certain types of units, such as one-bedroom with den units and four-bedroom rentals, were not well represented in the multifamily sample, and have not been presented in the summary above.

Tax Credit Summary

Since the late 1980s, the primary federal incentive program for the production of affordable rental housing has been through federal low income housing tax credits, also referred to as Section 42 housing. In South Dakota, tax credits are awarded annually on a competitive basis.

Since the program began there have been ten rental projects that have received a tax credit award. Eight of these awards were used for new construction of affordable housing. The remaining two awards were made for preservation/rehabilitation of existing rental housing.

New Construction Tax Credit Awards

The new construction projects are listed below, along with the year of the tax credit award. Most of the new construction awards were given to projects that had also received USDA Rural Development subsidies.

- ▶ Willow Creek Apartments - 1987 (USDA Rural Development)
- ▶ Arbordale Apartments (formerly Birchwood) - 1988 (USDA Rural Development)
- ▶ Oahe Apartments - 1989 (housing for people with developmental disabilities)
- ▶ West Dakota Apartments - 1991
- ▶ Spruce Apartments - 1991 (USDA Rural Development)
- ▶ Lincoln Apartments I - 1992 (USDA Rural Development)
- ▶ Elm Creek - 1993 (USDA Rural Development)
- ▶ Lincoln Apartments II - 1998 (USDA Rural Development)

There were only two new construction projects that did not receive additional subsidies through USDA Rural Development.

West Dakota Apartments completed its 15-year compliance requirement and now operates as conventional market rate housing.

Oahe Apartments was constructed to provide housing for people with developmental disabilities and has also completed its 15-year compliance requirement, although it continues to serve a targeted population.

Preservation/Rehabilitation Tax Credit Awards

The two awards made to existing rental projects for preservation/renovation were:

- ▶ Arbordale Apartments - 2006
- ▶ Denali Ridge - 2018

Arbordale (originally Birchwood) was also a new construction tax credit award, with a second allocation used for renovation and preservation of affordable housing.

Completion of Affordable Requirements

Most of the tax credit awards made in the 1980s or 1990s had a 15-year requirement to provide affordable housing. Later awards also had the initial 15-year requirement, which was then followed by an extended compliance period, often set at 15 years.

Willow Creek, which is now known as Ten 11 on Garfield, has completed both the tax credit requirements and its USDA Rural Development contract requirements and now operates as conventional market rate housing.

Four of the projects that used both tax credits and USDA Rural Development subsidy programs have also completed their tax credit obligations, although they continue to operate as subsidized housing. These projects include Elm Creek, Spruce, Lincoln I and Lincoln II.

Oahe Apartments has also completed its tax credit requirements, but continues to serve its targeted population group.

Projects Still Under Affordable Requirements

Only two of the tax credit projects in Pierre are still under the tax credit regulations. Arbordale and Denali are existing rental projects that both received preservation/renovation awards and still are required to comply with tax credit regulations. Both of these also operate under USDA Rural Development and are grouped with other subsidized projects that are analyzed later in this section.

There are no active moderate rent tax credit projects in Pierre or Fort Pierre that do not also have federal subsidy assistance.

Subsidized Summary

The research completed for this Study identified 11 subsidized projects in Fort Pierre and Pierre that provide rental opportunities for lower income general occupancy or senior/disabled households.

- ▶ Americana Apartments - HUD Section 8
- ▶ Arbordale Apartments and Townhomes - USDA Rural Development
- ▶ Denali Ridge Apartments - USDA Rural Development
- ▶ Elm Creek Apartments - USDA Rural Development
- ▶ Lincoln Apartments I - USDA Rural Development
- ▶ Lincoln Apartments II - USDA Rural Development
- ▶ Midtown Apartments - HUD Public Housing
- ▶ Missouri View Apartments - HUD Section 8
- ▶ Old West Elderly - HUD Section 8
- ▶ Public Housing Scattered Site - HUD Public Housing
- ▶ Spruce Apartments - USDA Rural Development

There are two additional subsidized projects in Pierre, Betty's Place and Bridgeway Apartments, that serve populations with special housing needs. Units are filled through referrals from the applicable service provider. Since these units are not available to the general rental market, they have not been included in the subsidized analysis that follows.

Senior/Disabled Occupancy Housing

Five of the subsidized projects listed above are designated for senior and/or disabled tenant occupancy. Midtown Apartments offers general occupancy housing but has an admission's preference for senior/disabled tenants. These projects are:

- ▶ Lincoln Apartments I - 25 units
- ▶ Lincoln Apartments II - 31 units
- ▶ Midtown Apartments - 30 units
- ▶ Missouri View Apartments (senior building) - 39 units
- ▶ Old West Elderly Apartments - 10 units

These senior/disabled-oriented projects have a combined total of 135 units.

General Occupancy Housing

The remaining subsidized projects offer general occupancy housing that is available to income qualified tenants of any age. The general occupancy projects are:

- ▶ Americana Apartments - 42 units
- ▶ Arbordale Apartments and Townhomes - 24 units
- ▶ Denali Ridge - 40 units
- ▶ Elm Creek - 24 units
- ▶ Missouri View Apartments and Townhomes (general occupancy) - 20 units
- ▶ Public Housing Scattered Site - 20 units
- ▶ Spruce Apartments - 24 units

The subsidized projects that are designated as general occupancy housing have a combined 194 total units.

Bedroom Mix - Senior/Disabled

There are 135 total units in subsidized projects that are oriented to senior/disabled tenant occupancy. They have the following unit distribution by bedrooms:

- ▶ One bedroom - 131 units (97.0%)
- ▶ Two bedroom - 4 units (3.0)

Subsidized projects that primarily serve senior and/or disabled tenants have a large percentage of one-bedroom apartments.

Bedroom Mix - General Occupancy

There are 194 total units in subsidized projects designated as general occupancy housing. They have the following unit distribution by bedrooms:

- ▶ Efficiency - 18 units (9.3%)
- ▶ One bedroom - 39 units (20.1)
- ▶ Two bedroom - 93 units (47.9%)
- ▶ Three bedroom - 38 units (19.6%)
- ▶ Four bedroom - 6 units (3.1%)

Subsidized projects for general occupancy were generally designed for families, and more than 70% of the units have two or more bedrooms.

Rental Rates

Nearly all of the City's subsidized units have access to project-based rent assistance. This assistance allows tenants to pay rent based on 30% of household income. It is possible that some USDA Rural Development projects may not have rent assistance for all units, and instead a minimum basic rent would then be charged. While the basic rent would be relatively affordable, it may potentially exceed 30% of income for the individual tenant.

Occupancy/Vacancy - Senior/Disabled Occupancy

In general, occupancy rates were high in projects oriented to senior/disabled tenant occupancy. At the time of the rental survey, the estimated vacancy rate within this housing segment was between 2% and 2.5%.

Some of the reported vacancies were linked to the Covid pandemic, which had impacted past occupancy and resulted in depleted waiting lists. However, most projects did report that waiting lists did exist for occupancy.

Occupancy/Vacancy - General Occupancy

In general, occupancy rates were very high in projects designated as general occupancy housing. At the time of the rental survey, the estimated vacancy rate within this housing segment was less than 1%. Most projects did report that waiting lists did exist for occupancy.

Subsidized Housing Losses

Most of the subsidized housing projects in Pierre and Fort Pierre were constructed in the 1970s and 1980s when the federal government was actively involved in affordable housing development. While some projects are owned by public agencies or nonprofit organizations, many are owned by private developers. Subsidized projects had contractual requirements to provide affordable housing for a specified time, and many were allowed to end their subsidy agreement and convert to conventional market rate housing after term completion.

As tracked by this Update and the previous Housing Study in 2012, Pierre and Fort Pierre has seen many subsidized units convert to market rate housing over time. The specific projects that have been identified include:

- ▶ Estes Building - 12 units
- ▶ 10 Eleven on Garfield (formerly Willow Creek) - 30 units
- ▶ Harrison Apartments - 23 units
- ▶ Old West Family - 12 units
- ▶ Riverview Apartments (formerly Pierre Senior Citizens) - 26 units

In total, there have been at least 103 formerly subsidized units that have been converted to conventional market rate housing since 2010. In most cases, some type of impact mitigation would have been provided, generally in the form of rent assistance Vouchers being provided to eligible tenants at the time of conversion. However, the local Voucher Program has not been expanded by 103 households over this time period, so some loss of deep subsidy resources has occurred.

Tenant-Based Rent Assistance Vouchers

In addition to the subsidized projects, Pierre and Fort Pierre have approximately 145 households being assisted with HUD Housing Choice Vouchers (formerly Section 8 Existing Program). The service area for the rent assistance program includes Pierre and Fort Pierre.

Housing Choice Voucher assistance is issued to income-eligible households for use in suitable, private market rental housing units. With the assistance, a household pays approximately 30% of their income for their rent, with the program subsidy paying any additional rent amounts. The rent assistance is administered by the Pierre Housing and Redevelopment Commission (HRC).

Since this rent assistance is tenant-based, and moves with the household, the actual number of participating households within each City can vary from month to month. It is possible that some of these households may be using their rent assistance in one of the tax credit or subsidized projects, if that project does not have project-based rent assistance available for all tenants. In April 2022, there were 139 Vouchers in use in Pierre and six Vouchers being used in Fort Pierre.

While most of the Vouchers in the program can serve income-eligible renter households, some Vouchers are also designated to serve specific populations. Included in the 145 households are 17 that qualified under a special program for emergency assistance for people that are homeless.

The waiting list for the program had 73 names in April 2022. The large majority of these households have a current address in South Dakota, but some may be from outside the State.

The Program tends to have limited turnover, and any household issued a Voucher can have difficulty finding and securing a suitable unit in the area due to the low vacancy rate.

Table 22 Pierre/Fort Pierre Multifamily Rental Housing Inventory

Name	Number of Units /Bedroom Mix	Rent	Vacancy/ Wait List	Tenant Mix	Comments
Market Rate					
Boardwalk Apartments 330 N Euclid	<u>8 - 2 Bedroom</u> 8 Total Units	\$850 +utilities	No vacant units	Mix of tenants	Two-level building probably constructed in the 1970s. Rent includes garbage with tenant paying remaining utilities. Amenities include dishwasher and patio/deck. All units have 1 bathroom. Manager reported full occupancy and good demand.
Capitol Bell 721-725 E Wells	18 - Studio 24 - Efficiency 24 - 1 Bedroom <u>24 - 2 Bedroom</u> 90 Total Units	\$350-\$375 \$475-\$500 \$575-\$600 \$675-\$1085 +heat, electric, sewer	Some vacancies exist in all unit sizes	Mix of tenants, including State legislators and interns	Two 3-level apartment buildings with 45 units each, that are connected by a walkway, constructed in the late 1950s. Amenities include elevator and garage parking for extra fee. Most units pay heat, electric and sewer in addition to rent, but studio rents include utilities. Studios have 202 to 280 sq ft, efficiencies have 364 sq ft, 1-bedrooms have 1 bathroom and 624 sq ft, 2-bedrooms have 1 bathroom and 700 to 860 sq ft. Three-bedrooms can be created by renting a 2-bedroom and adjoining studio unit for \$1085. Some vacancies reported including at least 1 of every unit size, but this was partly due to end of pandemic aid programs that has resulted in some turnover - but good demand exists and units should fill quickly. Some tenants are shorter-term including Capitol interns or legislators.
Colonial Manor 633 N Highland	2 - 1 Bedroom <u>10 - 2 Bedroom</u> 12 Total Units	N/A +electric, heat, sewer	N/A	N/A	Unable to contact in 2022 - information presented is from prior survey. Three-level apartment building constructed in the mid-1970s. Tenants pay heat, electric and sewer in addition to rent. Amenities include coin laundry.

Table 22 Pierre/Fort Pierre Multifamily Rental Housing Inventory					
Name	Number of Units /Bedroom Mix	Rent	Vacancy/ Wait List	Tenant Mix	Comments
Market Rate					
Country View Estates 2413 Stanton	2 - 1 Bedroom 12 - 2 Bedroom <u>2 - 3 Bedroom</u> 16 Total Units	\$950 \$1260 \$1300 +heat, electric and water	No vacant units	Mix of tenants	Two-level apartment building constructed in 2009. Tenants pay electric heat, electricity and water in addition to rent. Amenities include garage, dishwasher, microwave, in-unit laundry, covered patio and 2 bathrooms in larger units. One-bedroom units have 850 sq ft; 2-bedrooms have 1050 sq ft; and 3-bedrooms have 1250 sq ft. Manager reported full occupancy and strong demand for these units with a broad mix of tenants.
Edgewater Apartments 1400 Edgewater Dr	12 - 1 Bedroom 7 - 2 Bedroom <u>5 - 3 Bedroom</u> 24 Total Units	\$650 \$750 \$900 +heat, electric	No vacant units	Mix of tenants	Three-level apartment building constructed in 1979. A second building with 38 units was lost to fire in 2021 and not rebuilt. Amenities include garage and central AC. Tenants pay electric heat, electricity and sewer in addition to rent. One-bedrooms have 600 sq ft, 2-bedrooms have 768 to 881 sq ft, and 3-bedrooms have 1144 sq ft. Manager reported no vacant units and good demand.
El Casa Apartments 2401 E Humboldt	12 - 1 Bedroom <u>12 - 2 Bedroom</u> 24 Total Units	\$470 \$570 +heat, electric, sewer	1 vacant unit, 1 - 2 Bdrm	Mostly younger tenants	Three-level apartment buildings constructed in the late 1970s. Amenities include garage, dishwasher, in-unit laundry and decks for upper floors. Tenants pay heat, electric and sewer in addition to rent. One-bedrooms have 1 bathroom and 528 to 600 sq ft, 2-bedrooms have 1 bathroom and 787 sq ft. Many tenants are younger, based on location near Eagle Creek. One unit vacant at time of survey.

Table 22 Pierre/Fort Pierre Multifamily Rental Housing Inventory

Name	Number of Units /Bedroom Mix	Rent	Vacancy/ Wait List	Tenant Mix	Comments
Market Rate					
<p>Estes Building 102 E Prospect</p>	<p><u>12 - 1 Bedroom</u> 12 Total Units</p>	<p>\$590 +heat, electric, sewer</p>	<p>No vacant units</p>	<p>General occupancy</p>	<p>Originally a USDA Rural Development subsidized building that was converted to market rate housing in 2011 - 1 tenant still remains from subsidized project. Two-level apartment building constructed in the 1970s. Rent includes garbage, with tenants paying other utilities. All units have 1 bathroom and 576 sq ft. Manager reported no vacancies and good demand.</p>
<p>Harrison Apartments 1615 E Dakota</p>	<p>15 - 2 Bedroom <u>8 - 3 Bedroom</u> 23 Total Units</p>	<p>\$725 \$880 +heat, electric</p>	<p>2 units in the process of being filled, short waiting list</p>	<p>General occupancy</p>	<p>Formerly a SDHDA/HUD Section 8 subsidized project for general occupancy but contract ended in 2020 and converted to market rate housing. Eligible tenants were given Vouchers at conversion but only 1 remains in occupancy. Two-level apartment buildings constructed in 1982. Rent includes water, sewer and garbage with tenant paying heat and electric. Amenities include coin laundry, window AC, off-street parking, patio/balcony. Two-bedrooms have 1 bathroom and 864 sq ft and 3-bedrooms have 1 bathroom and 1008 sq ft. Manager reported full occupancy and good demand.</p>
<p>Highlands Ridge Apartments 2412 E Fourth St</p>	<p>1 - Efficiency 3 - 1 Bdrm ADA 38 - 1 Bedroom 1 - 1 Bdrm+den ADA 8 - 1 Bdrm+den <u>7 - 2 Bedroom</u> 58 total units</p>	<p>\$830 \$915 \$935 \$915 \$970 \$1060-\$1085 +utilities</p>	<p>No vacant units</p>	<p>Mix of tenants</p>	<p>Multistory apartment building with elevator constructed in 2013. Tenants pay utilities in addition to rent except for efficiency unit. Unit amenities include dishwasher, microwave, patio/deck, AC and in-unit laundry hookup. Project amenities include community room and heated garage available. One-bedrooms have 573 sq ft and 1 bathroom; 1-bedroom+dens have 753-773 sq ft and 1 bathroom; 2-bedrooms have 776-833 sq ft and 2 bathrooms. Manager reported full occupancy and good demand.</p>

Table 22 Pierre/Fort Pierre Multifamily Rental Housing Inventory

Name	Number of Units /Bedroom Mix	Rent	Vacancy/ Wait List	Tenant Mix	Comments
Market Rate					
Marion’s Garden Apartments I 162 and 174 S Kerrols 103 Caol-Ila Ct Ft. Pierre	<u>36 - 2 Bedroom</u> 36 Total Units	\$760-\$900 +utilities	10 vacant units between phases 1 and 2	Mix of tenants including seniors	First phase of project with three 3-level buildings constructed in 1993 - 2 buildings have elevators. Tenants pay all utilities in addition to rent. Amenities include garage, AC, dishwasher, in-unit laundry hookup, and access to boat dock. Some units have cathedral ceilings, fireplace and 2 decks and are at higher end of rent range. All units have 1 bathroom and range from 960 to 1000 sq ft. Mix of tenants including seniors. Ten vacant units in complex, due to recent turnover. Project had filled during Covid but now some tenants are moving.
Marion’s Garden Apartments II 162 and 174 S Kerrols 103 Caol-Ila Ct Ft. Pierre	<u>24 - 2 Bedroom</u> 24 vacant units	\$1000-\$1200 +utilities	10 vacant units between phases 1 and 2	Mix of tenants including seniors	Second phase of project constructed in 2014. Tenants pay all utilities in addition to rent. Amenities include garage, AC, dishwasher, microwave, in-unit laundry hookup, large covered deck and access to boat dock. Units have 1100 sq ft. Mix of tenants including seniors. Ten vacant units in complex, due to recent turnover. Project had vacancies before Covid but then filled during pandemic, but now some tenants are moving.
Old West Family Apartments 311 N Deadwood Fort Pierre	10 - 2 Bedroom <u>2 - 3 Bedroom</u> 12 Total Units	\$750 \$925 +heat, electric	No vacant units	Mix of tenants	Formerly a SDHDA/Section 8 New Construction subsidized project for general occupancy, but contract ended in 2020 and was converted to market rate housing. Eligible tenants were given Vouchers at conversion but all have since moved. Project was constructed in early 1980s. Rent includes water, sewer and garbage with tenant paying heat and electric. Amenities include coin laundry, AC and controlled access. Two-bedrooms have 1 bathroom and 665 sq ft, and 3-bedrooms have 1 bathroom and 915 sq ft. Manager reported full occupancy and good demand.

Table 22 Pierre/Fort Pierre Multifamily Rental Housing Inventory

Name	Number of Units /Bedroom Mix	Rent	Vacancy/ Wait List	Tenant Mix	Comments
Market Rate					
Pierre Chateau Apartments 118 E Prospect	<u>20 - 2 Bedroom</u> 20 Total Units	\$620 +electric, sewer	No vacant units	Mix of tenants	Four-level apartment building constructed in the early 1970s with some tuck under garage parking on the lowest level. Units were remodeled in 2011. Rent includes heat, hot water and garbage, with tenant paying electric and sewer. Amenities include garage for extra fee, coin laundry on each floor and secured entrance. All units have 1 bathroom and 787 sq ft. Manager reported no vacant units and good demand.
Prairie Vista Apartments 1702 Abbey Rd	<u>23 - 1 Bedroom</u> <u>58 - 2 Bedroom</u> 81 Total Units	\$880 \$988 +utilities	No vacant units	Mix of tenants with many younger households	Three-level luxury apartment building with elevator constructed in 2015. Rent includes garbage with tenant paying remaining utilities. Unit amenities include granite countertop, dishwasher, central AC, in-unit laundry, patio/balcony and garage parking for additional fee. Project amenities include club house/community room, fitness center and theater. Two units are accessible. One-bedrooms have 650 sq ft and 1 bathroom; 2-bedrooms have 935 to 1010 sq ft and 2 bathrooms. Manager reported full occupancy and frequent calls. Most tenants are young professionals but also some seniors.
Riverview Apartments 710 W Dakota	<u>22 - Efficiency</u> <u>17 - 1 Bedroom</u> 39 Total Units	\$665 \$699	No vacant units	Mix of tenants	Originally constructed in 1972 as a HUD subsidized project for senior and/or disabled tenant occupancy but in 2012 the HUD contract was terminated. Rent includes all utilities. One-bedrooms have 416 sq ft and 1 bathroom. Manager reported full occupancy and good demand. Mix of tenants reported.

Table 22 Pierre/Fort Pierre Multifamily Rental Housing Inventory					
Name	Number of Units /Bedroom Mix	Rent	Vacancy/ Wait List	Tenant Mix	Comments
Market Rate					
Regency Apartments I and II 202, 212 W Prospect	<u>12 - 2 Bedroom</u> 12 Total Units	\$720 +heat, electric, sewer	No vacant units	Mix of tenants	One 8-unit and one 4-unit 2-level apartment buildings constructed in 1976. Rent includes water and garbage, but tenants pay heat, electric and sewer in addition to rent. Amenities include garage for extra \$60/month, dishwasher and in-unit laundry. Units have 1 bathroom and 966 to 1040 sq ft. Manager reported no vacancies and good demand.
RiverSet Apartments 124 W Missouri	5 - 1 Bedroom <u>3 - 2 Bedroom</u> 8 Total Units	\$750 \$875 +heat, electric	No vacant units	Primarily single tenants	Two-story apartment building constructed in 1988. Rent includes water, sewer and garbage with tenant paying heat and electric. Amenities include deck/patio, coin laundry and location near River. Manager reported that all tenants are singles. No vacancies at time of survey and good demand.
Riverview Village Condominiums 2500 E Capitol	12 - 2 Bedroom 24 - 3 Bedroom <u>12 - 4 Bedroom</u> 48 Total Units	\$800 \$900 \$975 +heat, electric, sewer/water	No vacant units, waiting list	Mix of tenants	Town house rental units constructed in 1973. Rent includes water and garbage, with tenants paying remaining utilities. Units are 3-level, with detached garage and in-unit laundry. Two-bedroom units have 1 bathroom and 864 sq ft; 3-bedroom units have 1 bathroom and 1080 sq ft, 4 bedroom units have 1.5 bathrooms and 1320 sq ft. Mix of tenants reported. Manager reported no vacancies and good demand - a waiting list is kept.
Royal D and H 803 E Broadway	2 - Efficiency 10 - 1 Bedroom <u>24 - 2 Bedroom</u> 36 Total Units	\$475 \$570 \$630 +utilities vary by building	No vacant units	Mix of tenants	Two 3-level apartment buildings with 18 units each, constructed in the early 1970s. Utilities vary by building with 1 building including heat and hot water in rent. Some garages available for extra fee. All units have 1 bathroom and efficiencies have 396 sq ft, 1-bedrooms have 740 sq ft, and 2-bedrooms have 912 sq ft. Manager reported no vacancies and good demand.

Table 22 Pierre/Fort Pierre Multifamily Rental Housing Inventory

Name	Number of Units /Bedroom Mix	Rent	Vacancy/ Wait List	Tenant Mix	Comments
Market Rate					
St. Charles 207 E Capitol	18 - 1 Bedroom <u>18 - 2 Bedroom</u> 36 Total Units	\$550-\$600 \$700-\$950 +electric	No vacant units	Mix of tenants	Apartments in historic hotel building near State Capitol. Rent includes heat, AC and garbage, with tenants paying electric. Some units are very large and are at higher end of rent range. Amenities include commercial uses on main floor, including restaurant and beauty shop. Manager reported no vacant units and good demand.
10 Eleven on Garfield (formerly Willow Creek) 1011 N Garfield	9 - 1 Bedroom <u>21 - 2 Bedroom</u> 30 Total Units	\$685 \$825 +heat, electric, water	No vacant units	General occupancy	Originally constructed as USDA Rural Development subsidized apartments in the late 1980s, but converted to market rate housing. Tax credit assistance also used, but compliance period has been met. Eligible tenants received Vouchers at time of conversion and 13 remain in occupancy in 2022. Four 2-level apartment buildings with 7 or 8 units each. Tenants pay electric heat, electricity and part of water in addition to rent. Amenities include coin laundry, off-street parking and location near larger commercial area. One-bedrooms have 591 sq ft and 2-bedrooms have 695 sq ft; all units have 1 bathroom. Manager reported full occupancy and good demand.
Terrace Motel Apartments 231 N Euclid	<u>43 - Studio</u> 43 Total Units	\$600-\$700	No vacant units	Longer-term motel rentals	Motel with 48 rooms with 43 typically available for monthly or longer-term occupancy. Units are furnished. Rent includes utilities, cable, wifi and possible maid service. Owner reported that units were fully occupied.

Table 22 Pierre/Fort Pierre Multifamily Rental Housing Inventory					
Name	Number of Units /Bedroom Mix	Rent	Vacancy/ Wait List	Tenant Mix	Comments
Market Rate					
Tower Apartments 1100 E Church St	26 - Efficiencies 15 - 1 Bedroom <u>28 - 2 Bedroom</u> 69 Total Units	\$530 \$620 \$730 +heat, electric, sewer	2 units intentionally for renovation	Mostly younger tenants, State workers	Three-level apartment building constructed in 1970; no elevator. Rent includes water and garbage, with tenants paying remaining utilities. Amenities include dishwasher and security entrance. Location near Capitol makes it a popular option for State workers. Efficiency units have 396 to 452 sq ft; 1-bedrooms have 572 sq ft; 2-bedrooms have 770 to 792 sq ft; all units have 1 bathroom. Two units intentionally vacant at time of survey for renovation but good demand.
The Tudor 206 N Highland	1 - Studio 6 - 1 Bedroom <u>1 - 3 Bedroom</u> 8 Total Units	\$550 \$650 \$750 +heat, electric	No vacant units	Primarily single tenants	Older historic 3-level apartment building near the State Capitol. Rent includes water, sewer and garbage with tenant paying remaining utilities. Manager reported full occupancy and good demand. Most tenants are younger singles.
Wandel Apartments 102-106 Wandel Ft. Pierre	2 - 1 Bedroom <u>6 - 2 Bedroom</u> 8 Total Units	\$550 \$650 +electric	No vacant units	Mix of tenants	Two 4-plexes constructed in 1978. Rent includes heat, hot water, water, sewer and garbage, with tenants paying electric. Amenities include coin laundry facilities. Owner reports full occupancy and good demand.
Woodridge Carefree Living 1020 Woodview Dr	<u>21 - 2 Bedrooms</u> 21 Total Units	\$1450 +utilities	No vacant units	Mix of tenants	Townhouse rental units built in 3 phases in 2004, 2005 and 2007. Units are one-level without stairs have private entrances, attached garage, dishwasher and in-unit laundry. Tenants pay all utilities. Each unit has 1.5 to 2 bathrooms and have 1300 to 1400 sq ft. Manager reported full occupancy.

Table 22 Pierre/Fort Pierre Multifamily Rental Housing Inventory					
Name	Number of Units /Bedroom Mix	Rent	Vacancy/ Wait List	Tenant Mix	Comments
Subsidized - General Occupancy					
Americana Apartments 700 E Dakota	18 - Efficiency <u>24 - 1 Bedroom</u> 42 Total Units	\$25-\$399 \$25-\$478 30% of income	No vacant units, waiting list	General occupancy	HUD Section 8 project-based subsidized housing for general occupancy constructed in 1972. All tenants pay rent based on 30% of income up to maximum rents listed. Amenities include coin laundry and off-street parking. Efficiencies have 1 bathroom and 480 sq ft and 1-bedrooms have 1 bathroom and 560 sq ft. Manager reported no vacant units and a waiting list.
Arbordale Apartments & Townhomes 2300 Flag Mountain Dr	2 - 1 Bedroom 14 - 2 Bedroom <u>8 - 3 Bedroom</u> 24 Total Units	\$919 \$1029 \$1110 30% of income	No vacant units, waiting list	General occupancy	USDA Rural Development subsidized project constructed in the late 1980s using tax credits, and renovated with a 2007 tax credit award. Project has 8 town houses and two 8-unit apartment buildings. Tenants pay rent based on 30% of income up to maximum rents listed. Amenities include dishwasher, off-street parking and in-unit laundry for some units. One-bedrooms have 1 bathroom and 624 sq ft, 2-bedroom units have 1 bathroom and 702 sq ft. Manager reported full occupancy, waiting list and frequent calls from people looking for affordable housing.
Denali Ridge (formerly RC Pierre) 208 E 7 th 1210 N Euclid	7 - 1 Bedroom <u>33 - 2 Bedroom</u> 40 Total Units	\$584 \$599 30% of income	Intentionally vacant units for remodeling, waiting list	General occupancy	USDA Rural Development subsidized project for general occupancy. Additional funding through HUD 811 and HOME Trust fund. Awarded tax credits in 2018 for preservation/rehab and rehab still underway. Five 2-level apartment buildings with 8 units each, constructed in 1973. Tenants pay rent based on 30% of income up to maximum rents listed. Coin laundry and off-street parking. One-bedrooms have 567 sq ft and 2-bedrooms have 707 sq ft; all units have 1 bathroom. Manager reported that 15 units were intentionally vacant for rehab but waiting list exists and frequent calls from people looking for affordable housing.

Table 22 Pierre/Fort Pierre Multifamily Rental Housing Inventory					
Name	Number of Units /Bedroom Mix	Rent	Vacancy/ Wait List	Tenant Mix	Comments
Subsidized - General Occupancy					
Elm Creek 2301 Flag Mountain Dr	2 - 1 Bedroom 14 - 2 Bedroom 8 - 3 Bedroom <u>24 Total Units</u>	\$841 \$909 \$976 30% of income	No vacant units, waiting list	General occupancy	USDA Rural Development and tax credit rental project constructed in 1994 - tax credit compliance requirement has been met. Project has 8 town houses and two 8-unit apartment buildings. Tenants pay rent based on 30% of income up to maximum rents listed. Amenities include coin laundry and location near commercial area. One-bedrooms have 1 bathroom and 572 sq ft, 2-bedrooms have 1 bathroom and 733 sq ft, and 3-bedrooms have 2 bathrooms and 1033 sq ft. Manager reported full occupancy, waiting list and frequent calls from people looking for affordable housing.
Missouri View Apartments 2421 E Irwin	2 - 1 Bedroom 14 - 2 Bedroom 4 - 3 Bedroom <u>20 Total Units</u>	\$630 \$726 \$834 30% of income	1 vacant unit 1 - 3 Bdrm	General occupancy	HUD Section subsidized apartments and 3-bedroom town homes for general occupancy. Project has met 30-year contract but has remained in HUD program. All tenants pay rent based on 30% of income up to maximum rents listed. Amenities include coin laundry, playground and on-site manager. Two-bedrooms have 750 sq ft and 1 bathroom. Manager reported 1 vacant 3-bedroom unit due to turnover. No real waiting list exists but demand for affordable housing usually results in good occupancy rate.
Public Housing Scattered Site	4 - 2 Bedroom 10 - 3 Bedroom 6 - 4 Bedroom <u>20 Total Units</u>	\$797 \$1132 \$1364 30% of income	No vacant units, waiting list	General occupancy	HUD Public Housing scattered site units constructed in the early 1980s. Tenants pay rent based on 30% of income up to maximum rents listed. Waiting list has 30 names for 2-bedrooms, 18 names for 3-bedrooms and 5 names for 4-bedrooms, so any turnover units are filled from waiting list.

Table 22 Pierre/Fort Pierre Multifamily Rental Housing Inventory					
Name	Number of Units /Bedroom Mix	Rent	Vacancy/ Wait List	Tenant Mix	Comments
Subsidized - General Occupancy					
Spruce Apartments 1900 Kennedy Dr	2 - 1 Bedroom 14 - 2 Bedroom <u>8 - 3 Bedroom</u> 24 Total Units	\$820 \$930 \$1002 30% of income	No vacant units, waiting list	General occupancy	USDA Rural Development and tax credit project constructed in 1993 - tax credit compliance has been met. Project has 8 town houses and two 8-unit apartment buildings. Tenants pay rent based on 30% of income up to maximum rents listed. Amenities include coin laundry, off-street parking and location near commercial area. Two-bedrooms have 1 bathroom and 769 sq ft; 2-bedrooms have 1 bathroom and 769 sq ft; 3-bedrooms have 2 bathrooms and 998 to 1049 sq ft. Manager reported full occupancy, waiting list and frequent calls from people looking for affordable housing.

Table 22 Pierre/Fort Pierre Multifamily Rental Housing Inventory					
Name	Number of Units /Bedroom Mix	Rent	Vacancy/ Wait List	Tenant Mix	Comments
Subsidized - Senior/Disabled					
Lincoln Apartments I 330 W Prospect	24 - 1 Bedroom <u>1 - 2 Bedroom</u> 25 Total Units	\$0-\$864 30% of income	No vacant units, waiting list	Senior Congregate	USDA Rural Development and tax credit (1993 award) subsidized housing for senior and/or disabled tenant occupancy. All tenants pay rent based on 30% of income, up to maximum rent listed. Project offers congregate housing, with optional noon meals on wheels site 5 days/week. Amenities include elevator, beauty shop, emergency call system, community rooms and on-site manager. Manager reported full occupancy and waiting list for Lincoln I and II.
Lincoln Apartments II 330 W Prospect	30 - 1 Bedroom <u>1 - 2 Bedroom</u> 31 Total Units	\$0-\$864 30% of income	No vacant units, waiting list	Senior Congregate	USDA Rural Development and tax credit (1999 award) subsidized housing for senior and/or disabled tenant occupancy. All tenants pay rent based on 30% of income, up to maximum rent listed. Project offers congregate housing, with optional noon meals on wheels site 5 days/week. Amenities include elevator, beauty shop, emergency call system, community rooms and on-site manager. Manager reported full occupancy and waiting list for Lincoln I and II.
Midtown Apartments 301 W Pleasant	28 - 1 Bedroom <u>2 - 2 Bedroom</u> 30 Total Units	\$750 \$750 30% of income	1 vacant unit 1 - 2 bdrm waiting list	General occupancy with preference for senior/ disabled	HUD Public Housing apartment project constructed in 1970. Originally built for senior/disabled tenants, a later rule change has allowed general occupancy, although a preference is given and most tenants are 62+ years old or disabled. Tenants pay rent based on 30% of income up to maximum rents listed. Waiting list has 12 names for 1-bedroom but no names for 2-bedroom. One 2-bedroom unit was vacant at time of survey due to recent turnover.

Table 22 Pierre/Fort Pierre Multifamily Rental Housing Inventory					
Name	Number of Units /Bedroom Mix	Rent	Vacancy/ Wait List	Tenant Mix	Comments
Subsidized - Senior/Disabled					
Missouri View Apartments 2511 E Irwin	<u>39 - 1 Bedroom</u> 39 Total Units	\$644 30% of income	2 vacant units	Senior/ disabled tenant occupancy	HUD Section 8 subsidized apartments for senior and disabled tenant occupancy. Project has met 30-year contract but has remained in HUD program. All tenants pay rent based on 30% of income up to maximum rent listed. One additional apartment exists but is used for maintenance. Amenities include elevator, community room and on-site manager. One-bedrooms have 600 sq ft and 1 bathroom. Manager reported 2 vacant units at time of survey and no waiting list - Covid has impacted occupancy.
Old West Elderly Apartments 213 N Deadwood Fort Pierre	<u>10 - 1 Bedroom</u> 10 Total Units	\$615 30% of income	No vacant units, waiting list	Senior/ disabled tenant occupancy	SDHDA/Section 8 New Construction project built in early 1980s. All tenants pay rent based on 30% of income, up to maximum rent listed. Amenities include community room and library, controlled access, AC, coin laundry and pet-friendly. One-bedrooms have 466 sq ft and 1 bathroom. Manager reported no vacant units at time of survey and a 9-name waiting list.

Source: Community Partners Research

Senior Housing with Services

Overview

Specialized senior housing, which provides some level of services along with a housing unit, is an important component in addressing the life-cycle housing needs of residents. In Pierre, a number of projects have been developed over the past decades to serve senior renters. There are no specialized senior housing options in Fort Pierre, although one complex is planning to start construction in 2022 and another has been proposed.

Under State law, the Department of Health is required to license the more service-intensive forms of senior housing, including Skilled Nursing Facilities and Assisted Living Centers. Lower-service forms of senior housing, sometimes referred to as Residential Living Centers, are required to register with the Department of Health but are not licensed and subject to the more stringent requirements, such as inspections, that apply to more service-intensive housing.

Due to the higher level of regulation, the Skilled Nursing Facilities and Assisted Living Centers can be identified through State licensing. In the case of Residential Living Centers, where registration is required but inspections are not required, it is possible that some properties are not registered.

Although there are both State and industry definitions that identify the different types of specialized senior housing, there can be some variation in how these definitions are used. For example, some senior projects may identify themselves as “independent living” rental housing for seniors, but they may be registered as a Residential Living Center with the State, implying the availability of some light services. The features that differentiate these units from truly independent housing are the availability of some services, such as a daily meal, weekly assistance with housekeeping and laundry, and similar offerings that are included in the rent package.

For the analysis that follows, Community Partners Research has grouped the housing with services providers into the following categories. Although we have attempted to clearly define each housing project by these categories, there may be some overlap in units.

- ▶ Senior housing with light services/Residential Living Center
- ▶ Assisted Living Center
- ▶ Memory Care
- ▶ Skilled Nursing Home

Senior Housing with Light Services/Residential Living Center

Unit Inventory

As used in this Update, senior housing with light services defines a housing project where the basic monthly rent amount is inclusive of certain mandatory offerings, including a daily meal, access to an emergency call system, and possibly other light services, such as weekly laundry service or assistance with housekeeping. Light services projects may or may not be registered with the State as Residential Living Centers.

The research identified two housing projects in Pierre that offer seniors a light services unit.

- ▶ ***Avera ParkWood Independent Living Apartments*** is registered as a Residential Living Center. It has 58 apartments and is connected to St. Mary's Hospital and the Maryhouse Skilled Nursing Home.
- ▶ ***Kelly's Retirement Home Apartments*** is registered as a Residential Living Center. It has five apartment units with capacity for eight residents which is located next to Kelly's Retirement Home I.

Combined, these projects have approximately 63 apartment units available for seniors looking to live independently, with access to light services. Actual person capacity could be higher, as couples may reside in some of the units.

At the time of the 2012 Study there had been an additional provider in this housing segment, but Dakota Heritage is no longer operating. In 2012 it was registered as a Residential Living Center with 11 sleeping rooms.

Occupancy/Vacancy

The telephone survey found full occupancy in Avera ParkWood with a long waiting list was reported. Kelly's had three open units, due to recent turnover.

Rental Rates

Rental rates can vary in this segment of the market, depending on what is included in the basic package. For example, the lowest price for a unit was in ParkWood, with some one-bedrooms at \$1,300 per month. However, this only included a noon meal.

Rates at Kelly's Apartments started at \$2,000 for single occupancy and included three daily meals and some assistance with daily living tasks.

Pending Projects

A continuum of care senior project will begin construction in 2022 in Fort Pierre. This project will include 19 units of housing with light services for more independent seniors.

Another project is also in the preliminary planning phase in Fort Pierre that may also provide a range of care, including housing with light services, but specific details were not obtained.

Assisted Living Centers

Assisted living providers are able to offer a high level of care and services for residents. Some facilities may offer a bundled package of services while others will sell the services “a la carte”, but the assisted living providers are able to offer a significant assistance with daily living activities. The facilities have 24-hour staffing, and the availability of skilled nursing care. All meals are available, as well as the ability to assist with medications.

Unit Inventory

There are three facilities in Pierre that are licensed as Assisted Living Centers:

- ▶ ***Kelly’s Retirement Home I*** is licensed for 15 resident capacity. Residents have a private sleeping room with ½ bath and shared shower.
- ▶ ***Kelly’s Retirement Home II*** is licensed for 15 resident capacity. Residents have a private sleeping room with ½ bath and shared shower.
- ▶ ***Edgewood Pierre*** has 48 apartment-style units with licensed capacity for 62 residents. This project opened in 2015.

The assisted living providers offer 79 rooms/units with capacity for 93 people if couples occupied the apartments in Edgewood. The unit inventory in this housing segment is significantly larger than at the time of the 2012 Housing Study due to the construction of Edgewood Pierre.

Occupancy

At the time of the rental survey there were seven unoccupied rooms in Kelly’s I and II. Edgewood reported a high rate of occupancy and a waiting list. Assisted living can have a high rate of unit turnover.

Rental Rates

The basic monthly charge at Kelly’s starts at approximately \$3,300, but additional fees can apply depending on the service needs of the resident. Kelly’s will accept Medicare Waivers assistance.

The basic monthly rates at Edgewood start at \$3,425 for a studio unit, but additional fees can apply depending on the service needs of the resident. Edgewood is largely private-pay and will typically accept only two residents on Medicare Waivers assistance.

Pending Projects

A continuum of care senior project will begin construction in 2022 in Fort Pierre that will include 31 units for assisted living.

Another project is also in the preliminary planning phase in Fort Pierre that may also provide a range of care, including assisted living, but specific details were not obtained.

Memory Care Housing

Memory care housing represents a very specialized segment of the senior market. People with health issues due to dementia, Alzheimer’s Disease, or other causes may often be housed in assisted living centers, nursing homes, or less service-intensive forms of senior housing in the earlier phases of memory loss. However, it is often necessary to provide housing in special facilities that provide a secure environment and care targeted to memory care residents.

Unit Inventory

The research for this Update identified one specific provider of memory care housing in Pierre:

- ▶ **Edgewood Pierre** has a dedicated memory care facility with 24 resident capacity. Edgewood was constructed in 2015.

At the time of the 2012 Housing Study there was a dedicated memory care wing in Avantara Pierre (then known as Golden Living Center) with 20 licensed beds for memory care needs. However, in 2022 all beds in Avantara are offered for skilled nursing care. While some residents may have memory loss issues there is no longer a dedicated wing.

Avera Maryhouse Long Term Care also does not have a dedicated wing for memory care needs, but the physical layout of the building does allow for a secure living environment for memory care residents, with Wanderguard technology on its upper floors to prevent people from leaving.

Kelly’s Retirement Homes also indicated that they may have memory loss residents that have less severe care needs.

Occupancy

At the time of the rental survey, Edgewood reported a high rate of occupancy and a waiting list. There was unused bed capacity in the skilled nursing homes.

Rental Rates

Due to the specialized needs of residents in memory care units, this type of housing is at the higher end of the range for housing with services. Edgewood is largely private-pay and will typically accept only two memory care residents on Medicare Waivers assistance.

Pending Projects

A continuum of care senior project will begin construction in 2022 in Fort Pierre that will include 13 rooms for memory care.

Another project is also in the preliminary planning phase in Fort Pierre that may also provide a range of care, including specialized memory care units, but specific details were not obtained.

Skilled Nursing Homes

Skilled nursing homes have historically represented the most service-intensive form of senior housing. This segment of the market has been in transition, however, as other forms of senior housing, such as assisted living, have grown in availability, and become the preferred option for many seniors.

Telephone interviews with administrators of nursing homes have highlighted the fact that residents are staying for shorter periods of time, and some nursing homes have designated an increasing share of their beds for short-term transitional care stays.

In South Dakota, a moratorium has been in place for many years that prevent the addition of more skilled nursing beds, even in communities with high utilization rates.

Unit Inventory

There are two State-licensed skilled nursing homes in Pierre:

- ▶ ***Avera Maryhouse*** is licensed for 80 beds in 2022. However, due to staffing issues only 45 beds are typically in use compared to 60 to 65 beds pre-pandemic.
- ▶ ***Avantara Pierre*** is licensed for 72 beds in 2022, although the actual utilization rate is lower.

Combined, these two facilities have the capacity for 152 residents, but at the time of the research for this Update, approximately 75 to 80 beds were estimated in use for long-term residents.

Occupancy/Vacancy

Both facilities were operating well below licensed capacity in 2022 due to a combination of issues including adequate staffing and the impact of Covid.

Rates

No information was collected on daily rates. Rates are generally impacted by State policy on reimbursement.

Market Share for Existing Housing with Services Projects

Senior Demographics

Housing with services projects can serve seniors of any age, but typically have the greatest utilization by older seniors. A 2005 Assisted Living Center report from the South Dakota Department of Health identified 88.3% of all assisted living residents Statewide as age 75 or older. To analyze the market share for the various forms of housing in the MiSA, Community Partners Research has focused on demographic data for older seniors, age 75 and above residing in Hughes and Stanley Counties.

Population Estimates

The detailed tables from the 2020 Census have not yet been released, but age-based estimates from Esri for 2021 show:

- ▶ 1,612 senior citizens age 75 and older - up by 331 people from 2010
- ▶ 2,523 seniors age 65 to 74 - up by 1,050 people from 2010

While the MiSA has experienced a large increase in senior citizens in recent years, most of this growth was in the younger senior group, age 65 to 74 years old.

Population Projections

Age-based projections from Esri show the following population levels by 2026:

- ▶ 2,068 senior citizens age 75 and older - up by 456 people from 2021
- ▶ 2,783 seniors age 65 to 74 - up by 260 people from 2021

Going forward to the year 2026, most of the expected increase in the senior age ranges will be among older seniors, age 75 and above.

Household Estimates

The detailed tables from the 2020 Census have not yet been released. Age-based estimates from Esri are available for 2021, but these estimates were slightly high and have been adjusted downward by approximately 2.5% to better match the probable household count.

- ▶ 1,075 households age 75 and older - up by 199 households from 2010
- ▶ 1,520 households age 65 to 74 - up by 589 households from 2010

Consistent with the age distribution patterns, the substantial growth of senior-headed households between 2010 and 2021 was primarily driven by younger seniors, age 65 to 75 years old.

Household Projections

Age-based projections from Esri show the following expected change by 2026:

- ▶ 304 additional households age 75 and older
- ▶ 143 additional households age 65 to 74

Going forward to the year 2026, most of the expected increase in the senior-headed households will be among older seniors, age 75 and above.

Senior Housing Utilization

It is important to note that the demographic statistics presented above would include seniors already residing in specialized senior housing, including nursing homes, assisted living centers and memory care facilities. Adjustments to the senior population and the number of senior-headed households will be made for each of the different housing types reviewed.

For example, when examining the seniors that form a potential market for an assisted living unit, it is necessary to subtract the seniors that already reside in more service intensive forms of senior housing, such as nursing homes or memory care units.

Skilled Nursing Homes

Utilization of nursing home beds varies by short-term versus longer-term stays. In 2022, it is estimated that only 80 beds are being utilized by longer-term residents. This number is much smaller than in the past. Both staffing issues and the Covid pandemic have impacted this housing segment. In 2012, we had estimated that up to 125 beds were generally utilized by longer-term residents.

When compared to the MiSA senior populations, the available long-term beds represent approximately 5% of the total population of older seniors (age 75+) in 2021. This estimated capture rate is approximately half of the estimate in 2012, at 9.6%.

It is important to note that many unoccupied nursing home beds exist in 2022 that are not currently being utilized. In the future, if staffing issues are resolved and the health pandemic ends, the percentage of older seniors living in skilled nursing facilities may increase.

Memory Care Housing

Pierre has some capacity for people needing specialized memory care housing. There is a 24-bed memory care facility that is part of the Edgewood Pierre complex. The available memory care beds in Pierre represent approximately 1.6% of the older senior population outside of nursing homes. This is approximately the same percentage capture rate that was estimated in 2012.

It is known that other senior facilities, including the two skilled nursing homes, also house people with memory loss issues, but the calculation presented is just for specialized memory care beds.

There is one pending project that will start construction in Fort Pierre in 2022 and add 13 memory care beds. A second project has also been proposed in Fort Pierre, but specific details of this project were not obtained.

Looking forward to 2026, the projections used for this Update anticipate continued growth in the population of older senior citizens. With the expected addition of at least 13 new rooms in Fort Pierre, the inventory should contain at least 37 units/rooms.

Based on the projected population of older seniors in the area, a capture rate of approximately 1.9% would be required to achieve full utilization of the memory care beds. However, given the high rate of occupancy and the existence of waiting lists in this segment, an even larger expansion would be indicated.

If a capture rate of 2.5% of the primary target market is applied, as many as 13 additional memory care units/rooms could be supported by 2026.

Assisted Living Centers

When examining market demand for assisted living, calculations are generally compared to the population of older seniors, rather than senior households. This is because assisted living residents are generally older seniors that tend to live alone, rather than as couples or households. Pierre does have some assisted living apartment units that can accommodate couples if they both need this form of housing.

A downward adjustment needs to be made to account for seniors that are living in a memory care unit or a nursing home on a permanent basis. This results in a potential target market of approximately 1,510 older senior citizens that would consider an assisted living unit.

Pierre has 79 rooms/units available to serve assisted living residents. A higher licensed capacity exists based on shared occupancy. Assuming that most assisted living residents live alone, the supply of rooms/units represents approximately 5.2% of the adjusted target population of older senior citizens residing in the MiSA.

The room/unit capture rate in 2022 is nearly double the estimated rate of 2.7% in 2012. This is largely due to the construction of the Edgewood Pierre project in 2015, which greatly expanded the inventory. In the 2012 Housing Study we had stated that the assisted living supply was low by comparative standards, and a capture rate of more than 5% could be achieved.

It is important to note, however, that in 2012 there were many more long-term care beds in use in nursing homes than in 2022. If long-term nursing home beds and assisted living beds are combined, we had estimated that between 12% and 13% of all older seniors have access to these care facilities in 2012. In 2022, the combined capture rate of nursing home and assisted living beds would be estimated at 10% to 11%.

There is one pending project that will start construction in Fort Pierre in 2022 and add 31 assisted living units. A second project has also been proposed in Fort Pierre, but specific details of this project were not obtained.

Looking forward to 2026, the projections used for this Update expect continued growth in the population of older senior citizens. With the expected addition of at least 31 new units in Fort Pierre, the inventory should contain at least 110 units/rooms.

Based on the projected number of older seniors households in the area, a capture rate of approximately 8.0% would be required to achieve full utilization of the assisted living inventory. This would be well above the level of assisted living that has been available in the Pierre/Fort Pierre area in the past.

Housing with Light Services/Residential Living Centers

Light services units are typically compared to the distribution of all older senior households, rather than population. Housing with light services can serve a more active and independent senior, and it is more common to see couples reside in this housing, as well as single person households.

After adjusting for senior households that already reside in more service-intensive forms of housing, we would estimate the target market at approximately 1,000 older senior households in the two-county MiSA in 2021.

The current supply of 63 light services rental units represents a market capture rate of approximately 6.3% of the primary target market. This is below the estimated capture rate of 8.6% that was estimated in 2012.

In the 2012 Housing Study we had stated that the supply of light services units was relatively high by comparative standards. However, at that time the supply of assisted living units was low, and some people may have opted for a lower service housing unit. We had also stated that the largest light services provider, Avera ParkWood, is physically attached to the Hospital complex, and may be a very desirable location for older seniors even though it does not offer assisted living services.

There is one pending project that will start construction in Fort Pierre in 2022 and add 19 light services units for more independent seniors. A second project has also been proposed in Fort Pierre, but specific details of this project were not obtained.

Looking forward to 2026, the projections used for this Update expect continued growth in the number of older senior households. With the addition of at least 19 new units in Fort Pierre, the inventory should contain at least 82 units.

Based on the projected number of older seniors households in the area, a capture rate of approximately 6.5% would be required to achieve full utilization of the light services inventory. This would only be slightly higher than the estimated capture rate of 6.3% in 2021.

Table 23 Pierre Senior Housing with Services Inventory					
Name	Number of Units /Bedroom Mix	Rent	Vacancy/ Wait List	Tenant Mix	Comments
Senior Housing with Light Services					
Avera ParkWood Independent Living Apartments 400 ParkWood Dr	27 - 1 Bedroom <u>31 - 2 Bedroom</u> 58 Total Units	\$1300 to \$1449 per month	No vacancies, long waiting list	Residential Living Center	Senior apartment project constructed in 1988 and registered as a Residential Living Center. Physically connected to hospital and Maryhouse Nursing Home. Rent includes a daily noon meal, all utilities, weekly cleaning of the kitchen and bath areas, cable TV, emergency pull cords and limited transportation. Project amenities include a beauty/barber shop, exercise room, on-site banking, activities and exercise groups. Tenants have access to the Maryhouse Chapel with Mass and nondenominational services on Sunday. One-bedroom units have 512 to 600 sq ft, and 2-bedrooms have 862 to 1000 sq ft. Additional meal charge for double occupancy. Additional meals can be purchased at hospital cafeteria. No vacancies reported and long waiting list.
Kelly's Retirement Home Apartments 1014 E Park St	3 - 1 Bedroom 1 - 2 Bedroom <u>1 - 3 Bedroom</u> 5 Total Units registered for 8 units	\$2000 single occupancy +\$750 for second person	3 vacant units	Residential Living Center	Small apartment building constructed in 1990 next to Kelly's Retirement Home I. Registered as a Residential Living Center - tenants receive meals and laundry/housekeeping and other services can be purchased as needed. Units are typically y seniors that need less assistance with daily living. Three units vacant on date of survey due to turnover.

Table 23 Pierre Senior Housing with Services Inventory					
Name	Number of Units /Bedroom Mix	Rent	Vacancy/ Wait List	Tenant Mix	Comments
Senior Housing with Services - Assisted Living Centers					
Edgewood Pierre Assisted Living 1950E Fourth St	Studio 1 Bedroom 2 Bedroom 48 Total Units	\$3425 \$3950 \$4675 +services and fees	Any open units are filled from waiting list	Assisted Living Center	Senior housing project constructed in 2015 providing assisted living and memory care options. Licensed for 86 total beds with 24 in memory care. To reach full license capacity would require shared occupancy in assisted living units. Full assisted living services provided with care package dependent on needs. Some units were unoccupied at time of survey but in the process of being filled from waiting list. Facility is largely private-pay but 2 assisted living units can be public assisted.
Kelly's Retirement Home I 615 S Jefferson	15 Licensed Beds	\$3300+	3 open beds	Assisted Living Center	Licensed as an Assisted Living Center with 15 resident capacity in 2022. Project constructed in 1990 and part of Kelly's senior complex that also includes a Residential Living Center. Residents have private room with ½ bath and common shower room. Monthly fee includes all meals, assistance with daily living, med dispensing, housekeeping, laundry and activities. Additional services can be purchased as needed. Three open beds at time of survey - turnover and staffing issues impact occupancy.
Kelly's Retirement Home II 1522 E Dakota Ave	16 Licensed Beds	\$3300+	4 open beds	Assisted Living Center	Licensed Assisted Living Center with 16 resident capacity in 2022. Constructed in 1997 and part of Kelly's senior complex that also includes a Residential Living Center. Residents have private room with ½ bath and common shower room. Monthly fee includes all meals, assistance with daily living, med dispensing, housekeeping, laundry and activities. Additional services can be purchased as needed. Four open beds at time of survey - turnover and staffing issues impact occupancy.

Table 23 Pierre Senior Housing with Services Inventory					
Name	Number of Units /Bedroom Mix	Rent	Vacancy/ Wait List	Tenant Mix	Comments
Senior Housing with Services - Memory Care					
Edgewood Pierre 1950E Fourth St	Shared Room <u>Private Room</u> 24 Total Beds	\$5400-\$6225 \$6750-\$7575 depending on care level	High utilization, waiting list	Memory Care	Senior housing project constructed in 2015 providing assisted living and memory care options. Licensed for 86 total beds with 24 in memory care. To reach full license capacity would require shared occupancy in assisted living units. Memory care allows for shared or private occupancy rooms with levels of care available. High utilization rate with any turnover units filled from waiting list. Facility is largely private-pay but 2 memory care beds can be public assisted.
Senior Housing with Services - Skilled Nursing Homes					
Avantara Pierre (formerly Golden Living Center) 950 E Park	72 Licensed Beds	N/A	Approx. 74% rate of utilization	Skilled nursing home	Skilled nursing home licensed for 72 beds in 2022. In the past this had included a 20-bed memory care wing but now all beds are used by nursing home. 85% of beds are typically used by longer-term residents, with remaining beds used for short-term stays. Utilization rate was approx. 74% on date of survey.
Avera Maryhouse Long Term Care 717 E Dakota	80 Licensed Beds	N/A	Staffing issues have resulted in approx. 45 beds in use	Skilled nursing home	Maryhouse is licensed for 80 beds in 2022 but staffing shortage has resulted in approx. 45 beds in use - had been 60 to 65 beds pre-pandemic. Some beds are typically used by short-term transitional care stays. Units in hospital and 100-bed nursing home. Upper floor has Wanderguard and can serve people with memory loss issues. Physically connected to ParkWood Apartments.

Source: Community Partners Research

Employment and Local Economic Trends Analysis

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

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

The Cities of Pierre and Fort Pierre have been aggressively pursuing economic development and job growth. While working on attracting new business to the area, the Cities have also worked with existing businesses to facilitate job expansion in the communities.

Major Employers in Pierre and Fort Pierre

Major employers in Pierre and Fort Pierre include:

- ▶ State Government
- ▶ St. Mary's Health Care Center
- ▶ Pierre School District
- ▶ WalMart
- ▶ Federal Government
- ▶ Morris, Inc.
- ▶ First Dakota Enterprises
- ▶ City of Pierre
- ▶ Medical Associates Clinic
- ▶ Bankwest
- ▶ Pierre Indian Learning Center

Labor Force and Unemployment

Employment information is available at the City level for Pierre, and at the County level for Hughes and Stanley Counties. The first table displays information for the City of Pierre, while the second table contains data for the MiSA. No similar information exists specifically for Fort Pierre.

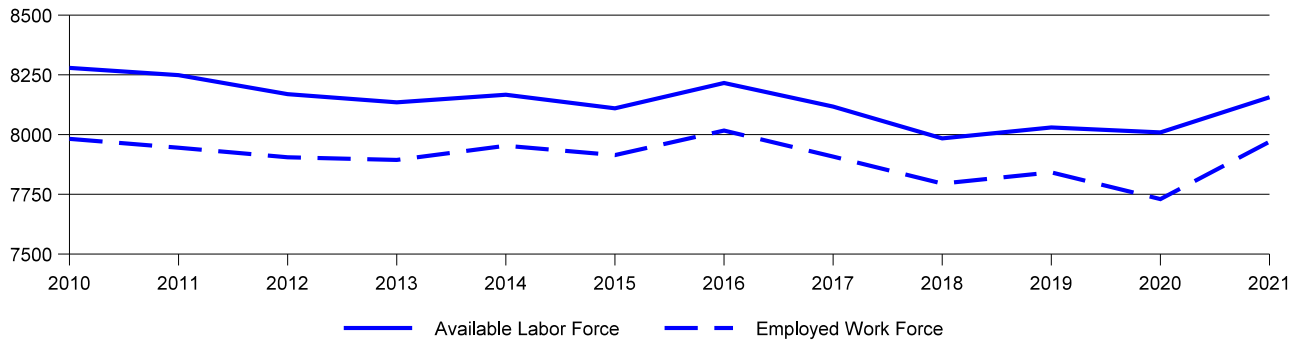
Table 24 Pierre Average Annual Labor Statistics: 2010 to 2021						
Year	Labor Force	Employed	Unemployed	Unemployment Rate - City	Unemployment Rate - SD	Unemployment Rate - US
2010	8,279	7,982	297	3.6%	5.0%	9.6%
2011	8,249	7,945	304	3.7%	4.6%	8.9%
2012	8,169	7,905	264	3.2%	4.1%	8.1%
2013	8,135	7,894	241	3.0%	3.7%	7.4%
2014	8,167	7,953	214	2.6%	3.3%	6.2%
2015	8,110	7,914	196	2.4%	3.0%	5.3%
2016	8,216	8,017	199	2.4%	3.0%	4.9%
2017	8,117	7,908	209	2.6%	3.1%	4.4%
2018	7,984	7,795	189	2.4%	2.9%	3.9%
2019	8,030	7,842	188	2.3%	3.0%	3.7%
2020	8,009	7,730	279	3.5%	4.6%	8.1%
2021	8,156	7,970	186	2.3%	2.8%	5.3%

Source: South Dakota Department of Labor

Pierre has experienced some fluctuation in recent years in the available labor force and the employed work force, although this may have been partly due to the global pandemic. Between 2010 and 2019 (pre-pandemic), there had generally been a reduction in the City’s resident labor force, which had decreased by 249 people, or -3.0%.

The City’s employed work force followed similar patterns, decreasing by 140 people, or -1.8% over this same time period. There was then a further decrease in 2020, probably due to the pandemic. But employment rebounded in 2021, and the City’s resident work force moved above the 2019 level.

City of Pierre Labor Force and Employed Work Force



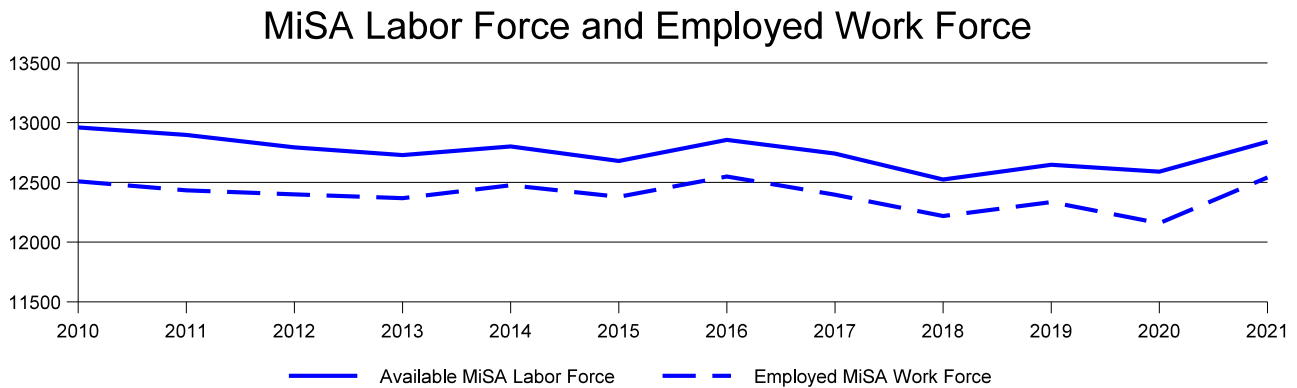
Throughout the time period reviewed, the City’s unemployment rate has remained very low. Since 2010 the unemployment rate for City residents has not exceeded 3.7%.

Table 25 MiSA Average Annual Labor Statistics: 2010 to 2021						
Year	Labor Force	Employed	Unemployed	Unemployment Rate - MiSA	Unemployment Rate - SD	Unemployment Rate - US
2010	12,960	12,509	451	3.5%	5.0%	9.6%
2011	12,897	12,433	464	3.6%	4.6%	8.9%
2012	12,793	12,400	393	3.1%	4.1%	8.1%
2013	12,729	12,368	361	2.8%	3.7%	7.4%
2014	12,801	12,476	325	2.5%	3.3%	6.2%
2015	12,679	12,379	300	2.4%	3.0%	5.3%
2016	12,856	12,549	307	2.4%	3.0%	4.9%
2017	12,741	12,397	344	2.7%	3.1%	4.4%
2018	12,524	12,218	306	2.4%	2.9%	3.9%
2019	12,648	12,335	313	2.5%	3.0%	3.7%
2020	12,590	12,159	431	3.4%	4.6%	8.1%
2021	12,840	12,541	299	2.3%	2.8%	5.3%

Source: South Dakota Department of Labor

Longer-term patterns in labor force statistics for the MiSA show some year to year variation, but in general, the two-county area has remained relatively stable. If the resident labor force from 2010 is compared to 2021, the MiSA had a reduction of only 120 people, or less than 1%.

The employed resident work force has followed similar patterns. If 2021 is compared to 2010, the MiSA saw an increase of 32 residents.



Throughout the entire time period reviewed, the unemployment rate in the MiSA has stayed below the Statewide rate. The Statewide unemployment rate has consistently remained well below the national average.

Average Employment and Weekly Wages

The following table shows the annual employment and average weekly wages for all employment in Hughes and Stanley Counties in 2020, the last full year of data. This information is from the Quarterly Census of Employment and Wages (QCEW). Some employment, including people that are self-employed, may not be included in the data.

Table 26 QCEW Employment and Average Weekly Wages: 2020		
	Employment	Average Weekly Wage
Total All Industry - Hughes County	10,226	\$951
Total All Industry - Stanley County	1,188	\$735

Source: South Dakota Department of Labor

The average weekly wage for all industry in Hughes County was \$951. At full-time employment this would equate to an average annual wage of nearly \$49,500.

The average weekly wage for all industry in Stanley County was lower, at \$735. At full-time employment this would yield an annual average wage of \$38,220.

Annual Covered Employment

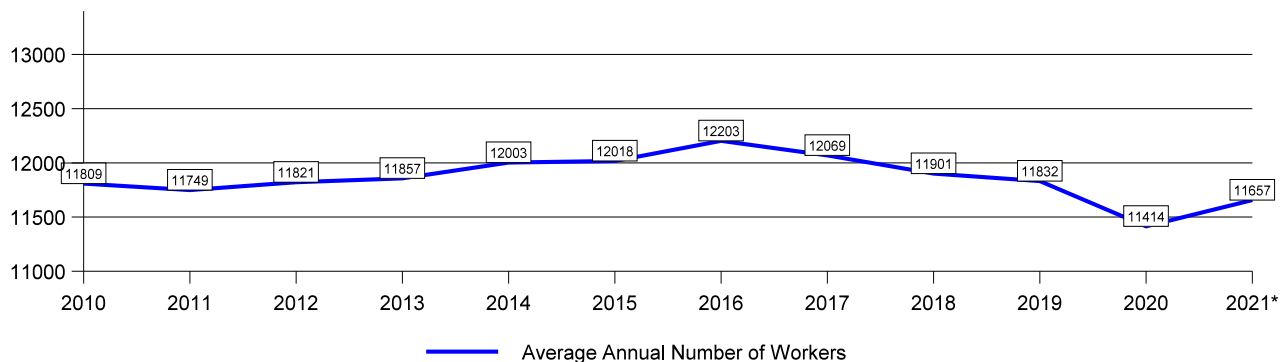
Since the Quarterly Census of Covered Workers (QCEW) tracks employees covered by unemployment insurance by location of the worker, it is possible to examine longer-term patterns in the local employment level. The following table displays the total number of workers reported in the two-county MiSA back to the year 2010.

Table 27 MiSA Average Annual Employment			
Year	Total Covered Employment	Year	Total Covered Employment
2010	11,809	2016	12,203
2011	11,749	2017	12,069
2012	11,821	2018	11,901
2013	11,857	2019	11,832
2014	12,003	2020	11,414
2015	12,018	2021*	11,657

Source: SD Department of Labor & Regulation

* 2021 is through September

Number of Covered Workers in MiSA



Although there has been some year to year fluctuation in the number of covered workers in the two-county MiSA, the employment level generally remained stable between 2010 and 2019, as tracked by reporting for unemployment compensation.

There was then some reduction between 2019 and 2020, probably caused by the Covid pandemic. But partial-year information for 2021 indicates that some of these lost jobs may be starting to be recovered.

Commuting Patterns of Area Workers

Information is available on area workers that commute for employment through the 2020 American Community Survey. The first table examines Fort Pierre residents that traveled to work, and excludes people that work at home.

Table 28 Commuting Times for Fort Pierre Residents - 2020		
Travel Time	Number	Percent
Less than 10 minutes	452	31.3%
10 to 19 minutes	837	58.0%
20 to 29 minutes	54	3.7%
30 minutes +	99	6.9%
Total	1442	100%

Source: American Community Survey

A very large majority of Fort Pierre’s residents were commuting less than 20 minutes to work in 2020. Overall, more than 89% of residents commuted 19 minutes or less to work. Fewer than 7% of the City’s residents were traveling 30 minutes or more.

The American Community Survey also identifies travel time by location of the job. For people that worked in Fort Pierre, the following travel times were identified. This would include people that both lived and worked in the City.

Table 29 Commuting Times for Fort Pierre-based Employees - 2020		
Travel Time	Number	Percent
Less than 10 minutes	309	37.5%
10 to 19 minutes	262	31.8%
20 to 29 minutes	147	17.9%
30 minutes +	105	12.8%
Total	823	100%

Source: American Community Survey

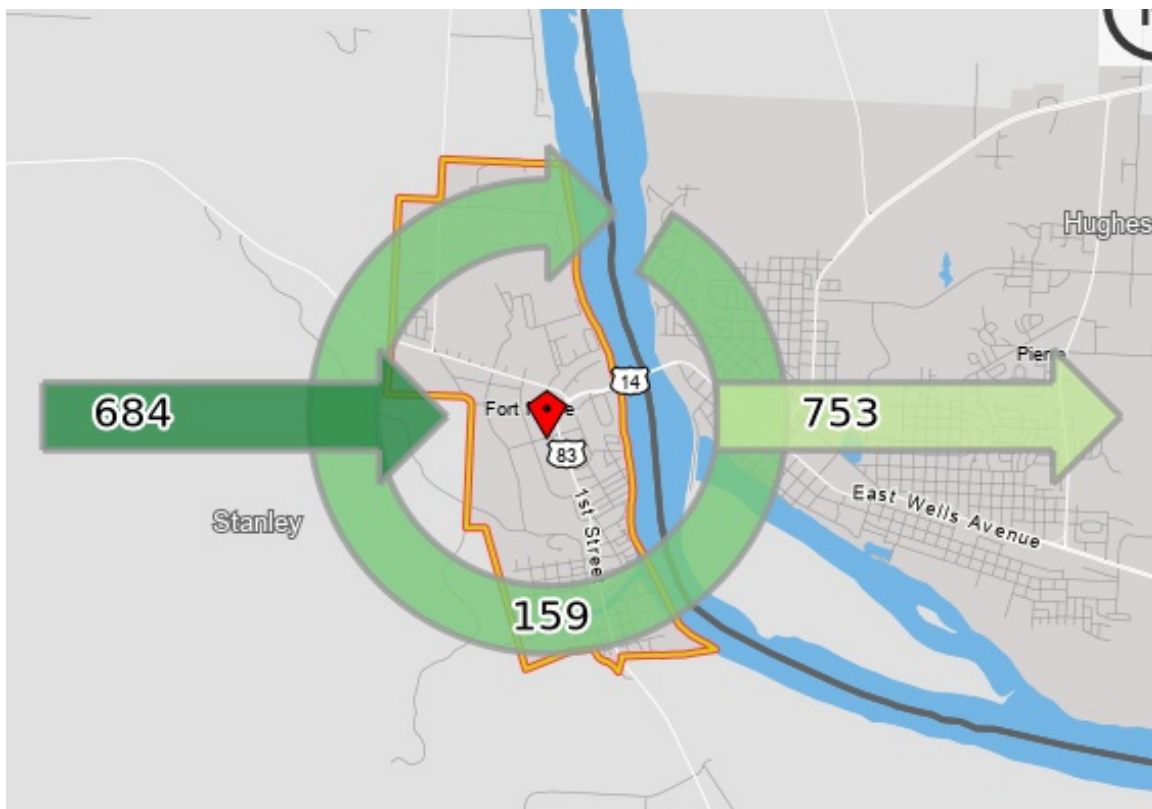
Overall, more than 69% of the people that were employed within Fort Pierre had a travel time of 19 minutes or less. This would include people that both live and work in the City. Fewer than 13% of workers traveled to Fort Pierre from greater distances and had a drive time of 30 minutes or more.

Census On the Map

The Census Bureau also produces commuter reports through its Center for Economic Studies division. This information is also based on reports for the year 2019, and provides a further breakdown of worker movement patterns.

According to the report for Fort Pierre, there were 843 people that were employed within the city limits in 2019. Nearly 19% of these Fort Pierre-based employees also lived within the City, but 684 employees lived outside the City limits and commuted in. Pierre, West Hughes UT, South Stanley UT and North Stanley UT were the primary identified locations that were supplying workers to Fort Pierre. More than 48% of the inbound commuters were coming from Pierre.

Most Fort Pierre residents worked outside the City, with 753 residents leaving in 2019 for their primary job. More than 62% of Fort Pierre's outbound commuters were working in Pierre. Among the other identified destinations for commuting residents were Sioux Falls, West Hughes UT and Rapid City.



Findings/Recommendations

Prior to the presentation of detailed recommendations, a short summary is provided of some of the key findings that shape the future housing needs for Fort Pierre and the surrounding area.

Summary of Growth Trends

The Demographic section of this report has presented information on the recent estimates and past trends for Fort Pierre, Pierre and the surrounding Micropolitan Statistical Area (MiSA). In general, there has been continued growth, but the level of recent growth has been very moderate.

Based on the 2020 Census, Fort Pierre added only 14 permanent resident households between 2010 and 2020. For population growth, the City added only 37 residents over the decade.

If longer-term patterns for Fort Pierre are examined, the City had average annual growth of approximately 12 households per year in the 1990s, followed by eight households per year between 2000 and 2010, and then fewer than two households per year in the 2010s.

The resident household growth between 2010 and 2020 lagged well behind the construction of new housing units in Fort Pierre. Based on annual reporting, it is probable that as many as 158 new housing units were built in Fort Pierre during the decade, yet the City added only 14 permanent households.

The exact causes for this discrepancy are not known, but some loss of older, poor quality housing probably occurred in recent years. Another contributing factor may be increased use of housing for seasonal/recreational occupancy, rather than by permanent residents. Some of the new construction includes houses with river access and some of these may not be occupied by year-round residents.

While recent growth has been limited in Fort Pierre, the larger two-county MiSA has demonstrated a stronger pattern of growth, adding an average of 19 permanent households per year between 2010 and 2020. However, this was also well below longer-term averages, as the MiSA had growth of approximately 67 households per year between 2000 and 2010, and 92 households per year in the 1990s. More than half of the household growth in the MiSA since 2010 has been located in the rural areas surrounding Pierre and Fort Pierre.

Summary of Growth Projections

The available projections that exist for Fort Pierre, Pierre and the MiSA show some very inconsistent forecasts.

One of the sources reviewed for this Update, Applied Geographic Solutions, shows a very rapid pace of household growth over the 5-year time period, with Fort Pierre adding an average of approximately 31 households per year and the entire MiSA adding nearly 94 households in an average year. Growth at this level is very hard to justify based on recent patterns, and these forecasts are not viewed as reliable by the analysts.

Another projection source that has been reviewed, Esri, has a more moderate growth forecast, with the expectation that Fort Pierre will add nearly nine households per year and the entire MiSA averaging 40 households per year. While even this projection is significantly higher than the levels achieved since 2010, growth was exceeding this pace in the prior to 2010 and these would appear to be an achievable forecast.

Projecting the relative share of the area's growth potential that will be within the city limits of either Fort Pierre or Pierre is somewhat difficult. In the past, much of the area's growth has been outside of the two cities, in the rural portions of Hughes and Stanley Counties. However, this was caused in part by the aging patterns predominant in the area, when the large baby boom generation was within the middle-aged ranges. By 2026, nearly all of the large baby boom cohort will be age 65 or older, and increasingly these households will orient to the cities, for services, health care and other amenities.

For Fort Pierre, a forecast that up to 10 additional resident households will live in the City per year is a reasonable expectation for growth-generated housing demand. However, the share captured by Fort Pierre could change, as the types of housing options that are available will eventually dictate where people choose to live.

Fort Pierre has consistently produced more than 10 new housing units per year through new construction. In addition to demand from new households, there has also been a need for unit replacement and demand from seasonal/recreational residents. As a result, future housing development will continue to exceed the actual growth of permanent resident households in the community.

Summary of Growth Projections by Age Group

The Demographic section of this Study presented projection information on anticipated changes by age group over the next few years. This information can be informative in determining the housing changes that may be needed due to age patterns of the area population. The age-based changes have been reviewed for the entire Micropolitan Statistical Area.

The age-based household projections were generated by Esri, and span the expected changes in the number of households over a 5-year period from 2021 to 2026. In total, Esri believes that the MiSA will add 199 households during this time.

<u>Age Range</u>	<u>Projected Change in Households 2021 to 2026</u>
15 to 24	-10
25 to 34	+45
35 to 44	-58
45 to 54	-32
55 to 64	-193
65 to 74	+143
75 and older	+304
Total	+199

In general, Esri’s forecast expects that the trends of the recent past to continue into the near-future, as existing residents of the area progress through the aging cycle. By 2026, nearly all of the large baby boom generation will be age 65 or older. The Esri projections forecast an increase of nearly 450 households age in the senior age ranges.

Conversely, all but one of the non-senior age groups are projected to decrease in size, although this reduction in households is generally small. The only 10-year age group expected to increase in size is the 25 to 34 year old range. If accurate, these projections indicate that the MiSA will have approximately 250 fewer households age 64 and younger by the year 2026.

Summary of Housing Unit Demand and Tenure Projections

Pierre and Fort Pierre form a single market for most types of housing. The combined cities have developed a diverse range of housing options for residents. While most of Fort Pierre's housing is in the form of single family units, there are some multifamily rental options as well, and the City represents a viable location for future multifamily development.

The best available estimates would indicate that Pierre/Fort Pierre combined contain more than 90% of all renter households living in the MiSA. Any new multifamily rental unit creation should occur within these two cities.

Over the last decade, Fort Pierre was more successful in attracting single family home construction, but 24 high quality conventional units were built in 2013. Although occupancy tenure data is not yet available from the 2020 Census, it is probable that the home ownership rate in Fort Pierre has remained above 75%.

In Fort Pierre, the level of new single family construction between 2010 and 2020 significantly exceeded the increase in permanent resident households over the same time period. Between the 2010 and 2020 Censuses, there were probably more than 130 single family houses constructed in Fort Pierre, yet the City added only 14 permanent resident households. Details on this discrepancy are not yet available from the Census, but it is probable that the City continues to see some increased use of housing by seasonal/recreational use residents.

This same pattern of unit construction exceeding household growth was also present between 2000 and 2010, as Fort Pierre added 67 owner-occupancy households according to the Census while as many as 142 single family homes were constructed in Fort Pierre during that decade.

According to Census records on the City's available housing stock, unit removal and replacement has also been a significant contributing factor in the demand calculation for new construction. For a variety of potential reasons, including age and obsolescence, flood plain clearance or other causes, Fort Pierre has removed a number of housing units in recent decades.

Looking forward, it is clear that both rental and home ownership housing construction will occur in Fort Pierre. In the past, most new development was in single family houses. But a specialized senior housing is planned to start construction in 2022 and a conventional apartment complex is scheduled for 2023. However, Fort Pierre should continue to see most new construction activity focused within the single family housing segment, including options that will appeal to seasonal/recreational residents of the community.

While household growth will be a primary demand-generator for new construction, there are other factors that will also contribute to the need for more housing. In the past, annual construction of owner-occupancy housing units in Fort Pierre has been significantly greater than owner household growth. Upward adjustment has been made for these other factors, bringing the annual projected range to 15 to 20 single family units per year. Over the 5-year projection period a total of 75 to 100 total single family units would be indicated in Fort Pierre.

For rental housing, the new unit recommendation significantly exceeds any growth-generated demand, primarily due to the unmet demand that exists as evidenced by the low vacancy rate in many rental segments. With pent-up demand and unit replacement added to growth-generated demand, the potential exists for an average of 60 to 70 additional rental units each year, or a total of 300 to 350 units during the five-year projection period. It is important to note that this rental recommendation applies to the combined cities of Fort Pierre and Pierre, as it is equally viable to construct most of these units in either community.

Some additional demand for owner-occupancy units will also continue to exist outside the city limits, in the rural settings that surround both cities. Any rental growth in the rural areas would generally only occur when an existing unit is converted from owner to renter-occupancy.

It is probable that the five-year projections will not necessarily result in a consistent level of annual construction. This is especially true for rental housing, which will be in periodic multifamily projects.

Summary of Findings/Recommendations

The specific recommendations for the City of Fort Pierre have been formulated through the analysis of the information provided in the previous sections and have been divided into the following categories:

- ▶ **Rental Housing Recommendations**
- ▶ **Home Ownership and Single Family Housing Recommendations**
- ▶ **Housing Rehabilitation and Other Initiatives**

It is important to note that Fort Pierre and Pierre share most of the same basic recommendations concerning future housing development. Although they are separate jurisdictions in different counties, they form a single housing market. Allocating specific unit recommendations between communities is not practical, although each community may offer certain advantages, depending on the type of development being considered.

For example, Fort Pierre has some lots with frontages on the Missouri River, and other lots that have access via canals. These types of physical amenities do not currently exist in Pierre. Conversely, there are some affordable housing programs that base eligibility requirements on the location of the project, and Pierre has a competitive advantage due to different income limits and rent restrictions. However, for most types of housing, each community has the potential to address a portion of the need.

The findings/recommendations for each category are as follows:

Findings and Recommendations for the City of Fort Pierre	
Rental Housing Recommendations	
1.	Market Potential to Develop 150 to 210 Conventional Market Rate Rental Housing Units in Pierre/Fort Pierre
2.	Monitor Tax Credit/Moderate Income Rental Housing Opportunities
3.	Promote the Development of 40 to 50 Additional Subsidized Rental Housing Units as Resources Allow
4.	Monitor PEDCO Housing Acquisition and Rehab Loan Program for Affordable Rental Creation
5.	Monitor the Need for Additional Specialized Housing Options for Seniors

Findings and Recommendations for the City of Fort Pierre	
Home Ownership and Single Family Housing Recommendations	
6.	Most Demand for Single Family Home Construction will Continue to be for Moderate to Higher Priced Housing
7.	Promote Affordable New Home Construction Using Available Resources and Incentives
8.	Promote Town House and Twin Home Development
9.	Monitor Lot Availability and Promote Additional Residential Lot Development
10.	Utilize and Promote Programs that Assist with Home Ownership
11.	Coordinate with Agencies/Nonprofits that Develop Very Affordable Ownership Housing
Housing Rehabilitation and Other Initiatives	
12.	Promote Rental Housing Rehabilitation Programs
13.	Promote Owner-Occupied Housing Rehabilitation Programs
14.	Continue to Promote the Demolition of Dilapidated Structures
15.	Continue to Monitor Mobile Home Conditions
16.	Create a Plan and a Coordinated Effort Among Housing Agencies and Stakeholders

Rental Housing Recommendations

Overview: The City of Fort Pierre has historically had a high rate of home ownership. At the time of the 2020 Census, more than 76% of the City's households owned their unit. While some rental development did occur after 2010, it is probable that the City's home ownership rate is still above 75% in 2022.

No housing tenure details have been released from the 2020 Census, but it is likely that the rental housing inventory in Fort Pierre contains approximately 240 to 250 total units in 2022. This supply of rental housing is well below the estimated inventory in Pierre of approximately 2,400 units.

Pierre has a diverse rental inventory, with a broad mix of units serving different income levels and age groups. Fort Pierre has tended to have less diversity in its rental stock, but in addition to conventional market rate options the City has some subsidized housing for lower income people, and luxury units that include river access via canals.

There has been increased interest in developing future rental housing in Fort Pierre. In 2022, a specialized senior housing project will start construction. This will include assisted living and memory care units along with 19 apartments for more independent seniors. In 2023, a planned 38-unit conventional apartment will be built. Preliminary plans exist for another specialized senior project in the future.

Plans are also advancing in Pierre for a new downtown mixed-use project that would include 60 conventional market rate rental units. If the 38-unit conventional rental project proceeds in Fort Pierre, this would be the largest single year increase in rental housing for the area in recent decades.

While some conventional market rate housing has been developed or is planned, Pierre and Fort Pierre have not had any additions to the affordable rental stock, such as tax credit or subsidized units in many years, although some of the apartments in the new conventional market rate projects may have some moderate income limits that apply as a result of tax increment assistance from the City.

The last addition to the subsidized inventory dates to the late 1990s. There are no moderate rent tax credit projects operating in Pierre or Fort Pierre that do not also offer subsidized housing through other federal programs.

In addition to the planned specialized senior project in Fort Pierre, there has also been a past expansion in Pierre. In 2015, Edgewood Pierre opened for occupancy offering a range of housing types including assisted living and memory care.

Looking forward, the potential demand calculations used for this Update show the need for 300 to 350 total units of rental housing over a five-year projection period in Pierre/Fort Pierre. Some of the needed units, such as deep-subsidy housing, may be very difficult to produce, but if achieved could allow for the higher end of this range to be reached.

The following findings and recommendations address specific segments of the Pierre/Fort Pierre rental market.

1. Market Potential to Develop 150 to 210 Conventional Market Rate Rental Housing Units

Findings: The large majority of the rental housing in Pierre/Fort Pierre can be classified as conventional housing, serving general occupancy market rate renters. These units are free of any specific occupancy restrictions or income limits. Market rate housing does not typically have any form of rent controls, other than those imposed by the competitive marketplace. However, in some cases the use of financial assistance from the City may require that a percentage of units be targeted to moderate income households.

There is no definitive total of the rental units in Pierre and Fort Pierre. Using Census information, building permits and research completed for this Update, Community Partners Research estimates there are more than 2,000 conventional market rate rental units between the two cities.

The rental survey that was completed for this Update collected information from nearly 800 conventional rental units. All of the units in the survey were multifamily buildings/projects. The surveyed units represented approximately 40% of the estimated market rate stock in the two cities.

Within the market rate multifamily segment there were very few vacant units reported. The estimated vacancy rate was approximately 1.5% in April 2022. All of the vacant units were two-bedroom rentals. Some of the units that were vacant at the time of the survey were reported as recent turnovers that had not yet been leased. But good demand was also reported.

While the telephone survey in 2022 did not include smaller rental properties, including single family home rentals, there was no indication that vacancy rates would be significantly higher in this segment. With a shortage of available rental options in the area, any single family homes or similar units that are in good condition would also have good demand.

A commonly used standard is that a vacancy rate between 3% and 5% is considered acceptable, to offer some degree of unit choice while still providing rental property owners with a good return on their investment. The vacancy rate that we found in the 2022 survey was well below this level. Pent-up demand does exist in the Pierre/Fort Pierre area, and part of the unit recommendation in this Update is based on adding to the overall supply to promote choice for existing renter households.

The economics of rental housing construction often forces most new market rate units into the higher rent ranges. Recently constructed apartment units will typically have a gross rent above \$1,000 for a two-bedroom apartment. For higher amenity units, a monthly gross rent above \$1,200 is probable.

The income estimates used for this Update show that approximately 50% of all renter households in Pierre and Fort Pierre had an annual income above \$35,000 in 2020 and could generally afford the rent structure required for newly built market rate units.

The area also has a growing market of older adult households. The projections used for this Update show the strongest net household growth in the MiSA over the next few years occurring among households in the 65 to 74 year old age groups. While home ownership rates in these age groups remain very high, those looking to rent will generally have higher incomes and/or assets, and will often look for higher amenity rental units that offer features that are age-appropriate and a reasonable replacement for their single family home.

Recommendation: The overall demand calculations used for this Update expect that the Pierre/Fort Pierre area will need between 300 and 350 total rental units over a five-year forecast period. In the specific recommendations, we have allocated between 50% and 60% of this production goal, or approximately 150 to 210 units in the conventional market rate segment.

It is important for readers to note that a large number of these units are already in the planning stages. In Pierre, a 60-unit market rate project is proposed in the downtown area, and in Fort Pierre a 38-unit apartment building is planned.

Assuming that both of these projects proceed and open for occupancy in 2023, there would be additional need for up to 110 units later in the 5-year projection period that extends to 2026.

Both of the pending projects would create apartment units in multi-level buildings. Future developments could also consider a town house-style of construction. Like other communities in the State, Pierre and Fort Pierre have a growing population of seniors, especially in the age range between 65 and 74 years old. As this age cohort transitions from home ownership into lower maintenance forms of housing, a single family rental unit will be an appealing option. Town house-style rentals will also represent an attractive option for younger renters and families.

Some of the rental projects constructed in the past decade have utilized State or local development incentives which have required a portion of the units to serve households at or below a defined income level, such as 120% of the area median income level. Although some future units are likely to have similar income caps, this should not limit most prospective tenants, as the large majority of area renter households would be below a 120% of median standard.

The ongoing absorption of newly built units should be monitored. If evidence of unmet demand continues to exist after these projects are built, additional phases of construction could be appropriate later in the five-year projection period.

Any future projects that can achieve a lower rent structure would also be encouraged. Although 50% or more of all renter households in the MiSA can afford a conventional market rate unit, a large number of renter households need a more moderately-priced unit. Conventional units with a lower rent structure will help to serve an expanded segment of the local market.

2. Monitor Tax Credit/Moderate Income Rental Housing Opportunities

Findings: The federal low income housing tax credit program remains as one of the only funding sources still available for the production of more affordable rental housing. Tax credits alone do not produce “deep subsidy” rental units that can serve very low income people, but tax credits do provide a “shallow subsidy” that allows for the construction of units that can serve households at or below 60% of the median income level. When other resources are combined with tax credits, even lower income households can be served.

Since the program became available in the late 1980s, no tax credit awards have been made in Fort Pierre. Ten rental projects in Pierre have received a tax credit award. However, there are no moderate rent tax credit projects in Pierre or Fort Pierre that offer units without project-based rent assistance in 2022.

Among the tax credit rules are the income limits that generally restrict occupancy to households earning less than 60% of HUD's estimate of the County median family income level. In addition to income limits, the tax credit program places gross rent caps on the rental units. The rent caps are generally not overly restrictive, as nearly all tax credit projects Statewide have rent structures that are well below the maximum limits that are established for the program. Tax credit projects without project-based rent subsidies must generally be competitive with the prevailing rates for older market rate units in community, so market forces tend to keep actual rents below the maximum federal limits.

Recommendation: The Pierre/Fort Pierre area is somewhat unique in that there are no moderate rent tax credit projects without additional federal subsidies. Tax credit units are recommended in the future to increase the supply of work force housing, and also to upgrade the quality of units by introducing newly constructed units into the local affordable rental inventory. A goal of 60 to 75 affordable units over the 5-year projection period is recommended.

However, this recommended development should occur within the City of Pierre. The income and rent limits for the tax credit program are set by county, and the limits in Hughes County are higher than in Stanley County. For this reason, any new construction tax credit projects located in Pierre would have a competitive advantage over a similar project in Fort Pierre. The higher allowable limits in Hughes County would expand the potential base of eligible tenant households.

The City of Fort Pierre should monitor the resources that exist for affordable rental development. In the future, it is possible that the income and rent limit difference between Stanley and Hughes Counties could be changed, potentially making Fort Pierre an equally suitable location for future tax credit rental construction.

3. Promote the Development of 40 to 50 Additional Subsidized Rental Housing Units as Resources Allow

Findings: The term subsidized rental housing, as used in this Update, 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. Most of the subsidized housing in Fort Pierre and has project-based rent assistance, or a similar subsidy available, that allows rent to be based on 30% of the household’s monthly income.

Most of the subsidized rental housing in the area was constructed in the 1970s or 1980s, when the federal government was active in constructing affordable housing. Over time, this inventory of subsidized units has tended to grow smaller, as contract compliance or other factors have resulted in the end of subsidy agreements. The absence of federal funding programs in the past few decades has resulted in no recent development projects. The last construction of subsidized units occurred in the late 1990s.

In 2022, there are still 11 subsidized projects in Pierre/Fort Pierre with a combined 329 rental units. This total excludes any projects designated for special needs populations. At the time of the 2012 Housing Study there were 15 subsidized projects in Pierre and Fort Pierre that provided rental opportunities for lower income households, with a combined 394 units.

Between 2012 and 2022, there were 65 subsidized rental units removed from the local stock. In Fort Pierre, Old West Family with 12 units ended its subsidy contract and converted to conventional market rate housing. In Pierre, 10 Eleven on Garfield (formerly Willow Creek) with 30 units and Harrison Apartments with 23 units also converted to conventional housing.

With continued growth in the number of renter households in the MiSA but a decreasing supply of deep subsidy units, occupancy rates in subsidized housing are high. Based on the telephone survey, the estimated vacancy rate in general occupancy subsidized units is less than 1%. In projects oriented to senior/disabled tenant occupancy the vacancy rate was slightly higher but still estimated at less than 2.5%.

Another indicator of unmet demand for subsidized housing may be the waiting list for the Voucher rent assistance program, which is not location or project-specific. In April 2022, there were 73 names on the Voucher program waiting list. The large majority of these households had a current address in South Dakota, although some may have been from outside the State.

There were 145 tenant-based Vouchers in use. When added to the inventory of 329 units with project-based subsidies there were as many as 474 renter households in Pierre and Fort Pierre have access to some form of federally subsidized housing.

In 2022, the subsidized supply represents an estimated 18% of all renter households in Pierre/Fort Pierre. This percentage is down from nearly 24% of all renter households in Pierre/Fort Pierre in 2012.

The 2020 American Community survey estimated that nearly 57% of all renters in Fort Pierre were paying 30% or more of their income for rent. The large majority of these households were actually paying 35% or more of their income for housing. Most of the households with a severe rent burden had low annual incomes, and would be under the income limits for subsidized housing.

Recommendation: Based on the research for this Update, we would recommend that the area look to expand the supply of deep subsidy rental housing for lower income renters. Over the next five years, we would recommend that Pierre/Fort Pierre attempt to construct 40 to 50 units that achieve a rent level that would be affordable to very low income households earning less than \$20,000 per year.

Similar to tax credit housing, it is possible that development of future subsidized housing in Pierre would have a competitive advantage when compared to development in Fort Pierre. Maximum allowable income limits and rent restrictions could once again be based on the location of the project, and Hughes County would have higher limits than Stanley County. However, this difference would be less evident in deep subsidy housing, as most tenants would probably be well below the income limits that apply in either County.

This recommendation represents a modest goal. Over the past 10 years, more than 50 subsidized units have been lost in the two communities. However, very few federal subsidy sources exist for the creation of “deep subsidy” rental housing. The actual number of units that can be developed will be dependent upon access to financial resources. It is unlikely that a larger number of units could be created.

In the opinion of the analysts, the highest priority would be to create general occupancy units for families. Although occupancy rates are relatively high for senior-designated projects, there does not appear to be as much unmet demand. Additionally, the rent burden statistics cited previously show that most of the cost burdened households are age 64 and younger.

Another important community strategy will be to prevent the future loss of any of the existing project-based subsidized housing. It may be appropriate for public or nonprofit housing agencies to become involved in attempts to preserve subsidized housing resources.

4. Monitor the PEDCO Housing Acquisition and Rehab Loan Program for Affordable Rental Creation

Findings: The previous recommendations have addressed projected needs for additional rental housing development in Pierre/Fort Pierre over a 5-year forecast period. Most of these recommended rental units will be created through new construction projects. But a portion of this unit demand may be met through the use of existing structures and housing units.

In 2021, the Pierre Economic Development Corporation (PEDCO) created a new initiative called the Housing Developer Acquisition and Rehabilitation Loan Program. The intent is to provide financial incentives to investors to purchase existing single family houses in need of repair, and to resell or rent these homes after rehabilitation work is completed.

The Program would require that the eventual occupant of the structure have an annual income that is at or below 115% of the median household income level for Hughes County, as established by the U.S. Department of Housing and Urban Development (HUD). In 2022, the maximum allowable income is \$92,115 for a 2-person household. The income limits would not typically be a limiting factor for renter-occupancy households in the Pierre/Fort Pierre area. The income limits will apply for a 5-year time period.

The Program was developed in conjunction with the South Dakota Housing Development Authority (SDHDA)

Recommendation: As discussed in greater detail later in this document, Fort Pierre does have an inventory of older single family houses that are in need of repair. The PEDCO Program in Pierre has the potential to address the rehabilitation needs of some older houses by offering a financial incentive to investors to acquire and improve these units.

It is important to note that this initiative would not necessarily expand the overall supply of housing, unless the unit was previously unoccupied due to its condition. However, it does have the potential to increase the number of units that are in good, habitable condition.

5. Monitor the Need for Additional Specialized Housing Options for Seniors

Findings: A previous section of this Update has provided detailed information on the area’s supply of specialized senior units. Senior housing with services may include a wide range of housing types. Skilled nursing homes, Assisted Living Centers and memory care housing are generally the most service-intensive types of housing. These options provide 24-hour staffing and a high level of assistance with daily living needs of residents. Under South Dakota law, service-intensive senior housing must be licensed as a Skilled Nursing Facility or an Assisted Living Center.

Lower-service housing, sometimes referred to as congregate senior housing, generally offers a daily meal, access to transportation and services such as laundry and weekly light housekeeping. While a resident may be able to contract for more intensive services, or purchase them separately through a home health care provider agency, they are not included in light services units. In South Dakota these lighter-service housing providers may be registered as Residential Living Centers. These facilities are not subject to the same standards and requirements as the Assisted Living Centers. Because of the lower level of State regulation, some light services projects may not be registered as Residential Living Centers.

The following observations are made regarding senior housing with services in the Pierre/Fort Pierre area:

- ▶ Pierre added some specialized senior housing options with the construction of Edgewood in 2015, which included units/rooms to the assisted living and memory care housing segments. This project represented the first significant unit expansion in many years.
- ▶ The first specialized care project in Fort Pierre is planned for construction in 2022 and will add an array of care options including light services housing, assisted living and memory care units. A second project in Fort Pierre is also being considered.
- ▶ In 2022, the utilization of skilled nursing home beds was well below actual capacity. At the time of the 2012 Housing Study we had estimated that between 120 and 125 beds were typically occupied by long-term residents of nursing homes. In April 2022, the research indicated that between 75 and 80 beds were in use for long-term residents. This lower use was due to a combination of factors including the impact of the Covid pandemic and staffing shortages.

- ▶ The available inventory of memory care beds represents a required capture rate of approximately 1.6% of the estimated older senior population, very similar to the estimated capture rate in 2012. Since 2012 there has been an addition of beds in the Edgewood project in Pierre, but a dedicated memory care wing in Avantara Pierre was also converted to traditional skilled nursing home use. As a result, the specialized memory care inventory in 2022 is only slightly larger than had existed in 2012, but has largely kept pace with the growing senior demographic since that time. In 2022, additional memory care capacity is being constructed in Fort Pierre.
- ▶ The current supply of units/beds in Assisted Living Centers requires a capture rate of approximately 5.2% of the adjusted target population of older senior citizens residing in the MiSA. This is nearly double the estimated capture of 2.7% of the adjusted target population of older senior citizens residing in the MiSA in 2012. The addition of a substantial number of units in Edgewood has significantly expanded the assisted living supply since that time. In 2022, a further expansion of assisted living units is underway in a new facility in Fort Pierre.
- ▶ The current supply of light services units requires a market capture rate of approximately 6.3% of the primary target market of older senior households. This is lower than the estimated rate of 8.6% in 2012. One small Residential Living Center that had been operating in 2012 has since closed, decreasing the supply of units in this segment. The Edgewood project in Pierre does not include lighter services units, but the 2022 project in Fort Pierre will add units for more independent seniors.
- ▶ The population of senior citizens living in the Pierre MiSA has been growing, and is projected to increase further through the year 2026, based on the demographic projections used for this Update. Older seniors, age 75 and above, are more likely to access specialized forms of care. Between 2021 and 2026, the projections anticipate an increase of more than 28% in the MiSA's older senior population and older senior households, creating additional demand for specialized forms of housing.

Recommendation: In 2022, construction of a new specialized senior project will begin in Fort Pierre, which will add 19 light services units, 31 assisted living units and 13 memory care beds. This is the first new construction since the Edgewood Pierre project in 2015. With an expansion of capacity underway in 2022 in each of these primary care segments, the demand for additional development should be monitored.

There will continue to be growth in the area's population of older senior citizens and senior-headed households, age 75 and above, that represent the primary market for specialized care housing. However, the expansion of units underway in 2022 will result in a higher required capture rate in 2026.

- ▶ For specialized memory care the projected future capture rate would increase to 1.9% of the older senior population in 2026, up from 1.6% in 2021.
- ▶ For assisted living the projected future capture rate would increase to 8% of the target population of older seniors, up from 5.2% in 2021.
- ▶ For light services housing the projected future capture rate would increase to 6.5% of older senior households compared to 6.3% in 2021.

Based on this information, the supply of units is projected to increase at a rate that exceeds the expected growth in the target market. However, high rates of utilization are present within each of these specialized segments in 2022, and a further expansion may still be needed later in the projection period. This is especially true in the memory care segment, where the required capture rate will still be less than 2% of the primary target market by 2026.

It should be noted that another senior development has been proposed in Fort Pierre. Specific details of this project were not obtained, but it is believed to offer a range of care options for seniors.

The findings made in this Update are based on overall supply and demand for specialized senior units, not competitive positioning between individual projects. It is very possible that additional units could successfully be constructed in the Pierre/Fort Pierre.

It is also important to state that the Covid pandemic has impacted all forms of senior housing. In some cases, seniors have been reluctant to move into multifamily buildings and the pandemic was often identified as a contributor to any vacancies. Demand for specialized senior housing may need to be re-evaluated at the end of the pandemic. The pandemic has also impacted the labor supply for service-intensive forms of senior housing.

Home Ownership Recommendations

Findings: Expanding home ownership and generating new owner-occupied home construction activity are primary goals for most cities. Home ownership promotes a stable community, the availability of a steady and reliable labor force, and property ownership can strengthen the local tax base.

Home ownership advancement can be achieved through the promotion of new construction activity. It can also be accomplished through utilization of the large, existing housing stock that already exists in the area.

Based on the research completed for this Update, Fort Pierre has probably maintained a stable home ownership tenure rate in recent years. The City has also continued to have relatively strong home values in the existing single family inventory. This is probably due in part to the economic stability of the area. As the State Capitol, the Pierre/Fort Pierre area has a large, professional governmental work force, and has maintained a consistently low unemployment rate.

The research of recent sales activity indicated that the median owner-occupied home value in Fort Pierre has moved above \$300,000 in recent years. Sales data for 2022 are not yet available, but an even higher median sale price is possible in the current year based on a low inventory of homes listed for sale despite strong demand from buyers.

Higher home values can make home ownership more difficult to achieve, especially for more moderate income households. However, higher home values also yield some positives, including an incentive to view housing as an investment. This can help to encourage new construction, as well as ongoing efforts to maintain and improve existing housing units.

Despite the high median sale prices reached in recent years, some existing houses in Fort Pierre do represent an option for first time home buyers. In 2021, more than 20% of all home sales in Fort Pierre were for less than \$150,000. Some of the recommendations contained in this section specifically address strategies intended to assist with ownership, especially for entry-level buyers, who will typically need a more affordable price range.

Home ownership opportunities are also being created through new construction. In both 2019 and 2021 the City had more than 10 single family housing starts. Over the 12-year period spanning 2010 through 2021, Fort Pierre, averaged nearly 13 single family housing starts per year.

Construction activity in Fort Pierre represents only a share of the area's single family home building. Pierre and the rural areas have also attracted annual home building.

The overall household projections used for this Update point to continued good demand for owner-occupied housing construction in Fort Pierre. The tenure-based forecasts presented earlier in this section show potential demand for between 15 and 20 owner-occupancy housing units per year in Fort Pierre over a five-year projection period.

This projection could prove to be low, as the City generally been averaging annual production within this range, although 2016 is the last year that annual production actually exceeded 15 houses in a single year. However, if housing costs related to materials and labor move lower in the future and mortgage interest rates decrease, it would not be surprising to see annual production above the upper end of the projected range.

The demand forecast is based on both anticipated household growth and from other factors including unit replacement and pent-up demand. Most of the net growth in households within the MiSA through the year 2026 will be from an increased number of households age 65 and older. Households in these age ranges tend to be predominantly home owners, and often form a market for higher priced, trade-up housing and for low maintenance housing such as town homes and twin homes.

While growth of older adult households should yield continued demand for new houses, the projections examined for this Update also point to a net decrease in households in the age ranges under 64 years old. A possible reduction in the number of younger and middle-aged adult households could result in slightly lowered demand, especially within the entry-level segment of the market. However, the Pierre/Fort Pierre area is working to attract younger households to fill available job options in the Cities, and the projections may not prove to be accurate.

In the table below, we have produced annual demand projections for different price ranges of owner-occupancy housing. These projections assume that between 15 and 20 units will be constructed per year in the City of Fort Pierre.

Demand Projection for Annual Owner-Occupancy Housing Construction		
Unit Type	Approximate Price Range	Annual Demand Projection
Affordable	Less than \$275,000	4 to 6 units
Mid-Priced	\$275,000 - \$425,000	6 to 7 units
Higher-Valued	\$425,000+	5 to 7 units

Source: Community Partners Research, Inc.

We have defined **affordable homes** as single family units that would typically sell for less than \$275,000. While many people may view this as a high price for affordable housing, it is increasingly difficult to construct new houses at a lower cost. Houses within this price range would often appeal to younger buyers, first-time buyers, or those households trading-up from an older, lower valued house or mobile home. In some communities, affordable residential subdivisions have been created that target more affordable home ownership options.

It should also be noted that some additional construction may also occur in even lower price ranges, including homes built by groups like Habitat for Humanity. This housing often serves a segment of the market that could not otherwise access newly constructed units.

We have defined **mid-priced homes** within a price range of \$275,000 to \$425,000. This price can generally be achieved by private housing developers without the need for subsidies. The area has traditionally had active construction activity occurring within these price ranges. The higher end of this range generally represents a portion of the trade-up housing market for many buyers.

We have defined **higher-valued homes** as those priced at \$425,000 and above. The private housing market can be successful at serving this segment of the market without any type of public involvement. Within this price segment Fort Pierre will continue to compete with attractive locations that exist in the rural areas outside the city limits. However, river access lots are largely unique to the community.

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

6. Most Demand for Single Family Home Construction will Continue to be for Moderate to Higher Priced Housing

Findings: The demographic analysis contained in this Update has tracked the continued advancement of the large “baby boom” generation as it moves through the aging cycle. Over the next five years, the largest net increase in households will occur in the 20-year age grouping between 65 and 84 years old. Empty-nester and senior households will continue to generate demand for age-appropriate housing options. Households within these age ranges have historically had high rates of home ownership in Pierre/Fort Pierre.

Demand will also be impacted by income levels. For MiSA households with an income of \$75,000 or more, the estimated rate of home ownership was approximately 90% in 2020. Households with an annual income of \$75,000 or more can apply a significant portion of their income to housing costs, making home ownership more achievable. Home ownership remains the strong preference for moderate to higher income households.

Existing home values are showing strong improvement, as tracked by recent sales activity. In 2021, the median price for existing home sales in Fort Pierre moved above \$300,000 according to County records. Since most of the higher income households already own their housing, people that look to move into a newly constructed house should have increasing equity available from the sale of their previous home.

Recommendation: Housing units that are attractive to middle-aged and older adult households will continue to represent the largest share of home ownership demand in Fort Pierre over the five-year projection period. The City’s unique ability to attract seasonal/recreational housing with river access lots will also generate demand for high amenity units.

The forecasts used in this Update expect that up to 35% of the demand will be in the higher price ranges, generally defined as \$425,000 and above. Based on the overall new construction forecast, this yields annual demand potential for 5 to 7 units annually. Demand for housing in this price range can be met by the private development community, and would not typically require any level of public involvement or assistance.

The forecasts also expect that up to 35% of the demand will also exist in the more moderate price ranges, generally defined as \$275,000 to \$425,000. Based on the overall new construction forecast, this yields annual demand potential for 6 to 7 units annually in Fort Pierre. Demand for housing in this

price range can also be met by the private development community, and would not typically require any level of public involvement or assistance, although more affordable lots will be needed at the lower end of this price range.

Newly constructed units should continue to represent a mix of single family homes, as well as attached housing such as twin homes, which can appeal to mature households as they age.

The demographic analysis contained in this Update has tracked the advancing segment of the population that exists in the age ranges 55 years old and older. As the large “baby boom” generation has moved through the aging cycle, they have created demand for age-appropriate housing options.

The tenure preference patterns within these growing age segments are clearly defined. In 2010, the home ownership tenure rate for MiSA households in the 55 to 74 year old ranges was above 73%. In both the recent past, and in the next few years, most of the housing demand will be created by middle-aged and older adult households upgrading their housing.

7. Promote Affordable New Home Construction Using Available Resources and Incentives

Findings: The projections being used for this Update expect that up to 30% of the demand in Fort Pierre will be in the more affordable market segment, priced below \$275,000. While this price point may not seem affordable by past standards, it has become increasingly difficult for builders to even achieve this level of affordability.

Pandemic-related cost issues impacting materials and labor have made it increasingly difficult to keep newly built houses at an affordable price. But values for existing home have also continued to rise during the pandemic, helping to close the potential gap between new construction and existing homes. In 2021, the median price for existing home sales had increased to more than \$300,000 according to County data. Although County sales records for 2022 were not yet available, it is possible that the median sale price will be even higher in the current year.

Recommendation: Going forward, projected demand should exist for between 4 and 6 units per year, in the price ranges \$275,000 and lower. If lower pricing for materials and labor return to pre-pandemic levels, it may be possible to achieve an even higher annual average.

Some communities, including Yankton, have been successful in serving this portion of the market. Recent subdivisions in that community have applied tax increment assistance to keep home sale prices below \$280,000. Past efforts at affordable home ownership have also been used in both Pierre and Fort Pierre.

To develop single family houses and ownership options in the future that are priced less than \$275,000, it will be important for the communities to work with the available resources to lower costs associated with new home development. Some of the other recommendations within this section talk about program opportunities and incentives that can be created for affordable housing. In Fort Pierre there may also be opportunities for affordable new construction through redevelopment activity within some of the older neighborhoods.

In 2022 the State Legislature was active in creating financial initiatives that could help to contribute to housing development. The focus has been on State grants to cover a portion of the land and infrastructure costs for affordable housing projects. While the actual per unit financial impact of this proposed assistance is not known by the analysts, the possibility of State grants could help achieve more affordable home ownership options.

8. Promote Town House and Twin Home Development

Findings: While Pierre has experienced some attached housing development in recent years, it does not appear that much construction has occurred in Fort Pierre. In Pierre, the best available information points to approximately 15% to 20% of the new single family housing starts in the form of twin home or town house units.

Attached housing provides desirable alternatives for empty nesters and seniors to move out of their single family homes, making these traditional single family homes available for families. It is important for a community to offer a range of life-cycle housing options, allowing some households to move into age-appropriate, low maintenance housing options.

Recommendation: Consistent with the findings of the previous housing study, the demographic patterns for the area should be conducive to growing demand for attached single housing options that promote no/low maintenance living. However, there has been limited construction activity of this type of housing in the recent past. Going forward, between four and five attached units per year would be projected, primarily in the form of twin homes.

While attached single family housing can appeal to a broad segment of the market, older adult households often form a primary target market. As previously stated, most of the net household growth in the MiSA over the next five years will be from households in the 65 and older age ranges. Based on available projections, nearly 53% of all households within the Pierre MiSA will have a head-of-household that is 55 or older by the year 2026.

Most of the projected demand for attached single family activity should occur in the affordable and moderate price ranges, between \$275,000 and \$425,000. The public sector's role in any owner-occupancy attached housing development within the moderate price ranges can be limited, as the private development community can respond to demand for this type of housing. The City's role should include assuring that adequate land is available for development and that planning and zoning allows for attached housing development.

Developers of attached single family units should incorporate senior-friendly home designs into their planning. While attached single family housing can appeal to a broad segment of the market, older adult households will continue to be a primary target group. Larger-scale projects should also allow for shared maintenance, including lawn care, snow removal, and other services through an owner association.

9. Monitor Lot Availability and Promote Additional Residential Lot Development

Findings: As part of this Update, Community Partners Research attempted to collect information on the inventory of available residential lots for single family housing construction in Fort Pierre. Based on information available from local real estate sources, Fort Pierre has a very small inventory of lots that are available in an affordable price range. Only three vacant lots existed in June 2022 that were priced below \$40,000.

The City did have a large inventory of higher-priced lots. There were 26 listings on the Multiple Listing Service that were priced at \$120,000 or more. These lots had river access or frontage.

There may also be miscellaneous infill lots scattered around Fort Pierre that may exist in older neighborhoods. The City has typically had some past demolition activity of older single family homes. These parcels may be suitable for new construction projects.

While the lot supply within Fort Pierre may be somewhat limited in 2022, there are also choices outside the city limits, in both Pierre and in the rural portions of Hughes and Stanley Counties. The rural lots can range widely in price and quality. They can also range in location, with some near the City and others farther away from the community.

Fort Pierre does have some open land parcels that would be suitable for future phases of development. The primary residential areas in Fort Pierre are relatively flat and do not appear to have the same topographical issues that often are present in Pierre.

Recommendation: Community Partners Research typically uses a standard that a 2 ½ year supply of lots should be available in the marketplace based on annual lot usage. The single family projection used for this Update expects the construction of between 15 and 20 houses per year in Fort Pierre. This would indicate that up to 50 lots should be available or in the development pipeline.

The probable inventory in 2022 may contain approximately 30 lots, but most of these will only address demand for higher-priced new home construction. There is an under supply of lots with the more moderate price ranges. At least 20 single family detached lots should be advanced to development to help assure that construction activity is not limited in the future. With projected absorption of up to 100 lots over the five-year projection period, additional phases of lot development will also be needed within the next few years.

Fort Pierre has an active development community that has been able to respond to demand in the past. There is every indication that land owners and developers will be able to add lots as needed by the construction market.

The projections used in this Update point to most future demand existing for moderate to higher-priced homes, generally consistent with trade-up home buyers. The largest net increase in demand will be generated by households age 55 and older. These households will look for amenities and features, such as lower maintenance, which are appropriate for their life-cycle needs.

We also would project that up to 30% of the demand will be generated by the more affordable new construction segment. This could generate demand for between 4 and 6 affordable lots per year. The Fort Pierre Development Corporation has been involved in past efforts to promote more affordable options in the Broken Timbers Subdivision.

10. Utilize and Promote Programs that Assist with Home Ownership

Findings: Home ownership is generally the preferred housing option for most households and most communities. At the time of the 2010 Census, more than 76% of all households in Fort Pierre owned their housing. The available estimates for 2020 indicate that the home ownership rate in the City has probably remained relatively stable since that time.

The previous study for Fort Pierre encouraged the use of programs and resources that assist with home ownership. This included first time home buyer mortgage loans and down payment/closing cost assistance programs. Home ownership counseling and training programs were also encouraged.

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

Recommendation: The research completed in 2022 did not identify any notable changes to programs or initiatives related to home ownership assistance. A portion of the home ownership demand will continue to exist for affordable ownership options, which will largely be met by the sale of existing homes in the community. Fort Pierre should continue to work with area housing agencies, the South Dakota Housing Development Authority and local financial institutions to utilize all available home ownership assistance programs.

In addition to programs available through the South Dakota Housing Development Authority, other potential funding sources for home ownership programs may include USDA Rural Development, and the Federal Home Loan Bank.

11. Coordinate with Agencies/Nonprofits that Develop Very Affordable Ownership Housing

Findings: While the private development community is able to address demand for moderate to higher-priced homes, there has always been difficulty in producing new units that are very affordable and available to lower income buyers.

To serve an even lower income group, with few other housing resources, organizations like Habitat for Humanity may be able to construct and sell new homes to low and moderate income households. Although this type of organization cannot be counted on to produce a large number of housing units, they can help generate a few new homes for lower income families.

Recommendation: We recommend that the City coordinate with housing agencies and nonprofit organizations to help produce more affordable housing units. The City may be able to contribute to the project through land donations, tax increment assistance, grant writing, or project coordination activities. The Broken Timbers Subdivision had included Habitat for Humanity houses.

As any substandard houses are demolished in the City in the future, the cleared lots may be suitable for redevelopment. These infill lots may be good sites for this type of new construction activity.

Housing Rehabilitation

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

Efforts and investment in housing rehabilitation activities will be critical to offering affordable housing opportunities and in preventing the deterioration of existing neighborhoods. As this existing stock ages, more maintenance and repair are required. Without rehabilitation assistance, the affordable stock will shrink, creating an even more difficult affordability situation.

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

12. Promote Rental Housing Rehabilitation Programs

Findings: Housing tenure details have not yet been released from the 2020 Census, but it is probable that the City of Fort Pierre has approximately 240 to 250 total rental units in 2022. These units are in large multifamily projects, small rental buildings, mixed-use properties, duplexes, single family homes and mobile homes.

According to the American Community Survey estimates, the median year of construction for all rental units in Fort Pierre is 1981. More than 50% of the City's rental stock is more than 40 years old. While most rental property owners attempt to keep their housing well maintained, there are age-related issues for condition and quality when a majority of units are more than 40 years old.

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

Recommendation: The City of Fort Pierre and area housing agencies should seek funds that can be dedicated to the rehabilitation of rental units. For a rental rehabilitation program to be workable and successful, the funds should to the extent possible, allow for program design flexibility.

As identified previously in this document, the Pierre Economic Development Corporation has created a new initiative called the Housing Developer Acquisition and Rehabilitation Loan Program in conjunction with the South Dakota Housing Development Authority. The intent is to provide financial incentives to investors to purchase existing single family houses in need of repair, and to resell or rent these homes after rehabilitation work is completed. The City of Fort Pierre may wish to replicate this program.

The PEDCO Program has the potential to address the rehabilitation needs of some of these houses by offering a financial incentive to investors to acquire and improve these units. It is important to note that this initiative would not necessarily expand the overall supply of housing, unless the unit was previously unoccupied due to its condition. However, it does have the potential to increase the number of units that are in good, habitable condition.

Other potential funding sources include USDA Rural Development, the Federal Home Loan Bank, the South Dakota Housing Development Authority, and local funds. In many cases, some form of grant or forgivable loan may be needed to prevent rents from increasing as a result of the investment in the property.

13. Promote Owner-Occupied Housing Rehabilitation Programs

Findings: With above-average prices for homes in Fort Pierre, the older existing housing stock will continue to represent some of the most affordable home ownership options in the community. Investment in owner-occupied housing rehabilitation activities will be critical to offering affordable housing opportunities in the future.

According to the latest American Community Survey, approximately 13% of all owner-occupancy houses in Fort Pierre were constructed before 1960.

As part of the research for this Update, a visual housing condition survey was completed in four of the City's older neighborhoods. These were the same neighborhoods that were included in the 2012 Study.

A total of 239 structures, including 19 mobile homes, were viewed and rated based on observable exterior features. The survey found that 92 homes need minor repair and 49 homes needed major repairs. Without rehabilitation assistance, there is the potential that the affordable housing stock will shrink in the City of Fort Pierre.

It is important to note that when compared to the findings of the 2012 survey, the housing condition in these older neighborhoods has generally improved based on the ratings in the lowest condition categories. In 2012, there were 183 units rated as needing major repair compared to 131 structures in 2022. There were 67 houses/mobile homes rated as dilapidated in 2012 compared to 49 units in the 2022 survey.

Recommendation: We recommend that the City of Fort Pierre and area housing agencies continue to identify and apply for funds for owner-occupancy housing rehabilitation. GROW South Dakota, USDA Rural Development, the South Dakota Housing Development Authority and the Federal Home Loan Bank are potential funding sources.

A new PEDCO Housing Developer Acquisition and Rehabilitation Loan Program will offer financial incentives to investors to purchase existing single family houses in need of repair, and to resell these homes after rehabilitation work is completed. This could improve the condition of older single family houses while also creating more affordable ownership options. Fort Pierre may want to monitor this program for possible replication.

14. Continue to Promote the Demolition of Dilapidated Structures

Findings: Fort Pierre has been active in the past in the demolition of older houses and structures. Some mobile home replacement also occurs annually. While demolition/replacement may occur for a variety of reasons, substandard condition is one of the causes for the removal of houses.

The housing condition survey of four older neighborhoods in Fort Pierre identified 11 houses and three mobile homes that were still rated as dilapidated and viewed as too deteriorated to rehabilitate. This count was very similar to the 11 houses and four mobile homes rated as dilapidated in the 2012 survey.

It is important to note that the dilapidated houses and mobile homes were in selected neighborhoods, and do not reflect a citywide count. It is probable that additional deteriorated structures exist elsewhere in the City.

Recommendation: We recommend that the City of Fort Pierre continue to demolish severely dilapidated structures. The City is enhanced when blighted and dilapidated structures are removed. It is possible that some of the cleared lots could be utilized for the construction of new affordable housing units.

15. Continue to Monitor Mobile Home Conditions

Findings: Fort Pierre has a large number of mobile homes. According to the American Community Survey estimates, there were 232 owner-occupied mobile homes and five renter-occupancy units in the City in 2020. This represented more than 19% of all occupied housing options in Fort Pierre.

The American Community Survey also estimated that nearly 62% of the mobile homes were constructed before the year 2000 and are more than 20 years old. The estimated median value for mobile homes in the City was \$20,000.

Community Partners Research did not conduct a condition survey of mobile home parks in Fort Pierre. However, one specific neighborhood that was surveyed contained 19 mobile homes which were viewed and rated. Nine of the mobile homes in this neighborhood were rated as needing major repair, or were judged to be beyond repair.

The analysts do recognize that there can be significant variation in the quality and condition between individual mobile home parks. Some of the manufactured home neighborhoods primarily contain newer units that are in good condition.

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

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

It may be appropriate for the community to initiate programs to improve the quality of mobile homes, even if these programs can only address a few units per year. The 2012 Housing Study had included some initiatives that have been used in other communities.

16. Create a Plan and a Coordinated Effort Among Housing Agencies and Stakeholders

Findings: The Pierre/Fort Pierre area will need staff resources to plan and implement many of the housing recommendations advanced in this Update. The City has access to the Fort Pierre Development Corporation, the Pierre Housing and Redevelopment Commission, the Central South Dakota Enhancement District and GROW SD, as well as potentially other organizations. Fort Pierre also has direct access to the USDA Rural Development Service Center Office and the South Dakota Housing Development Authority, both of which are located in Pierre.

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

It will also be important for the City to look for opportunities to work cooperatively with other area cities to address housing issues. With 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.