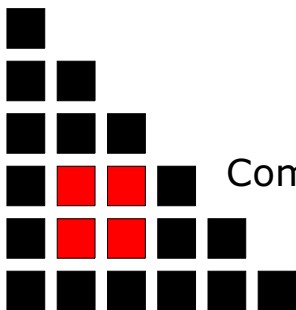


# City of Mitchell HOUSING STUDY

September 2012

An analysis of the overall housing needs  
of the City and the surrounding area



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## Executive Summary

This Housing Study examines housing needs within the City of Mitchell. Major sections of the research process have been summarized below. Readers are encouraged to review the more detailed information that follows this Executive Summary.

### Study Highlights - Demographic Research in Mitchell

- ▶ ***Solid growth in recent decades*** - The City's population increased by nearly 5% in the last decade, while the household level increased by more than 9%. Since 1990, Mitchell has added more than 1,000 households and more than 1,400 people.
- ▶ ***The larger region has not grown like Mitchell*** - While Mitchell has been adding households, the larger surrounding region has not. Excluding Mitchell, the remainder of a six-county region lost 436 households in the last decade.
- ▶ ***Average household size has continued to decrease*** - Mitchell's average household size dropped from 2.27 persons in 2000 to 2.16 in 2010. This smaller household size generally reflects an aging population and is the reason that the household growth rate has been greater than the population growth rate in recent years.
- ▶ ***Aging population*** - At the time of the 2000 Census, approximately 38% of all households in the City had a head of household age 55 or older. By 2010, this had increased to more than 43% of all households. By the year 2015 this percentage will be even larger. The fastest growing age segment will be between 65 and 74 years old. Continued reductions are expected in the number of residents age 54 and younger.
- ▶ ***Household composition changes*** - Most of the City's net growth came from "non-family" households, primarily people living alone. While there was some net growth in "family" households, there was a net loss in the number of married couples with children.
- ▶ ***Growing preference for rental housing*** - Despite the strong environment for home ownership and single family construction, especially during the first half of the last decade, the City's ownership tenure rate dropped slightly from 56.5% in 2000 to 55.9% in 2010, as net growth in renter households was greater than the net growth in owners.

- ▶ ***Income growth trailed the Statewide rate*** - While annual income improved for most households over the last decade, the best available estimates from the Census Bureau show that the rate of increase for household and family income levels in Mitchell trailed the rate of increase Statewide. The midpoint income level for all households in Mitchell was also approximately \$6,000 lower than the South Dakota median level. At the time of the 2000 Census, the City's median household income was less than \$4,000 below the Statewide median.
- ▶ ***Renters also tend to have lower income levels*** - The median income for all renter households was estimated at \$25,122 in 2010. The estimated median household income for owners in 2010 was \$54,881. Approximately 41% of all renters in Mitchell reported paying 30% or more of their income for housing. Student renters were not large-scale contributors to this cost burden statistic.
- ▶ ***Ownership cost burden also exists*** - Nearly 19% of all home owners also reported that 30% or more of income was used for housing. Most of these households did have a mortgage payment, although some had no mortgage, but a low annual income.
- ▶ ***Projections point to continued household growth, primarily from households age 55 and older*** - The projections used for this Study point to continued household growth in Mitchell. Based on the consistent rate of growth in recent decades, a projection of 60 to 63 households in an average year over the next few years has been used in this Study. This is an annual average, and will be dependent upon a commensurate level of new housing production. Over the past six years, Mitchell has only reached or exceeded this level of new unit creation one time, in 2010 when a large student housing project and a senior housing with services expansion occurred.

## **Study Highlights - Housing Construction Activity**

- ▶ ***Ongoing housing construction*** - From 2000 to 2012, Mitchell added more than 800 total housing units, based on building permit issuance. Although most of these units were identified as single family homes, there was also attached housing in two to four unit structures, and larger multifamily complexes that were built.
- ▶ ***Recent construction levels have tended to be lower*** - Most of the new construction occurred between 2000 and 2007. After 2007, housing construction activity slowed significantly from the level experienced in previous years. The notable exception was 2010, when larger-scale

rental projects for students and seniors were constructed. Even with the post-2007 slowdown, the City has consistently produced at least 20 new single family housing units per year through the year 2011.

- ▶ ***Recent rental construction has primarily served market niches*** - Limited multifamily construction has occurred in recent years, and the projects that have proceeded are primarily oriented to students or seniors needing services with their housing.

## **Study Highlights - Home Ownership Research**

- ▶ ***Single family housing growth has been greater than the increase in home ownership*** - According to the 2010 Census, Mitchell had a net increase of 285 owner-occupied households over the last decade, although more than 400 single family housing units were constructed during this same time period. This would imply that some level of housing loss, tenure conversion or housing vacancy was also taking place. Although there are multiple causes for a slowdown in new home construction in recent years, supply exceeding demand may be one contributing factor.
- ▶ ***Home values have remained stable or increased slightly in recent years*** - For the 2009, 2010 and 2011 sales years, the midpoint home sale price in Mitchell stayed in a range between \$95,000 and \$98,000 each year. Partial-year data for 2012 point to a possible increase in the median single family home sale price.
- ▶ ***Sales volume has also remained relatively stable*** - For each of the last three full sales years, the annual volume of open market single family home sales has ranged between 165 and 182 sales. Once again, partial-year data for 2012 point to a possible decrease in sales volume compared to recent years.
- ▶ ***Foreclosures have not been a major issue*** - Although data sources are limited for foreclosures and short-sales, the number of distressed transactions in Mitchell appears to be relatively low. In 2009, nearly 13% of all sales had a financial institution listed as the seller. Through mid-June of the 2012 sales year, this percentage had decreased to 6.3%.

## **Study Highlights - Rental Housing Research**

- ▶ ***No general occupancy multifamily construction has occurred in many years*** - The only larger-scale rental projects that can be identified since 2006 are senior-oriented housing, generally offering some level of services, or student-oriented rental housing near MTI. The last general-occupancy rental projects were probably constructed in 2003.
- ▶ ***General rental housing may have been added through conversion*** - As identified earlier, for Census data on household growth to reconcile, there may be 70 or more existing units that were added to the rental stock. This may have included houses that were converted from owner to renter-occupancy over the last decade.
- ▶ ***Multifamily rental occupancy rates are very high*** - The rental survey of larger multifamily properties found low vacancy rates in most forms of housing. The 2012 vacancy rates were below 1.5% in all forms of independent rental housing including market rate, tax credit/moderate rent, general occupancy subsidized, senior/disabled occupancy subsidized and student housing units.
- ▶ ***Specialized senior options had high utilization rates*** - The City has a variety of housing with services options for seniors. Utilization rates for available beds were high in nearly all types of specialized senior housing, including skilled nursing homes.
- ▶ ***Rental rates in conventional rental housing were generally in a modest price range*** - With limited production of new multifamily rental housing in the past 10 years, most conventional rental units are in a more moderate price range, with the estimated prevailing gross rent range between \$550 and \$775 for a two-bedroom unit. No two-bedroom rentals were identified with an estimated gross rent above \$1,000 per month, although units in this range probably exist in single family rental options including town houses used for rental.

## **Study Highlights - Employment and Economic Trends**

- ▶ ***Growth in the labor force and employment level*** - Although there have been annual fluctuations in the area's unemployment rate, over a longer time period, there has been solid growth in the area's labor force and employed work force. Between 2000 and 2011, the size of the labor force increased by nearly 1,300 people, or 10.7%. The employed work force increased by 1,150 people, or 9.9% during this same time period.

These statistics are for the Micropolitan Statistical Area that includes Davison and Hanson Counties.

- ▶ ***Low rate of unemployment*** - Mitchell and the surrounding area have consistently maintained a low unemployment rate. For 2011, the last full year of data, the unemployment rate in Mitchell was at 4.1%, compared to 4.7% in South Dakota, and 8.9% nationwide. The low rate of unemployment and an expansion of job opportunities in the area have required new employees to be recruited from outside of the immediate area. This has been a contributing factor to the community's ongoing household growth and one of the reasons that rental housing is in short supply in 2012.

## **Study Highlights - Rental Market Opportunities**

- ▶ ***Additional conventional market rate development is needed*** - A unit expansion of 110 to 150 conventional, market rate units would be recommended to address anticipated growth and the low vacancy rate that currently exists. Various models have been successful in the past, including multistory apartment buildings (Country Estate Apartments, Wheatridge Apartments) and in town house-style units (Country Estate Townhomes). While the newest properties have been successful with a rent structure that is above the prevailing rates, very few units appear to achieve a gross rent of \$1.00 per square foot. Developing attractive new units within the prevailing rent structure continues to be a challenge. Housing that is attractive to households in the 55 to 74 year old age groups would be important.
- ▶ ***Tax credit/moderate rent unit expansion of 40 to 60 units can be supported*** - An application was submitted in 2011 for a tax credit rental project with 40 proposed units. This project was justified based on a project-specific market analysis on the need for more affordable units in Mitchell. The research completed for this Housing Study also supports the development of more affordable general occupancy rental housing. The best available income estimates showed that 72% of all Mitchell renter households had an annual income below \$35,000 in 2010 and most of these would be income-eligible for tax credit housing.
- ▶ ***Additional subsidized general occupancy units are needed but extremely difficult to develop*** - Pent-up demand, waiting lists and rent-burden statistics show a need for additional subsidized housing for families. Approximately 41% of all renter households reported a rent

burden in 2010 (30% or more of income for housing). Most of these households had an annual income below \$20,000. While adding units should be a goal, securing financial resources for subsidized housing will be very difficult. Preservation of existing subsidized housing resources will be a complimentary strategy.

- ▶ ***Promote ongoing senior housing with services units as needs dictate*** - Mitchell has a broad range of specialized senior housing providing services to seniors. Unit expansion has occurred at least twice in the past 10 years through additions completed by existing providers. There are also a number of “flexible” units that can provide either light services housing or assisted living, based on licensing adjustments. The City tends to have average to above-average numbers of units when compared to the primary targeted population groups. The notable exception appears to be specialized housing for people with memory care needs. An under-supply of units serving this group appears to be the result of economic, licensing and regulatory requirements. Occupancy rates tend to be high in all segments, with some evidence of unmet demand in the form of waiting lists for existing units. With very limited growth projected in the next few years in the number of older senior citizens in the Mitchell area, only moderate unit expansions may be needed, with the exception of possible addition of memory care units.
- ▶ ***Promote an expansion of student-oriented housing*** - Both Mitchell Technical Institute and Dakota Wesleyan University attract a traditional student population to the community. While Dakota Wesleyan has on-campus housing for most of its students, MTI students have generally been housed in the community. In 2010, Campus Tech Apartments created 96 bedrooms in a building located near the MTI campus. This project has achieved full occupancy each year, and all bedrooms for the fall 2012 academic term were leased by June. This Study did not have access to any enrollment projections from either institution. Assuming that enrollment holds steady or grows in the future, a second phase of student housing should be promoted as part of a strategy to add housing to the community.
- ▶ ***Consider programs to assist renter households*** - More than 44% of all households in Mitchell rent their housing unit. Over the last decade, the net increase in renters was actually greater than the increase in home owners in the City. With low vacancy rates and growing demand, rental properties can be very selective in screening new tenants. Innovative programs aimed at tenant training and education, including financial

management, can assist renter households that may have difficulty finding housing due to poor rental histories, credit issues, or lack of a rental history.

- ▶ ***Explore possibilities to help lower income seniors needing services with their housing*** - Although Mitchell has multiple housing with services options for seniors, most are private pay. Lower income seniors with limited assets have fewer options within the City. Mitchell does have a number of lower-rent senior apartment buildings that already offer a senior nutrition site. It may be possible to work with these properties to promote home health care and the delivery of tenant-based contract services that will allow lower income seniors to stay in a subsidized housing unit.

## **Study Highlights - Ownership Market Opportunities**

- ▶ ***Utilize and promote all programs that assist with home ownership*** Increasing the home ownership rate in the City is a recommended community goal. We recommend that Mitchell work with area housing agencies to access and utilize all resources to encourage home ownership. These resources include down payment assistance, low interest loans, gap financing, credit counseling, etc.
- ▶ ***Develop a purchase/rehabilitation program*** - Based on recent sales activity and a visual housing condition survey, there are lower valued homes in Mitchell that need repair. We recommend that the City work with a housing agency to develop a Purchase/Rehabilitation Program. Under a Purchase/Rehabilitation Program, the City or housing agency purchases an existing home that needs repair, rehabilitates the home, sells the home to a low/moderate income family. Financing assistance such as no down payment and a low or no interest loan can also be used to make the purchase affordable for the buyer.
- ▶ ***Develop a Down Payment Assistance Program*** - One of the largest identifiable barriers preventing low and moderate income households from owning a home is the inability to save money for down payment and closing costs. This is especially true now that lending institutions have recently tightened their lending criteria. We recommend that the City of Mitchell consider the development of a local Down Payment Assistance Program. Major local employers, the Federal Home Loan Bank and the South Dakota Housing Development Authority may be sources to contribute to the fund.

## **Study Highlights - Single Family Housing Development**

- ▶ ***Monitor lot availability and development*** - The City of Mitchell has approximately 475 to 500 residential lots that are improved, platted or master planned in newer subdivisions. There are also miscellaneous infill lots scattered around the City. We are projecting that annual construction of new houses will be in a range between 38 and 43 units per year over the next five years. Based on this level of lot utilization, Mitchell has more than an adequate supply of lots to meet near-term demand.
- ▶ ***Coordinate with housing agencies and nonprofit groups to construct affordable housing*** - To address housing construction goals and to serve lower income buyers, we recommend that the City of Mitchell coordinate with area housing agencies and nonprofits to construct affordable housing.
- ▶ ***Promote twin home/town home development*** - From 2010 to 2015, Davison and Hanson Counties are projected to add approximately 430 households in the age ranges between 55 and 74 years old. These will be the fastest growing demographic age segments, reflecting the movement of the baby boomers through the aging cycle. As confidence returns to the housing market, this should create growing demand for low maintenance/n maintenance housing options. We are projecting that eight to ten new twin homes/town homes should be constructed annually over the next five years.
- ▶ ***Develop home ownership and new construction marketing programs*** - Housing construction activity has slowed considerably in recent years. We recommend the creation of additional marketing materials that describe lots, builders and financing programs that are available in Mitchell. Another possibility for promoting ownership options is to organize a Housing Fair that educates and informs the public on lots, builders, finance programs, homes for sale, etc.
- ▶ ***Consider the development of an affordable subdivision*** - Some other communities in South Dakota have found it appropriate to develop a subdivision specifically for affordable homes, including modular homes and governors homes. We recommend the development of a 16 to 20 lot affordable home subdivision. It is our opinion that a total of four to five homes will be constructed annually in the subdivision, which would be an absorption period of four to five years to fill the subdivision.

## **Study Highlights - Housing Rehabilitation**

- ▶ ***Promote rental housing rehabilitation*** - Mitchell has rental properties that need repair. We are recommending that the City work with area housing agencies to seek funds for rental rehabilitation.
- ▶ ***Promote owner-occupied housing rehabilitation efforts*** - The 2012 housing condition survey identified 375 homes in four older Mitchell neighborhoods that need minor repairs and 252 homes that need major repairs. We recommend that the City of Mitchell and area housing agencies seek funds to assist with financing housing rehabilitation programs.
- ▶ ***Develop and implement a Rental Inspection Program*** - We recommend that the City of Mitchell consider the development and implementation of a Rental Housing Inspection Program. An Inspection Program would require the inspection of all rental units every two to three years. Neighborhood deterioration, lower property values and unsafe rental units are often prevented when a Rental Inspection Program is successfully implemented.
- ▶ ***Develop a Neighborhood Revitalization Program*** - We recommend that the City of Mitchell and housing agencies develop a Neighborhood Revitalization Program. The Program should identify neighborhoods in need of revitalization and prioritize the neighborhoods. Revitalization should include owner-occupied and rental rehabilitation, demolition of dilapidated structures, infill new construction, land pooling for larger town home and attached housing projects, public utility projects, etc.

## **Study Highlights - Other Housing Issues**

- ▶ ***Acquire and demolish dilapidated structures*** - The housing condition survey in four older neighborhoods identified 41 homes that are dilapidated and probably beyond repair. Another 252 homes were identified that need major repair and some of these homes may be too deteriorated to rehabilitate. The City should acquire and demolish substandard structures. Some of the cleared lots could be utilized for the construction of new affordable housing units.
- ▶ ***Promote employer involvement in housing programs*** - In cities with a low unemployment and a shortage of workers, area employers have often become financial participants in the development of housing.

Employer involvement is viewed as a way to retain employees and to attract new workers into the community. Employers have many opportunities to assist with addressing Mitchell's housing needs including direct assistance to employees for the purchase or construction of a home, or through a financial contribution to an overall city project, such as an affordable subdivision or the construction of rental units.

- ▶ ***Create a plan and a coordinated effort among housing agencies*** - Mitchell will need staff resources in addition to existing city personnel and volunteers to plan and implement many of the recommendations advanced in this Study. The City has access to several agencies with experience in developing and implementing community development programs. We recommend that the City work with housing agencies to prioritize the housing goals in this Study and to develop a plan that includes strategies, time lines and responsibilities of each agency to accomplish the Study's goals.
- ▶ ***Develop New Housing Construction Incentive Programs*** - With the slowdown in new home construction in recent years we are recommending incentive programs to purchase, remodel or construct a home in Mitchell. Incentives could include free water and sewer for a period of time, discounts at area businesses, waivers of permit and water/sewer hookup fees, reduced lot prices, and cash incentive payments to buyers.
- ▶ ***Develop mobile home park improvement initiatives*** - Some communities have initiated innovative programs that address mobile home conditions and mobile home park issues. We recommend that the City of Mitchell or area housing agencies consider the implementation of specific programs to improve the quality of mobile homes in the community.
- ▶ ***Housing Recommendations for Mitchell's Downtown Business District*** - The City of Mitchell's Downtown is an Historic District that contains many active businesses as well as housing units. Housing recommendations for Downtown Mitchell include development of new rental units, rehabilitation of existing units, and enforcement of the City's housing codes. Special assistance programs may exist, such as historic tax credits.

# **Introduction**

## **Overview**

Community Partners Research, Inc., was hired by the Mitchell Area Development Corporation (MADC) to complete a comprehensive study of housing market conditions in Mitchell and the surrounding area.

## **Methodology**

A variety of resources were utilized to obtain information for the Housing Study. Community Partners Research, Inc., collected and analyzed data from May 2012 to August 2012. Data sources included:

- U.S. Census Bureau
- Demographic data from the State Data Center
- Records and data from the City
- Records and data maintained by Davison County
- 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 including bankers, realtors, property managers, and developers
- Area housing agencies
- Rental property owner surveys
- Housing condition survey

## **Limitations**

This Housing Study 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.

In 2012, when the primary research for this Study was being completed, a number of issues were negatively impacting national housing markets. Some of these issues are identified below. Many of these issues represent a significant departure from past conditions, and have the potential to alter traditional supply and demand calculations for housing.

In most cases, this Study has not attempted to project future economic conditions, but instead has relied on past patterns and practices. It is important to note that these are often national issues, which may or may not be present in Mitchell.

- ▶ High National Rates of Delinquency and Foreclosure - The last few years have witnessed a significant increase in the number of delinquent mortgages and foreclosures. As a result, there has been an above-average level of housing turnover, caused by both “short sales” and bank sales. Additionally, some households have been removed from the home buying market due to poor credit histories.
- ▶ Mortgage Market Liquidity - In response to rising delinquency and foreclosure rates, the mortgage market has been altered, with both primary and secondary mortgage lenders changing their standards and the availability of credit. The federal government was forced to take over Fannie Mae and Freddie Mac to help keep home mortgages available.
- ▶ National Retreat in Home Prices - After many years of steady gains, the median value of single family homes has dropped in most major markets in recent years. This has multiple effects, including discouraging potential buyers until conditions stabilize.
- ▶ Oversupply of Housing - Strong housing market conditions earlier in the last decade resulted in above-average activity in the housing development markets, including both housing units and residential lots. In areas where an oversupply of inventory exists, this has resulted in downward pressure on prices.
- ▶ Economic Recession - The economy of the United States was in a period of recession. This reduced consumer demand in many areas, including housing. Although the recession has technically ended, recovery remains slow.

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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 Study, the 2010 Census information was available. However, the 2010 Census was more limited in scope than in the past. As a result, some of the demographic variables, such as income and housing cost information, were not available.

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

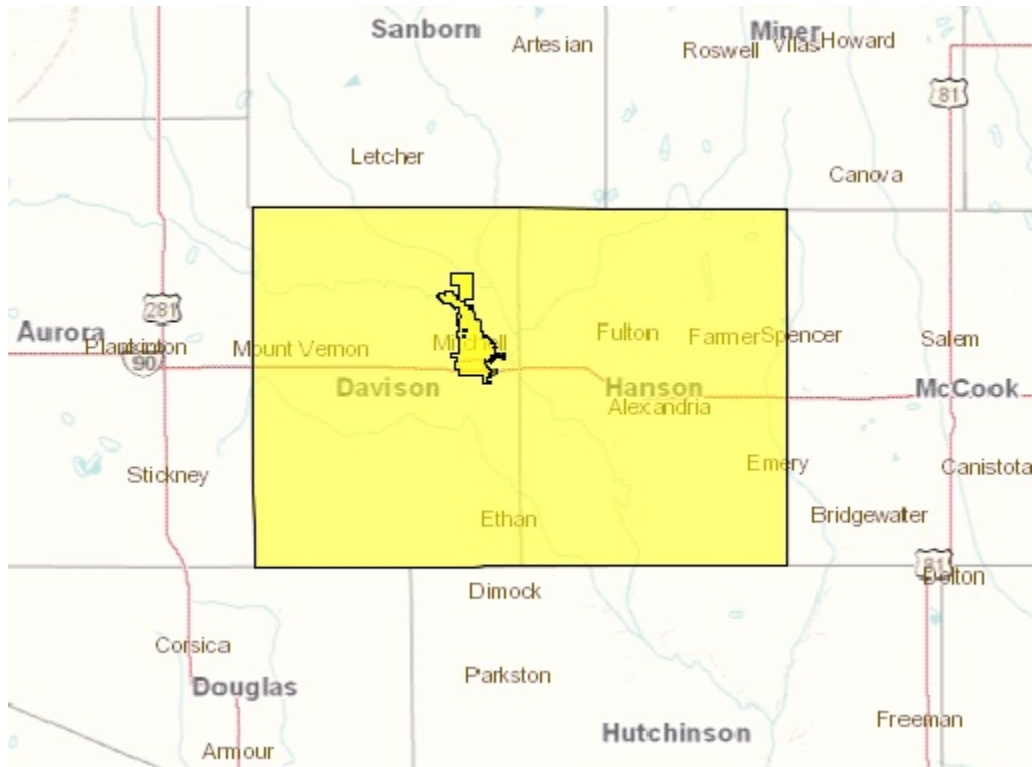
The frequency of American Community Survey estimates vary depending on the size of the jurisdiction. For most jurisdictions in South Dakota, the 2010 estimates were derived from sampling that was done over a five-year period, between 2006 and 2010. Unless otherwise noted, the American Community Survey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

## **Market Area Designations**

The City of Mitchell serves as a regional center for a number of surrounding counties. Discussions with City economic development staff identified a trade area that included all or part of as many as 14 counties, including some that are west of the Missouri River. However, a more compact trade area was also identified, that included the six counties that have formed the Mitchell Regional Partnership for the promotion of economic development opportunities in the area. The other five counties share a common border with Davison. For certain demographic variables, such as population and household trends, information has been presented for this six-county region, which is referred to as the Mitchell Region. In addition to Davison, the other Counties including in the Region are Aurora, Douglas, Hanson, Hutchinson and Sanborn.

For most demographic analysis, a more defined geographical area has been used. Davison County and Hanson County form a Micropolitan Statistical Area (MiSA) as defined by the Office of Management and Budget (OMB). The two-County area serves as a primary market area for housing in Mitchell, and is referred to in this Study as the MiSA.

## **Mitchell Micropolitan Statistical Area**



## Population Data and Trends

<b>Table 1 Population Trends - 1980 to 2010</b>						
	1980 Population	1990 Population	2000 Population	% Change 1990-2000	2010 Population	% Change 2000-2010
Mitchell	13,916	13,798	14,558	5.5%	15,254	4.8%
MiSA	21,235	20,497	21,880	6.7%	22,835	4.4%
Mitchell Region	41,607	38,473	39,146	1.7%	38,245	-2.3%

Source: U.S. Census

According to the 2010 Census, Mitchell had a net population increase of 696 residents between 2000 and 2010, for a percentage change of 4.8%. After experiencing a small decrease in the population between 1980 and 1990, the City has had population growth over the past two decades.

Although Mitchell accounted for most of the population growth in the two-County MiSA, there was also some growth outside of the City. Overall, the MiSA added 955 people over the last decade, including 259 people in the jurisdictions outside of Mitchell. The MiSA has experienced a similar growth pattern over time, with some loss of population in the 1980s, but solid population growth over the two most recent decades.

Despite the net gain in population for Mitchell and the MiSA, the larger Mitchell Region has experienced a longer-term pattern of population loss. Between 2000 and 2010, the Region lost more than 900 people, or a percentage decrease of 2.3%. Although the Region's population losses were reversed between 1990 and 2000, over a longer time, there has been an ongoing reduction in the population level. When 2010 is compared to 1980, the entire Region has lost 3,362 people over a thirty-year period.

Mitchell's population is primarily White and non-Hispanic. At the time of the 2010 Census, nearly 93% of the City's residents identified themselves as White for race, and not of Hispanic/Latino ethnicity. Fewer than 2% of the City's residents were identified as Hispanic/Latino. The second largest racial grouping was Native American, which represented approximately 3% of the City's population. As a result of the City's limited diversity, additional information on populations by race and ethnicity has not been provided.

In August, the first post-Census population estimates were released by the Census Bureau. These estimates show Mitchell adding 114 people between 2010 and 2011, and Davison County adding 147 people. Excluding Davison County, the remainder of the six-county Region lost 50 people.

## Group Quarters Population Data

Approximately 5% of the people in Mitchell reside in “group quarters” instead of households. The following table displays changes in this population subset over the past 20 years.

<b>Table 2 Group Quarters Populations in Mitchell: 1980 to 2010</b>				
	1980 Census	1990 Census	2000 Census	2010 Census
Mitchell	565	559	643	769

Source: U.S. Census

According to the 2010 Census, Mitchell had 769 people living in group quarters housing. In Mitchell, this represented three primary groups. Students living in college housing, such as dormitories, accounted for approximately 42% of the group quarters population. People living in skilled nursing facilities represented approximately 30% of the group quarters total. People residing in correctional facilities for adults represented approximately 13% of the group quarters total.

When viewed over the past 20 years, the City’s group quarters population has continued to grow. Students in college housing represent the largest single segment of group quarters residents, and this population has grown over time. In 1990, there were 207 students in college housing, compared to 244 students in 2000 and 326 students in 2010.

The City’s second largest group quarters population has decreased in size over the past 20 years. In 1990, there were 260 people living in skilled nursing facilities, compared to 230 in 2010. Over that time, there has tended to be an expansion of housing options in assisted living centers and other types of specialized housing for seniors, which are generally not counted as group quarters, resulting in less dependence on nursing homes.

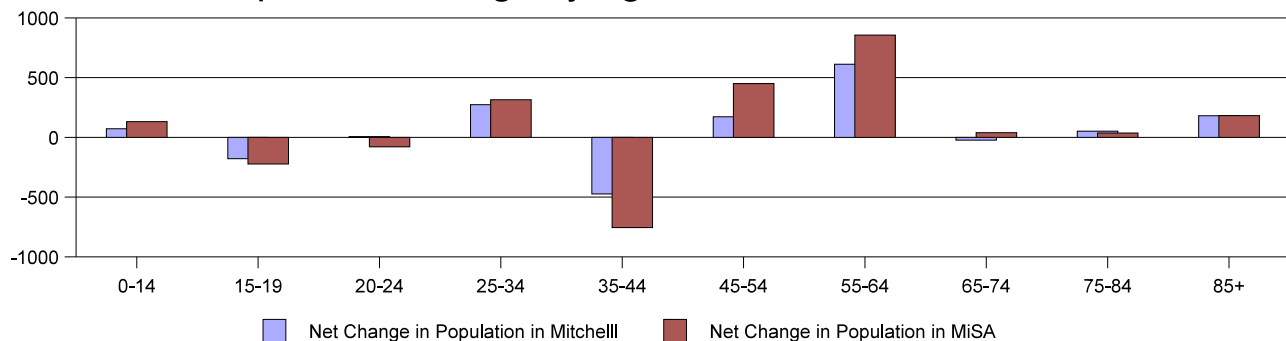
## Population by Age Trends: 2000 to 2010

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

Table 3 Population by Age - 2000 to 2010						
Age	City of Mitchell			MiSA		
	2000	2010	Change	2000	2010	Change
0-14	2,855	2,927	+72	4,629	4,761	+132
15-19	1,310	1,132	-178	1,913	1,690	-223
20-24	1,288	1,294	+6	1,637	1,558	-79
25-34	1,708	1,982	+274	2,480	2,795	+315
35-44	1,972	1,499	-473	3,198	2,443	-755
45-54	1,741	1,914	+173	2,711	3,161	+450
55-64	1,119	1,731	+612	1,803	2,659	+856
65-74	1,137	1,114	-23	1,668	1,708	+40
75-84	973	1,025	+52	1,290	1,327	+37
85+	455	636	+181	551	733	+182
Total	14,558	15,254	+696	21,880	22,835	+955

Source: U.S. Census

### Population Change by Age Between 2000 and 2010



For many years, demographic analysts have been talking about the impact that is occurring as the large "baby boom" generation moves through the aging cycle. This trend has been very evident in Mitchell. Between 2000 and 2010, Mitchell had a net gain of 785 people in the age ranges between 45 and 64 years old. In 2010, nearly all of the baby boomers were within these age

ranges. The aging of the baby boomers, as reflected in the numeric net gain in the 55 to 64 year old age group, was the largest change within any of the defined age cohorts.

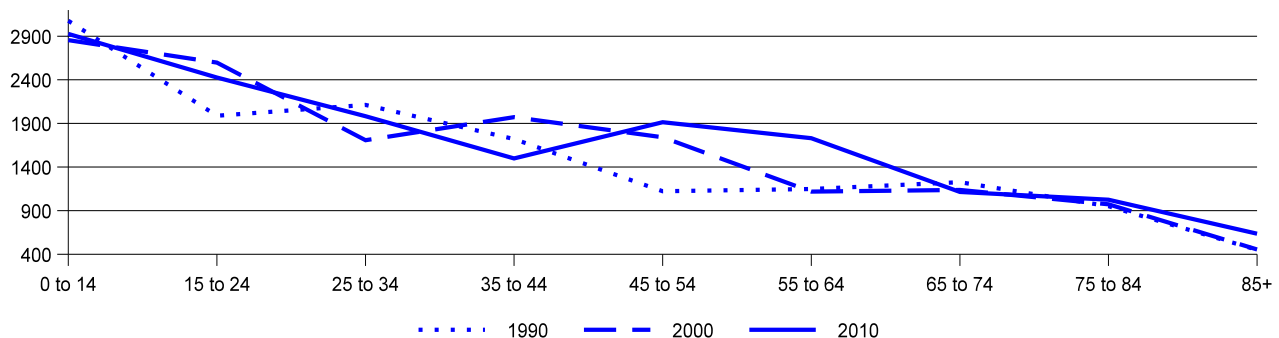
Mitchell also had very strong net growth in the oldest senior range, age 85 and older. This age group increased in size by nearly 40%, and added 181 older senior citizens. There has been an ongoing expansion of senior housing, which presumably retained or attracted a large population of older seniors.

While impressive growth occurred in certain age ranges, significant losses occurred in others. The City had a reduction of children and young adults age 19 and under. These youngest age ranges had a net decrease of more than 100 people. There were also large numeric losses in the 35 to 44 year old range, as the baby boomer migration resulted in a drop within this 10-year age cohort. Although fairly strong net growth occurred in the 25 to 34 year old range, the overall decrease in the number of City residents age 44 and younger was nearly 300 people.

Due to the impact that Mitchell has on the entire MiSA, most of the same basic aging trends were also present. Very strong net population growth occurred in the age ranges between 45 and 64 years old. Minor population decreases occurred among children, and there was an overall reduction in the population age 44 and younger.

The number of senior citizens in the MiSA did increase, but this was primarily due to the impact of Mitchell. More than 81% of the net increase in MiSA seniors was the result of change within the City. The notable exception was the number of younger seniors, ages 65 to 74 years old. While the City had a minor reduction in this 10-year age group, there was modest growth in the remainder of the MiSA.

**Mitchell Age Distribution: 1990 to 2010**



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

## Population Projections

The following table presents population projections using two different sources.

The South Dakota State Data Center has issued population projections at the County level. The projections were issued for both 2010 and 2020. Since the original 2010 projections were issued prior to the release of the 2010 Census, they can now be adjusted according to the Census count. The following table shows an extrapolated calculation based on the Data Center projections. The numbers have been adjusted to reflect the 2010 Census, and to provide a midpoint for the year 2015.

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

<b>Table 4 Population Projections Through 2015</b>				
	2010 Population Census	2015 Projection from 10-year trend	2015 Projection from 20-year trend	2015 Projection State Data Center Extrapolation
Mitchell	15,254	15,620	15,656	N/A
MiSA	22,835	23,333	23,486	23,272

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

Although different sources and calculations have been examined, the projections yield a relatively consistent range for future population growth. The rate of growth over the past two decades has been very steady, and calculation from past trends do not result in much variation in the forecasts.

The Community Partners Research projections expect Mitchell to add between 366 and 402 additional residents between 2010 and 2015. The annual range of net population change would be between 73 and 81 people in a typical year. A similar narrow range exists for the two-County MiSA. The projections from Community Partners Research would expect a total of 498 to 651 people to be added over a five-year period. On an average annual basis, this would be approximately 100 to 130 people per year. This would include growth within the City of Mitchell.

The extrapolated projections derived from the State Data Center information would yield a slightly lower MiSA forecast of approximately 87 people in an average year, inclusive of growth within Mitchell.

## Household Data and Trends

<b>Table 5 Household Trends - 1980 to 2010</b>						
	1980 Households	1990 Households	2000 Households	% Change 1990-2000	2010 Households	% Change 2000-2010
Mitchell	5,402	5,681	6,121	7.7%	6,696	9.4%
MiSA	7,799	8,020	8,700	8.5%	9,341	7.4%
Mitchell Region	15,040	14,798	15,419	4.2%	15,558	0.9%

Source: U.S. Census

According to the 2010 Census, Mitchell added 575 households between 2000 and 2010. This represented household growth of 9.4% for the decade.

Over the past 30 years, Mitchell has added households at an accelerating rate. In the 1980s, there was a net gain of 279 households, followed by net growth of 440 households in the 1990s and 575 households in the 2000s. Over the last twenty years, the average net increase has been 51 households per year. Over the 10-year period between 2000 and 2010, the City averaged 58 households per year.

Outside of Mitchell, only limited household growth occurred over the last decade. For the remaining jurisdictions in the MiSA aggregation, only 66 households were added, compared to 575 added within Mitchell.

While the entire Mitchell Region added households during the last decade, this was due to the growth within Mitchell. Excluding the City, the remainder of the Counties lost 436 households between 2000 and 2010. Excluding the two counties of Davison and Hanson, the remaining four counties in the Region lost 502 total households.

After viewing the statistical information for the City and the Region, it appears that a long-term migration has been occurring from the more rural portions of the Region to the City of Mitchell. The incremental growth in Mitchell has barely kept pace with household losses in the remainder of the Region. Since 1980, the average annual household growth for the entire Region has only been 17 households per year.

## Household by Age Trends: 2000 to 2010

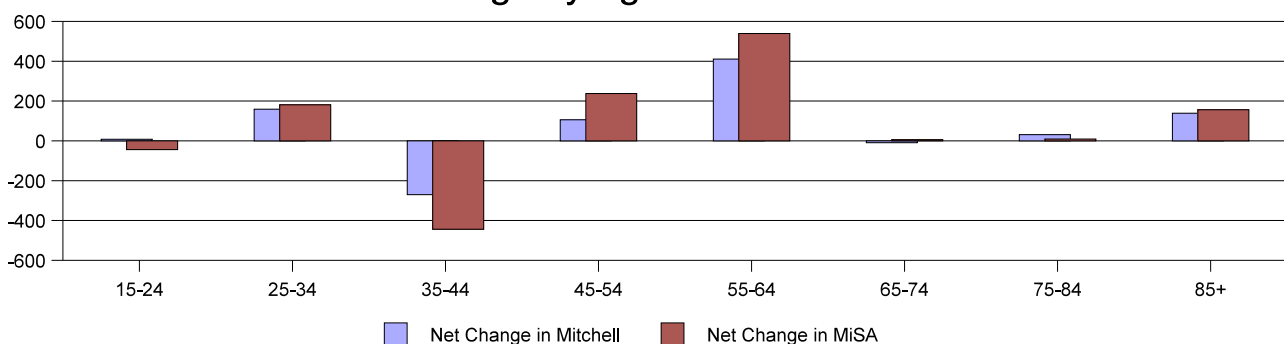
The 2010 Census allows for some analysis of the area's changing age patterns. The following table compares households by age of householder in 2000 and 2010, along with the numeric changes.

<b>Table 6 Households by Age - 2000 - 2010</b>						
Age	City of Mitchell			MiSA		
	2000	2010	Change	2000	2010	Change
15-24	679	687	+8	779	735	-44
25-34	930	1,089	+159	1,273	1,454	+181
35-44	1,143	873	-270	1,773	1,329	-444
45-54	1,034	1,140	+106	1,563	1,801	+238
55-64	650	1,061	+411	1,024	1,563	+539
65-74	727	718	-9	1,046	1,052	+6
75-84	685	716	+31	912	921	+9
85+	273	412	+139	330	486	+156
Total	6,121	6,696	+575	8,700	9,341	+641

Source: U.S. Census

Consistent with the population by age data presented earlier, the household patterns show most of the net change occurring in the baby boomer age groups. For both Mitchell and the MiSA, the largest net growth in households occurred in the 10-year age groups between 55 and 64 years old, and between 45 and 54 years old. For the entire MiSA there were 777 net households added in these two 10-year age ranges.

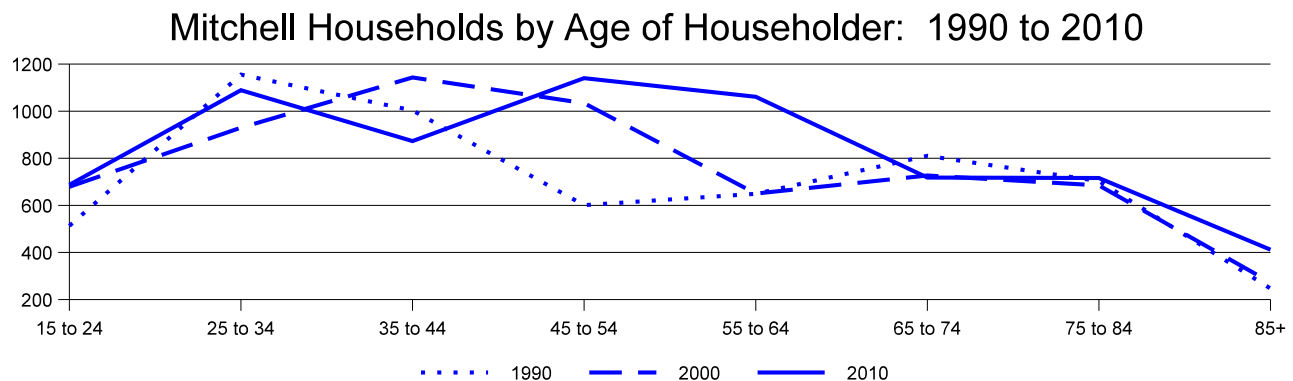
Household Change by Age Between 2000 and 2010



The movement of the baby boomers through the aging cycle also resulted in a large net reduction in households age 35 to 44 years old, as the age group immediately younger was much smaller in size and they could not replace the advancing baby boomers. For both Mitchell and the MiSA, there was an overall net decrease in the number of households age 44 and younger. For the entire MiSA, there were approximately 300 fewer households in 2010 than in the year 2000, in the age groups less than 45 years old.

There was an overall increase in the number of senior-headed households, due to substantial net growth from older seniors, age 85 and above. Nearly 85% of all older senior households were residing in Mitchell in 2010, and probably were living in many of the City's specialized senior housing options.

As with the longer-term patterns for population, it is possible to track the progression of the baby boomer households over the past 30 years, using Census information for households by the age of householder.



## Average Household Size

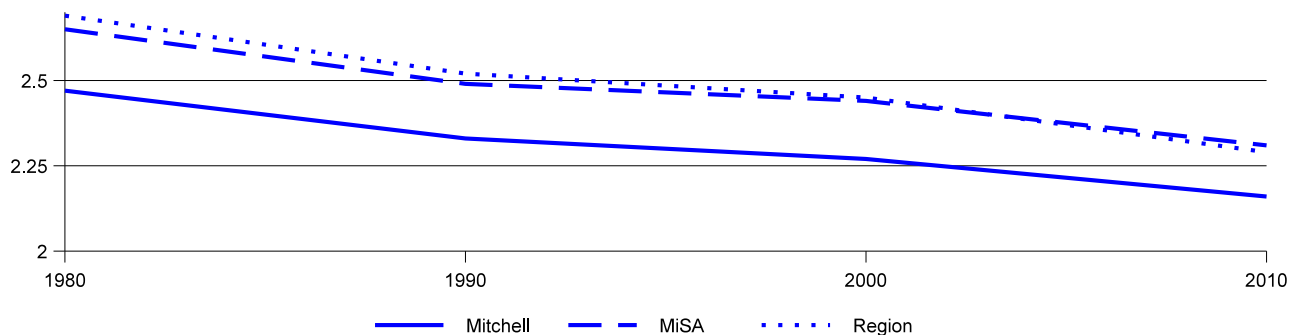
The following table provides decennial Census information on average household size.

<b>Table 7 Average Number of Persons Per Household: 1980 to 2010</b>				
	1980 Census	1990 Census	2000 Census	2010 Census
Mitchell	2.47	2.33	2.27	2.16
MiSA	2.65	2.49	2.44	2.31
Mitchell Region	2.69	2.52	2.45	2.29

Source: U.S. Census

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

Average Household Size: 1980 to 2010



The average household size in Mitchell decreased over the past three decades from 2.47 persons per household in 1980 to 2.16 persons in 2010. This same pattern was evident in both the MiSA and in the Mitchell Region, although both of these areas still had a larger average household size than Mitchell.

The analysts have some questions concerning the decrease in household size for the MiSA and Region. As reported by the 2010 Census, both Hanson County and Hutchinson County experienced large gains in group quarters residents between 2000 and 2010. It is possible that this is a mis-classification of some residents by the Census Bureau. It does have the impact of lowering the average household size for both the MiSA and the Region.

## Household Projections

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

<b>Table 8 Household Projections Through 2015</b>			
	2010 Census	2015 Projection from 10-year trend	2015 Projection from 20-year trend
Mitchell	6,696	7,011	6,995
MiSA	9,341	9,685	9,726

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

As stated earlier, Mitchell and the surrounding area have experienced a relatively steady pace of growth over the past 20 years. As a result, the trend-based projections created by Community Partners Research show a relatively narrow range of future growth potential. These calculations expect Mitchell to add between 299 and 315 households over the five-year projection period. On an average basis, this would be 60 to 63 additional households per year. Although this forecast is through the year 2015, the annual average is also a good indicator of growth potential for the years immediately after 2015.

Although longer-term patterns do support growth of this scale for Mitchell, it is important to recognize that recent conditions have not been consistent with growth at this level. With the exception of 2010, the City has not added 60 or more new housing units in a single year since 2004. In both 2005 and 2006, more than 50 new units were constructed, but since that time, only 2010 has exceeded 50 units. Much of the unit production in 2010 was oriented to very specific segments of the market, primarily student housing and senior assisted living. To achieve growth at the level projected by this Study, a commensurate level of new housing unit creation will be required.

For the larger, Mitchell MiSA, total projected growth over the five-year period is 344 to 385 households. When the Mitchell contribution is removed, the remaining jurisdictions would add between 9 and 14 in an average year over the five-year time period.

## Household by Age Projections: 2010 to 2015

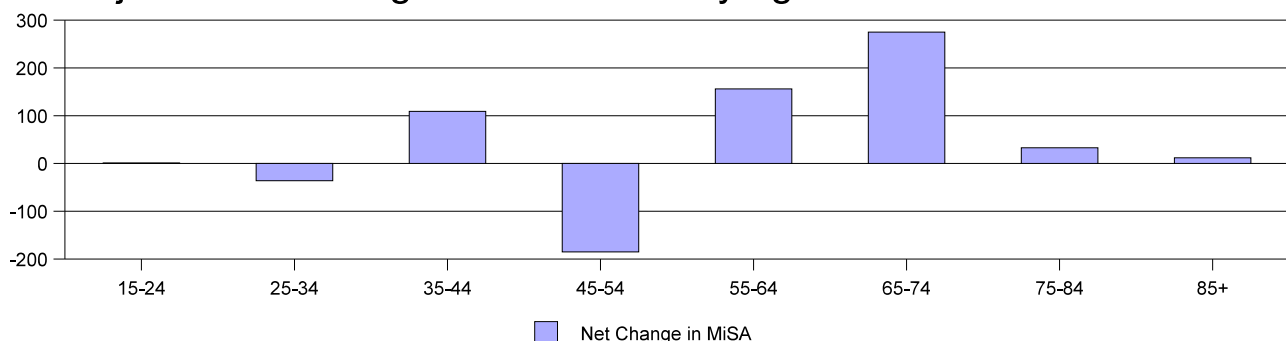
With the release of the 2010 Census, a new benchmark has been established for age-related statistics for the Mitchell area. In the following table, Community Partners Research has generated age-based household projections for the two-county MiSA to the year 2015.

These projections assume that historical patterns will continue. If the area can grow at a rate that is faster than past patterns would suggest, then more people would migrate into the area, and traditional age-based forecasts would be altered. The overall household growth for the five-year period is 365 households, the midpoint of the two MiSA projections presented on the previous page.

<b>Table 9 MiSA Projected Households by Age - 2010 to 2015</b>			
Age Range	2010 Census	2015 Projection	Change
15-24	735	736	+1
25-34	1,454	1,418	-36
35-44	1,329	1,438	+109
45-54	1,801	1,616	-185
55-64	1,563	1,719	+156
65-74	1,052	1,327	+275
75-84	921	954	+33
85+	486	498	+12
<b>Total</b>	<b>9,341</b>	<b>9,706</b>	<b>+365</b>

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

### Projected Net Change in Households by Age Between 2010 and 2015



Consistent with the age distribution data presented earlier, the movement of the “baby boom” generation through the aging cycle should generate most of the area’s net growth in households in the age ranges between 55 and 74 years old. Overall, these projections indicate a net gain of 476 households age 55 and older, and a net loss of 111 households age 54 and younger, over the five-year projection period.

Once again, if the area grows at a faster rate due to job creation, it is probable that an increased number of younger people will be attracted, and could move into the MiSA.

## Households by Type

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

<b>Table 10 Mitchell Household Composition - 2000 to 2010</b>			
	2000 Census	2010 Census	Change
Family Households			
Married Couple with own children	1,247	1,045	-202
Single Parent with own children	519	627	+108
Married Couple without own children	1,606	1,709	+103
Family Householder without spouse	228	260	+32
Total Families	3,600	3,641	+41
Non-Family Households			
Single Person	2,097	2,562	+465
Two or more persons	424	493	+69
Total Non-Families	2,521	3,055	+534

Source: U.S. Census

Between 2000 and 2010, Mitchell did experience growth in the number of households, but only a small increase in the number of “family” households, with two or more related individuals living together. This was largely due to a net decrease in the number of married couple families that had their own children in the household. The City did have a net increase in married couples without children, and in single parent families.

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

## Housing Tenure

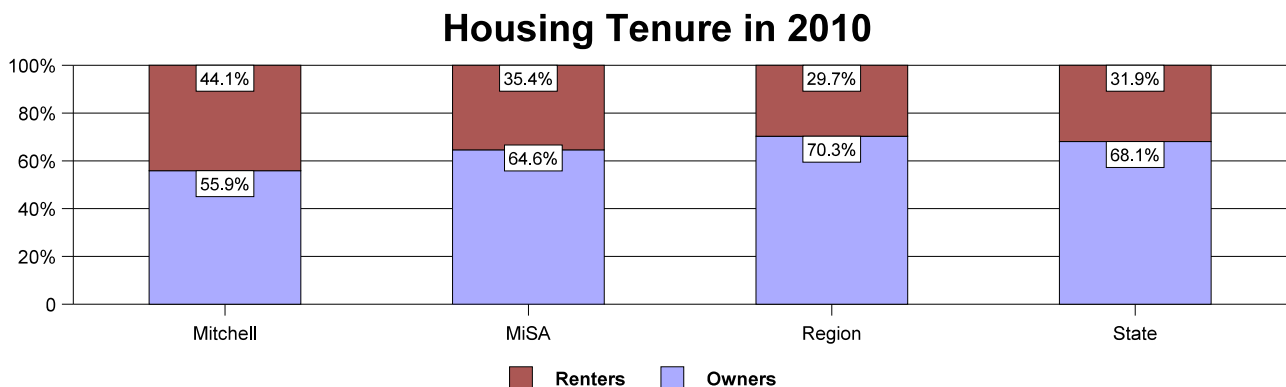
The 2010 Census provided an updated look at housing tenure patterns. The following tables examine overall tenure rates, along with the changes that have occurred since 2000.

<b>Table 11 Household Tenure - 2010</b>				
	Number of Owners	Percent of all Households	Number of Renters	Percent of all Households
Mitchell	3,744	55.9%	2,952	44.1%
MiSA	6,041	64.7%	3,300	35.3%
Region	10,941	70.3%	4,617	29.7%
State	-	68.1%	-	31.9%

Source: U.S. Census

According to the 2010 Census, the ownership tenure rate in the City of Mitchell was 55.9%, with the remaining 44.1% of households renting their unit. Mitchell's rental tenure rate was well above the Statewide average of 31.9%.

Although not displayed in the table above, Mitchell's rental tenure rate is higher than most of the larger Cities in the State, including Watertown (36.5% renter), Pierre (37.6%), Sioux Falls (37.6%), Yankton (38.1%), Aberdeen (40.1%), Huron (40.1%), and Rapid City (42.5%). The only larger city with a higher percentage of renter households in 2010 was Brookings, at 52.9% renters.



**Table 12 Households by Housing Tenure - 2000 to 2010**

Tenure	Mitchell			MiSA		
	2000	2010	Change	2000	2010	Change
Owners	3,459	3,744	+285	5,580	6,041	+461
Renters	2,662	2,952	+290	3,120	3,300	+180
Total	6,121	6,696	+575	8,700	9,341	+641

Source: U.S. Census

The City's rental tenure rate increased slightly over the last decade, as the net growth in renter households exceeded the net growth in home owners. At the time of the 2000 Census, the City's rental tenure rate was 43.5%.

Although most of the net growth in households MiSA occurred with the City of Mitchell, there were some tenure shifts in the remaining jurisdictions. Most of the net increase in households for the two counties that form the MiSA occurred from growth among home owners. The ownership tenure rate for the MiSA in 2010 was 64.7%, up slightly from the ownership rate of 64.1% that was present in 2000.

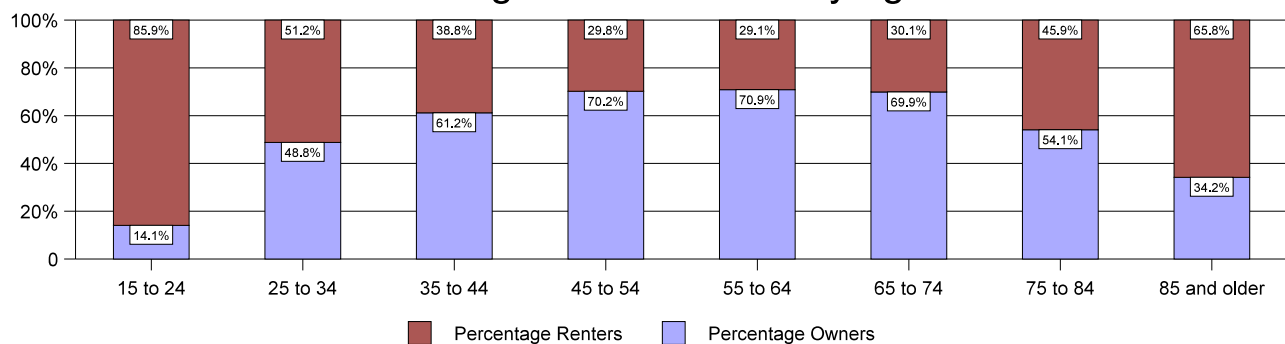
## Tenure by Age of Householder

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

<b>Table 13 Mitchell Tenure by Age of Householder - 2010</b>				
Age	Owners		Renters	
	Number	Percent within age	Number	Percent within age
15-24	97	14.1%	590	85.9%
25-34	531	48.8%	558	51.2%
35-44	534	61.2%	339	38.8%
45-54	800	70.2%	340	29.8%
55-64	752	70.9%	309	29.1%
65-74	502	69.9%	216	30.1%
75-84	387	54.1%	329	45.9%
85+	141	34.2%	271	65.8%
Total	3,744	55.9%	2,952	44.1%

Source: U.S. Census

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



Within the defined age ranges, typical tenure patterns were present, with households at the lowest and highest ends of the age spectrum showing greater preference for rental housing, while middle-aged adult households were primarily home owners. Nearly 86% of households age 24 and younger rented their unit, and nearly 66% of households age 85 and older were renters. Home ownership rates for each of the 10-year age cohorts between 45 and 74 years old were approximately 70% or higher.

## Tenure by Household Size

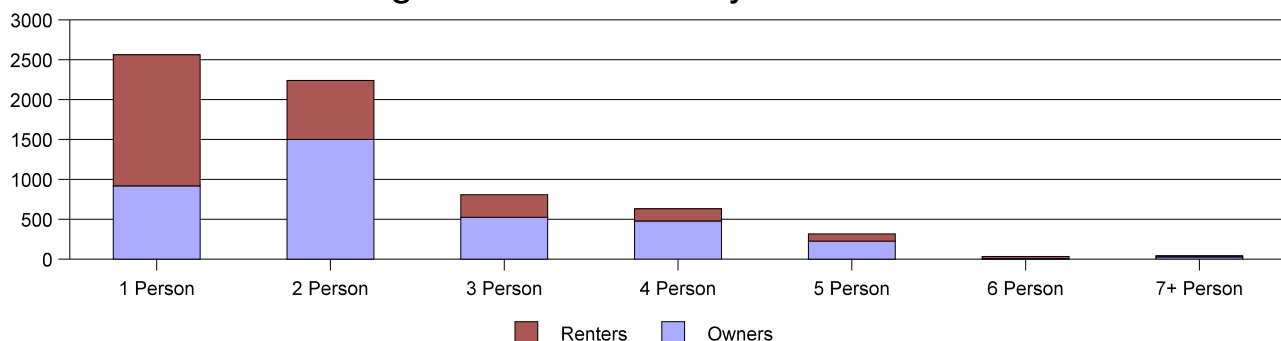
The 2010 Census did provide information on housing tenure by household size. This can be compared to 2000 Census information to better understand trends for housing unit needs. The following table provides information for Mitchell.

<b>Table 14 Mitchell Tenure by Household Size - 2000 to 2010</b>						
Household Size	Owners			Renters		
	2000	2010	Change	2000	2010	Change
1-Person	722	919	+197	1,375	1,643	+268
2-Person	1,335	1,500	+165	719	740	+21
3-Person	535	524	-11	290	284	-6
4-Person	535	478	-57	162	153	-9
5-Person	227	225	-2	73	92	+19
6-Person	74	70	-4	33	26	-7
7-Persons+	31	28	-3	10	14	+4
Total	3,459	3,744	+285	2,662	2,952	+290

Source: U.S. Census

Over the past decade, there was growth in the number of smaller households in Mitchell. Among home owners, all of the net growth occurred among households with only one or two household members. Overall, there was a decrease of 77 owner households with three or more household members. This would be consistent with some of the other demographic characteristic information provided earlier, including an aging population and fewer married couples with children. The patterns were generally similar for renters in Mitchell, but there was even greater net growth among one-person households. Households with only one or two household members represented more than 92% of the net change in renters between 2000 and 2010.

**Mitchell Housing Tenure Patterns by Household Size in 2010**



## 2010 Income Data

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

Household income represents all independent households, including people living alone and unrelated individuals together in a housing unit. Families are two or more related individuals living in a household. No median income information was available for the jurisdictions that form the MiSA, since it did not exist as a defined geography at the time of the 2000 Census.

<b>Table 15 Median Household Income - 2000 to 2010</b>			
	2000 Median	2010 Median	% Change
Mitchell	\$31,449	\$39,345	25.1%
Davison County	\$33,518	\$41,867	24.9%
South Dakota	\$35,271	\$46,369	31.5%

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

<b>Table 16 Median Family Income - 2000 to 2010</b>			
	2000 Median	2010 Median	% Change
Mitchell	\$43,095	\$49,821	15.6%
Davison County	\$44,357	\$54,677	23.3%
South Dakota	\$43,237	\$58,958	36.4%

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

Information contained in the 2010 American Community Survey shows some income growth within the City of Mitchell over the past decade, but the rate of growth trailed the Statewide rate. The City's median household income level increased by more than 25%. In contrast, the median household income level for all of South Dakota increased by more than 31% during the same time.

Family household incomes tend to be much higher than the overall household median, as families have at least two household members, and potentially more income-earners. While the median family income in Mitchell was higher than the median household income, the rate of increase was actually lower, at approximately 16%.

The rate of change for median income levels over time also needs to be compared to inflation. According to the website [www.usinflationcalculator.com](http://www.usinflationcalculator.com), the inflation rate during this same time period was between 26.6% and 28.8%, depending on the exact time period reviewed. According to the website, this is based on the change in the Consumer Price Index over the decade.

Using this comparative measure, the rate of change for the median household and family income levels in Mitchell slightly trailed the rate of inflation. The rate of increase for the State of South Dakota was greater than the rate of inflation.

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 Mitchell could afford approximately \$984 per month for ownership or rental housing in 2010. However, as will be detailed later in this section, renter households tend to be below the overall median, while owner households tend to be above the overall median level.

Mitchell's median household income level of \$39,345 in 2010, as estimated by the American Community Survey, was very similar to some of the other comparably-sized cities in South Dakota. The median in Mitchell was within \$1,000 +/- difference when compared to Huron (\$38,474), Brookings (\$39,403), and Watertown (\$39,970). The City's median was lower than Aberdeen (\$41,718), Yankton (\$42,956), Rapid City (\$44,099), Sioux Falls (\$50,727), and Pierre (\$52,534).

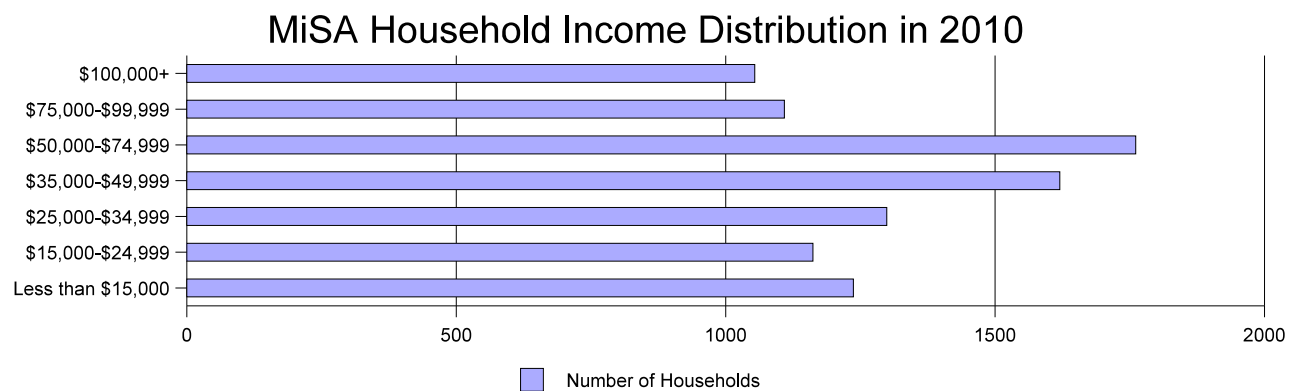
## MiSA Household Income Distribution

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

**Table 17 MiSA Household Income Distribution - 2000 to 2010**

Household Income	Number of Households 2000	Number of Households in 2010	Change 2000 to 2010
\$0 - \$14,999	1,798	1,237	-561
\$15,000 - \$24,999	1,404	1,162	-242
\$25,000 - \$34,999	1,322	1,299	-23
\$35,000 - \$49,999	1,492	1,620	+128
\$50,000 - \$74,999	1,638	1,761	+123
\$75,000 - \$99,999	609	1,109	+500
\$100,000+	437	1,054	+617
<b>Total</b>	<b>8,700</b>	<b>9,242</b>	<b>+542</b>

Source: 2000 Census; 2010 ACS



According to income estimates contained in the 2010 American Community Survey, household incomes have generally improved in the Mitchell MiSA, especially in the higher income ranges. When compared to the 2000 Census (1999 income), the number of households with an income of \$75,000, or more, had increased by more than 1,100 households.

Although there was a decrease in the number of households in each of the lower income ranges, there were still 2,400 households with an annual income below \$25,000, including more than 1,200 households with an income below \$15,000 in the year 2010.

It is important to recognize that the improvement in household incomes was impacted by the rate of inflation. During this same time period, the Consumer Price Index increased by approximately 27% to 29%.

## **Mitchell Income Distribution by Housing Tenure**

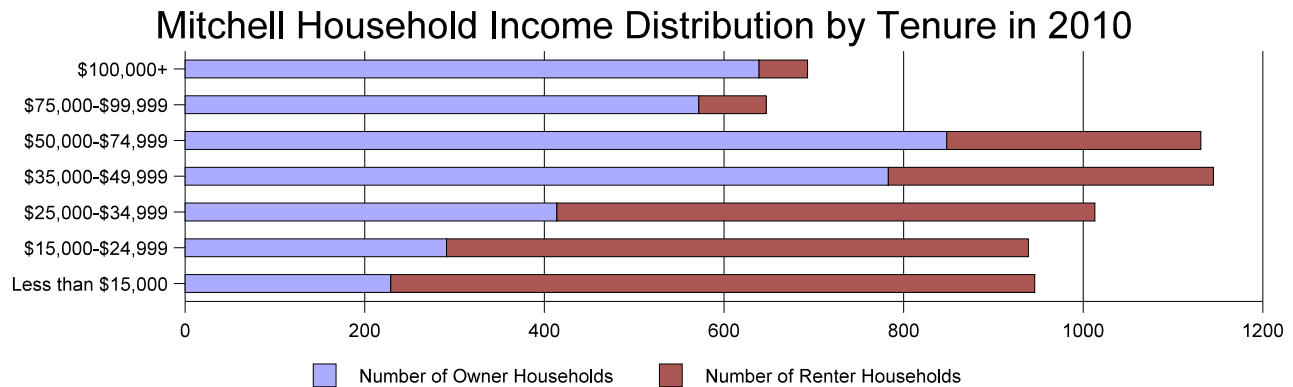
The 2010 American Community Survey provides an estimate by owner and renter status. The following table examines income distribution within the City of Mitchell.

Although the American Community Survey is an estimate, based on limited sampling data, it appears to have been reasonably accurate for Mitchell. For total households, the American Community Survey reported 182 fewer households than the Census. The American Community Survey estimated 214 fewer renter households than the Census, and 32 more owner households.

<b>Table 18 Mitchell Household Income Distribution by Tenure - 2010</b>			
Household Income	Number of Owner Households	Number of Renter Households	Total Households
\$0 - \$14,999	229	717	946
\$15,000 - \$24,999	291	648	939
\$25,000 - \$34,999	414	599	1,013
\$35,000 - \$49,999	783	362	1,145
\$50,000 - \$74,999	848	283	1,131
\$75,000 - \$99,999	572	75	647
\$100,000+	639	54	693
Total	3,776	2,738	6,514

Source: 2010 American Community Survey

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



In 2010, nearly 72% of all renter households in Mitchell had an annual income below \$35,000. At 30% of income, these households would have \$875, or less, that could be applied to monthly housing costs. The median income for all renter households was \$25,122 in 2010.

Conversely, most owner households had a substantially higher income level. Nearly 55% of all owner households had an annual income of \$50,000 or more. The estimated median household income for owners in 2010 was \$54,881.

## 2010 Estimated Income and Housing Costs - Renters

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

<b>Table 19 Gross Rent as a Percentage of Household Income - Mitchell</b>		
Percentage of Household Income for Housing Costs	Number of Renter Households 2010	Percent of All Renter Households 2010
0% to 19.9%	838	30.6%
20% to 29.9%	588	21.5%
30% to 34.9%	296	10.8%
35% or more	826	30.2%
Not Computed	190	6.9%
Total	2,738	100%

Source: 2010 American Community Survey

Based on the more recently released tenure information from the 2010 Census, the 2010 American Community Survey did underestimate the number of renter households in Mitchell by more than 7%. However, the estimates on housing cost burden are the best available information on income and expenses for housing.

According to the American Community Survey, approximately 41% of all renters in the City were paying 30% or more of their income for rent. The large majority of these households were actually paying 35% or more of their income for housing. Federal standards for rent subsidy programs generally identify 30% of household income as the maximum household contribution. When more than 30% of income is required, this is often called a "rent burden". When more than 35% is required, this can be considered a "severe rent burden".

Although a housing cost burden could be caused by either high housing costs or low household income, in Mitchell it was primarily due to low income levels for renters. More than 75% of the renter households with a housing cost burden had an annual household income below \$20,000. To avoid a cost burden, these lower income households would have needed a unit with a gross monthly rent of \$500 or less.

With a possible student population impact in Mitchell, it is also appropriate to determine the age groups most impacted by rental cost burdens. Senior citizen renters (age 65 and older) represented approximately 36% of all households with a rental cost burden. Younger adult households, age 24 and under, accounted for only 16% of households with a rental cost burden. Households in the age ranges between 25 and 64 years old represented approximately 48% of all households with a rental cost burden.

While student households do have an impact on the rental housing cost data, more than 70% of the cost-burdened households in 2010 had a head-of-household that was age 35 or older, and would be less likely to be a full-time student.

## 2010 Estimated Income and Housing Costs - Owners

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

<b>Table 20 Ownership Costs as a Percentage of Income - Mitchell</b>		
Percentage of Household Income for Housing Costs	Number of Owner Households 2010	Percent of All Owner Households 2010
0% to 19.9%	2,073	54.9%
20% to 29.9%	1,005	26.6%
30% to 34.9%	216	5.7%
35% or more	482	12.8%
Not Computed	0	0%
Total	3,776	100%

Source: 2010 ACS

Based on the 2010 Census, the 2010 American Community Survey was very accurate in estimating the number of owner households in the City. The two sources differed by only 32 households, and part of this may be due to a slightly different effective date between the two estimates.

Most owner-occupants, which would include households with and without a mortgage, reported paying less than 30% of their income for housing. However, nearly 19% 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 large majority of cost-burdened home owners had a mortgage on their home. However, more than 25% of owners reporting a cost burden had no mortgage. In these cases, it was generally a low annual income that has caused the cost burden, such as a retiree that lived on a fixed income.

## Building Permit Trends

Like many communities, Mitchell had a significant amount of new housing construction activity in the first half of the last decade. The following table identifies the units that have been issued a building permit since the year 2000. City reports were available for the years from 2004 forward. The information prior to 2004 was obtained from Census Bureau reports.

<b>Table 21 Mitchell Housing Unit Construction Activity: 2000 to 2012*</b>					
Year	Single Family	Duplex	3 or 4 unit	Multifamily	Total
2012*	6	2	0	13	21
2011	21	4	0	0	25
2010	24	4	0	72	100
2009	21	4	0	0	25
2008	20	8	0	0	28
2007	40	2	3	0	45
2006	40	12	4	0	56
2005	53	0	4	21	78
2004	59	8	15	0	82
2000-2003	187	28	20	115	350
TOTAL	465	70	46	221	810

Source: Census Bureau; City of Mitchell; Community Partners Research

Over the past 12 years, more than 800 new housing units have been constructed in Mitchell, based on building permits issued between 2000 and August 2012. This total includes 465 single family homes, and at least 221 units that can be identified in larger multifamily projects, generally providing rental housing. There have been 116 units permitted in structures having two three or four units, which may represent small rental projects, or twin homes and town houses intended for owner-occupancy.

Most of the new construction occurred between 2000 and 2007. After 2007, housing construction activity slowed significantly from the level experienced in previous years. However, the City has consistently produced at least 20 new single family housing units per year over the prior 12 years. Partial-year data for 2012 may indicate that 20 single family housing starts will not occur this year.

In the six-year period between 2000 and 2005, the City averaged 50 new single family houses per year. When attached housing and multifamily units are added, the City averaged 85 total units per year.

For the six-year period between 2006 and 2011, the average number of single family houses was 28 units per year. The overall number of units, including assisted living and student housing, was 49 per year.

The larger multifamily projects constructed since the year 2000 include:

- ▶ Whittier School - conversion of former school building into 13 market rate rental units - permitted in 2012
- ▶ Campus Tech - new construction of a 45-unit student housing project, with 96 total bedrooms for single-occupancy - permitted in 2010
- ▶ Countryside Living - new construction addition to Countryside Living with 16 assisted living/memory care units and 11 independent senior apartments - permitted in 2010
- ▶ Countryside Living - new construction addition to Countryside Living with 12 assisted living units and 9 independent senior apartments - permitted in 2005
- ▶ Eastwoods - new construction of 45 affordable rental housing apartments using federal low income housing tax credits - permitted in 2002 or 2003
- ▶ Country Estates Townhomes - new construction of 48 town house rental units between 2000 and 2003
- ▶ Wheatridge Apartments - one phase of apartment construction after 2000

## Existing Home Sales

This section examines houses that have been sold since 2009 in the City of Mitchell. The information used was obtained from the Davison County Equalization Office.

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

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

The sales reports available from the County did not differentiate between different styles of houses. However, according to the Assessor, there have been no sales of attached single family units, such as town houses or twin homes, in the past few years.

The County's time period for analyzing annual sales differs slightly from the calendar year. It begins on November 1<sup>st</sup> and ends on October 31<sup>st</sup> of each year. Information was available beginning with year 2009 (starting November 1, 2008) and extending through partial-year 2012. The last entered sales for 2012 were in June.

**Table 22 Mitchell Residential Sales Activity - 2009 through 2012\***

Sales Year	Number of Sales	Median Sale Price	Highest Sale	Lowest Sale
2012*	79	\$112,000	\$345,000	\$24,000
2011	182	\$98,000	\$360,000	\$6,500
2010	165	\$95,500	\$465,000	\$5,200
2009	170	\$95,250	\$500,000	\$11,000

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

\* 2012 sales are through mid-June

Between 2009 and 2011, the median home sale price in Mitchell remained relatively stable, between \$95,000 and \$98,000 each year. Partial-year data for 2012 show the median price increasing to \$112,000, although this mid-point may change when a full 12-month sample is obtained.

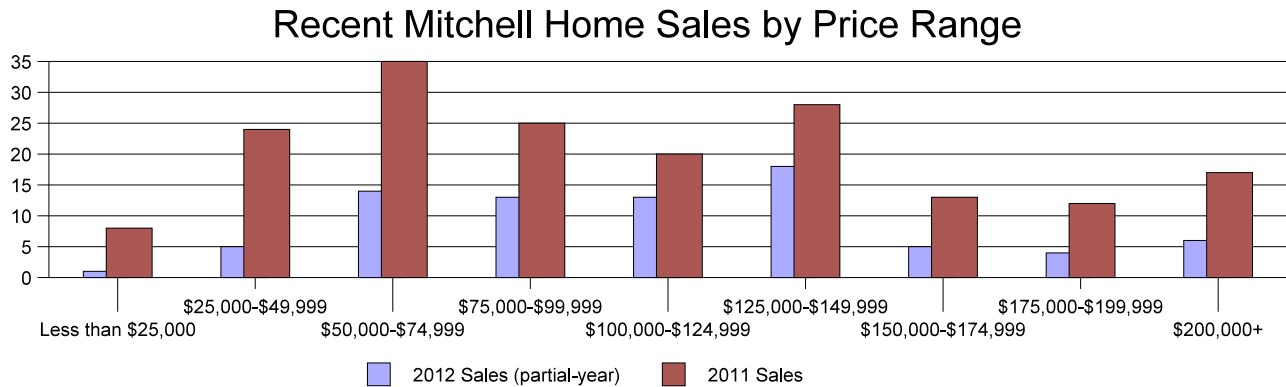
The volume of annual sales has also remained relatively steady between 2009 and 2011. The number of sales in 2012 appears to be lagging behind the average of the prior three years, but it is probable that a number of additional sales will occur during the summer and fall months that should raise the volume of recorded sales.

## Home Sales by Price Range

The following table looks at single family houses that sold in both 2012 (partial-year) and 2011 by defined price ranges. This information is from the Davison County Equalization Office's sales records.

<b>Table 23 Mitchell Home Sales by Price Range</b>				
	2012*		2011	
Sale Price	Number of Sales	Percent of Sales	Number of Sales	Percent of Sales
Less than \$25,000	1	1.3%	8	4.4%
\$25,000 - \$49,999	5	6.3%	24	13.2%
\$50,000 - \$74,999	14	17.7%	35	19.2%
\$75,000 - \$99,999	13	16.5%	25	13.7%
\$100,000 - \$124,999	13	16.5%	20	11.0%
\$125,000 - \$149,999	18	22.8%	28	15.4%
\$150,000 - \$174,999	5	6.3%	13	7.1%
\$175,000 - \$199,999	4	5.1%	12	6.6%
\$200,000 - \$299,999	5	6.3%	16	8.8%
\$300,000+	1	1.3%	1	0.5%
Total	79	100%	182	100%

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



A large majority of recent residential sales were priced below \$150,000. In 2011, nearly 77% of all sales were below \$150,000. Through mid-June of 2012, more than 81% of sales were below \$150,000.

In both years there was also limited activity in the highest price ranges. In both 2011 and 2012 to date, only one existing house each year sold for \$300,000, or more.

## Bank-Owned Sales Activity

In recent years there has been a nationwide increase in home foreclosures, short sales, and other distressed property transfers, caused by a national recession and a collapse of a “housing bubble”. Mitchell has been impacted by these national trends to some extent.

The Davison County sales records maintained by the County Equalization Office do include some sales of “bank-owned” properties. If the house is actively listed for sale by the financial institution, it is considered to be a qualified sale for County analysis. Community Partners Research reviewed the sales records since 2009 to identify home sales that had a financial institution as the grantor. While this may not be a perfect indicator of foreclosure sales, it is assumed that ownership by a financial institution does point to a distressed property transfer.

**Table 24 Mitchell Bank-Owned Sales Activity - 2009 through 2012\***

Sales Year	Number of Bank-Owned Sales	Percent of All Sales
2012*	5	6.3%
2011	16	8.8%
2010	18	10.9%
2009	22	12.9%

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

\* 2012 sales are through mid-June

The information contained in County sales records points to an ongoing decrease in the number of bank-owned property sales in Mitchell. In 2009, nearly 13% of all sales had a financial institution listed as the seller. Through mid-June of the 2012 sales year, this percentage had decreased to 6.3%.

Some additional information exists in County records showing the number foreclosures as tracked by Sheriff's Sale activity. According to a report produced by the Equalization Office there were 25 transfers in 2010, 23 in 2011 and just five through mid-June in 2012.

## **Foreclosures - Private Market Data**

There are different private companies that have collected and distributed information on home foreclosures. One primary source of information that is often cited for national stories on home foreclosures is Realty Trac, Inc. In July 2012, Community Partners Research viewed the Realty Trac website, but no information existed for Mitchell or Davison County.

The website foreclosure.com did list 13 active listings for homes that were identified as "foreclosures" or bankruptcies. Since specific address information was not provided, it is not known if some of these same houses are also listed on the Multiple Listing Service. The website Realtor.com did not specifically identify any foreclosure listings.

## 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 Mitchell. On July 25, 2012, there were 56 homes listed for sale. Although the listings could include attached units, such as town houses or condominiums, or mobile homes, all of the listings were identified as detached single family units.

It does appear that some of the Mitchell listings may actually be outside of the City limits. A number of these houses have large land holdings, with three acres or more. Excluding properties with large acreages, and properties with addresses that had 5-digits, the analysts removed eight of the listings from the analysis that follows.

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 Mitchell that would not be part of the MLS, including most homes being offered "for sale by owner".

The following table examines the MLS listings by listing price.

<b>Table 25 Mitchell Active MLS Listings by Price Range - July 2012</b>		
Asking Price	Number of Listings	Percent of Listings
Less than \$50,000	0	0%
\$50,000 - \$74,999	5	10.4%
\$75,000 - \$99,999	11	22.9%
\$100,000 - \$124,999	4	8.3%
\$125,000 - \$149,999	7	14.6%
\$150,000 - \$174,999	4	8.3%
\$175,000 - \$199,999	4	8.3%
\$200,000 - \$249,999	10	20.8%
\$250,000 - \$299,999	2	4.2%
\$300,000+	1	2.1%
Total	48	100%

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

Based on the listings on Realtor.com, most of the houses currently being offered for sale are priced below \$150,000. Overall, more than 56% of active listings are priced at \$149,999 or less. Approximately 6% of the listings are priced at \$250,000 or more.

## **Residential Lots**

There was no readily available listing of improved residential lots or subdivisions within the City of Mitchell. The City's Planning Department estimated that there are between 450 and 500 lots available in 2012. This would include lots that are in the advanced planning stage.

A review of listings on the website Realtor.com showed a variety of land parcels for sale, with multiple listings priced below \$25,000. There were also numerous lot options priced at \$40,000 or more. It is possible that some of the lots listed on Realtor.com are outside of the City limits.

## **Housing Condition**

Community Partners Research, Inc. representatives conducted a visual 'windshield' survey of single family/duplex houses in four of the oldest neighborhoods in Mitchell. The neighborhood boundaries were selected with input from City staff. The neighborhoods are as follows:

**Neighborhood #1** - 5<sup>th</sup> Avenue on the north; Ash and Birch Streets on the south; Kittridge Street and Hitchcock Park on the east; and Burr Street on the west

**Neighborhood #2** - Dry Run River on the north; Havens Avenue on the south; Burr Street on the east; and Minnesota Avenue on the west

**Neighborhood #3** - 7<sup>th</sup> Avenue on the north; 1<sup>st</sup> Avenue on the south; Sanborn Boulevard on the east; and Minnesota Avenue on the west

**Neighborhood #4** - East 12<sup>th</sup> Avenue on the north; 7<sup>th</sup> Avenue on the south; Langdon Street and the High School on the east; and Lawler Street on the west

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

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

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

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

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

**Table 26 Windshield Survey Condition Estimate - 2012**

	Sound	Minor Repair	Major Repair	Dilapidated	Total
#1	161 (36.9%)	178 (40.8%)	85 (19.5%)	12 (2.8%)	436
#2	90 (30.6%)	94 (32.0%)	92 (31.3%)	18 (6.1%)	294
#3	50 (30.6%)	55 (36.9%)	38 (25.5%)	6 (4.0%)	149
#4	36 (28.6%)	48 (38.1%)	37 (29.3%)	5 (4.0%)	126
Total	337 (33.5%)	375 (37.3%)	252 (25.1%)	41 (4.1%)	1,005

Source: Community Partners Research, Inc.

The visual condition survey found that most of the neighborhoods were in fair condition. In each neighborhood, between 28% and 37% of the houses were rated as Sound, but most homes were in need of some repair.

Combined, more than 29% of all rated houses in the four neighborhoods were in one of the two lowest condition categories. Overall, 41 houses were rated as Dilapidated and possibly beyond repair.

## **Rental Housing Data**

### **Census Bureau Rental Inventory**

According to the 2010 U.S. Census, there were 2,952 occupied rental units, and at least 179 unoccupied rental units in Mitchell, for a total estimated rental inventory of approximately 3,131 units. The City's rental tenure rate, was 44.1%, based on renter-occupancy households, well above the Statewide rate in 2010 of 31.9% rental.

At the time of the 2000 Census, Mitchell had 2,662 occupied rental units, and at least 252 vacant rental units, for a total estimated rental inventory of approximately 2,914 units. The rental tenure rate in 2000 was 43.5%.

Based on a Census comparison, the City added 290 renter-occupancy households, and approximately 217 rental units during the last decade. Although the last decade was generally regarded as a very strong period for home ownership, the rental tenure rate in Mitchell actually increased, while the home ownership rate dropped.

Mitchell is the primary rental center for the immediately surrounding area. According to the 2010 Census, there were 3,300 occupied rental units in the two-county MiSA, with more than 89% being located within the City. For the entire MiSA, the rental tenure rate was 35.3%, as a higher rate of home ownership exists in the small cities and rural townships that surround the City.

### **Recent Rental Construction**

In the section of this document that examines building permit trends, information was provided on rental housing development since the year 2000. The best available information indicates that overall, there were approximately 221 rental units of all types that were constructed in Mitchell the last 13 years. This total includes a number of specialized units for defined target markets, including seniors needing services and students attending post-secondary institutions in the community. A summary of the larger identified projects was provided along with the building permit information.

### **Pending Rental Projects**

Our research identified one rental project that was proceeding in 2012. A former school building was in the process of being converted into offices and rental apartments. A building permit had been obtained for the commercial spaces. The residential portion of the project will create 13 conventional rental units.

## **Rental Housing Survey**

As part of this housing study, a telephone survey was conducted of multifamily projects in the City of Mitchell. The survey was primarily conducted during the month of July, although some followup calls were made in early August.

Mitchell has a large post-secondary student population, attending Dakota Wesleyan University (DWU) and Mitchell Technical Institute (MTI). Student demand for rental housing can be a significant part of the local market. While most rental properties have a 12-month lease requirement, there is a significant amount of unit turnover that can occur at the beginning and end of the academic year. The timing of the 2012 rental survey did not coincide with a peak time of student movement, although students looking to secure housing for the fall term did contribute to overall demand as recorded by the survey.

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

Multiple attempts were made to contact each building. Information was tallied separately for different types of rental housing, including market rate units, tax credit units, subsidized housing, and student-oriented housing. While independent senior housing is included in this section of the Study, the following section contains the information on the senior units that also provide services. Senior housing that includes light services, such as a daily meal in the monthly rent are considered to be housing with services, even if they are marketed as independent senior units.

There were nearly 1,500 housing units of all types that were contacted in the survey. This total would represent nearly 47% of the City's estimated total of rental housing units.

The units that were successfully contacted include:

- 680 market rate units
- 45 tax credit units (other tax credit units included in subsidized)
- 294 subsidized units for senior/disabled occupancy (including occupancy preference)
- 296 subsidized units for general occupancy
- 176 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. Combined, these projects had 680 conventional rental units. All of the units in the survey were multifamily buildings, although some had as few as three units.

For some of the buildings that were contacted, only partial information was obtained. For example, some properties did not provide the exact bedroom mix for units in the building. For some of the calculations that follow, a smaller subset of market rate units may have been used.

### **Unit Mix**

Since a number of the building owners/managers could not identify an exact unit count by bedrooms, the following is an approximation, based on the information obtained:

- ▶ Efficiency/Studio - approximately 8.5% of all units surveyed
- ▶ One-bedroom - approximately 32.3%
- ▶ Two-bedroom - approximately 58%
- ▶ Three-bedroom - approximately 1.2%

### **Occupancy / Vacancy**

Within the market rate multifamily segment there were 9 vacant units of the 675 used in the occupancy calculation. This represents a vacancy rate of 1.3%. There were an additional five units that were intentionally vacant due to condition.

Although there were a few vacant units on the date of the survey, most property owners/managers talked about strong demand, with multiple calls from people looking for an available unit. The units that were unoccupied on the date contacted may better be described as turnover units, as they were often in the process of being filled.

Even though occupancy rates were high in 2012, some owners/managers talked about soft market conditions that have existed in Mitchell over the last decade. Recently, there has been an upturn in hiring, but at times in the past, plant closings or layoffs may have resulted in high rates of vacancy for some properties.

## 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. The final column attempts to define an average rent by unit size, based on the distribution of units and rents obtained in the survey.

<u>Unit Type</u>	<u>Lowest/Highest Gross Rents</u>	<u>Prevailing Rents Majority of Units</u>	<u>Average Rent</u>
Efficiency/Studio	\$240-\$410	\$275-\$375	\$315
One-bedroom	\$325-\$725	\$375-\$490	\$460
Two-bedroom	\$410-\$975	\$550-\$775	\$710
Three-bedroom	\$600-\$950	\$600-\$950	\$775

Certain types of units, such as three-bedroom rentals, were not well represented in the multifamily sample, and may not be a good reflection of the typical rental rates in the community.

## 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. Ten rental projects were identified in Mitchell that have received a tax credit award.

There have been three basic types of housing assisted with tax credits. Six of the tax credit awards have been made to older rental projects in Mitchell that were renovated as part of the tax credit financing. In each of these cases, the project was operating as federally subsidized housing prior to the renovation, and continued to serve very low income households after the rehabilitation was completed. Subsidized projects that received a later tax credit award include Green Meadows Townhomes (2003 tax credits), Grandview Apartments (2009), Grandview Townhomes (2009), Cathedral Square I (2007),

Cathedral Square II (2007), and Greenridge Apartments (2007). Since all of these projects still operate as subsidized housing, they have been included in the subsidized analysis that follows later in this section.

Three of the tax credit awards were made in conjunction with other federal subsidy programs to construct new housing. Since other federal subsidy sources were used, these units typically operate as subsidized housing, with rent based on household income, and the ability to serve even very low income renters. New construction tax credit projects that operate as subsidized housing include Spring Crest Apartments (Rural Development), Summer Crest Apartments (Rural Development), Winter Park Townhomes (Rural Development). These projects have also been included in the subsidized housing analysis that follows later in this section.

There has been only one new construction tax credit project in Mitchell that has not also utilized some other federal subsidized housing program. In 2002, Eastwoods Apartments was awarded an allocation of tax credits. This project has 45 income-restricted units, serving households at or below 50% or 60% of the County's median income level.

### **Unit Mix**

All 45 units in Eastwoods Apartments are tax credit-assisted. Eastwoods has 39 two-bedroom units and six three-bedroom units.

### **Occupancy/Vacancy**

At the time of the 2012 rental survey, there were no vacancies in Eastwoods. The manager also reported a short waiting list for occupancy.

### **Rental Rates**

The federal tax credit program places maximum rent limitations on assisted units. Some of the units in Eastwoods are designated for households at or below the income limits set at 50% of the median income level, and the remaining units are subject to a maximum income level set at 60% of median. For 2012, maximum gross rents for units in Davison County at 50% or 60% of median income are as follows:

<u>Bedroom Size</u>	<u>50% Rent Limit</u>	<u>60% Rent Limit</u>
Two-Bedroom	\$680	\$816
Three-Bedroom	\$785	\$942

The gross unit rents at Eastwoods Apartments are well below the maximum tax credit limits set for households at 50% of median income.

The maximum rents allowable under the tax program for households at 60% of median income are generally above the prevailing rates for most conventional, market rate units in Mitchell. For example, a tax credit unit could potentially charge up to \$816 for a two-bedroom unit, while the prevailing market rates in Mitchell are within a range between \$475 and \$775. It is probable that in order to stay competitive with other rental projects in the City, the tax credit developments charge rents that are well below the maximum federal limits.

Tax credit projects also have income restrictions that apply, which reduces the potential tenant base, resulting in the need to maintain a lower rent structure to remain competitive.

## **Subsidized Summary**

The research completed for this Study identified 23 subsidized projects providing rental opportunities for lower income households. These projects have a combined 623 units.

Two of the subsidized projects in Mitchell serve populations with special housing needs. Gamble Street Apartments and Lifequest Housing serve clients of Lifequest that have developmental disabilities. Since these units are not available to the general rental market, they have not been included in the subsidized analysis that follows.

Seven of the subsidized projects are either designated for senior and/or disabled tenant occupancy, or provide a preference to senior/disabled applicants. These senior-oriented projects have a combined total of 294 units. These projects are Autumn Crest, Cathedral Square I, Cathedral Square II, Grandview Apartments, Greenridge Apartments, Meadowlawn Plaza (general occupancy with a preference offered to senior/disabled applicants), and Westview Apartments.

The remaining subsidized projects are designated as general occupancy housing. Combined, they have 296 units. The general occupancy projects are Grandview Townhomes, Green Meadows Townhomes, Hilltop Manor I, Hilltop Manor II, Hilltop Manor III, Hilltop Manor IV, Lombardi Courts, Madee Apartments, Palace Apartments, Prairieview Court, Spring Crest Apartments, Summer Crest Apartments, West Elm Apartments and Winter Park Townhomes.

Most of the City's subsidized units have access to project-based rent assistance. These units can charge rent based on 30% of the tenant's household income. A small number of units in some Rural Development projects may not have rent assistance. Units without project-based rent assistance have a basic rent amount that is charged, even if this is above 30% of income for the tenant.

There are also tenant-based rent assistance Vouchers available in Mitchell. In July 2012, there were 85 Vouchers being used in the City. Voucher assistance is portable, and moves with the household. It is possible that some of the Vouchers were being used in subsidized projects that could not offer project-based rent assistance to lower income tenants. However, it is assumed that most Vouchers were being used in private-market, conventional rental housing.

### **Unit Mix**

The individual subsidized rental projects in Mitchell range in size from four units to 112 units. The bedroom mix breakdown is as follows (excluding special needs units):

- 8 efficiencies (1.4% of total)
- 356 one-bedroom (60.3%)
- 160 two-bedroom (27.1%)
- 64 three-bedroom (10.8%)
- 2 four-bedroom (0.3%)

The subsidized unit mix in Mitchell is heavily oriented to small apartments. Nearly 62% of all subsidized options have only one bedroom or are efficiency units. Only 11% of all subsidized units are suitable for larger households needing three or more bedrooms.

### **Occupancy / Vacancy**

There were a few unoccupied units that were identified in the subsidized projects. However, each of the projects that reported an open unit also reported the existence of a waiting list. In all cases, the unoccupied units were in the process of being filled from the waiting list. As a result, the subsidized vacancy rate is estimated at less than 1%.

Although every subsidized project reported a waiting list for occupancy, the length and usefulness of these waiting lists varied. Many of the general occupancy projects reported relatively long waiting lists, often with more than 20 names. However, sometimes the strength of the waiting lists were questioned, as managers stated that many applicants needed immediate access to housing and that the waiting list was often quickly out of date.

Most of the senior/disabled projects reported shorter waiting lists, generally with fewer than 10 names. However, turnover in senior projects can also be limited, so even households on a short waiting for a unit may not come to the top of the list very quickly.

The best single 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 July, there were 82 households on this waiting list.

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

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

Private property owners may have an incentive to convert subsidized units to conventional housing. Subsidized units often prohibit occupancy by full-time students, unless they are independent and have earned income. With significant student demand in Mitchell, property owners may wish to end their subsidy contract in order to accept student households.

The research for this Study identified two projects that have left their subsidy programs in recent years. Capital Apartments, with 28 one-bedroom units, left its HUD subsidy program in the late 2000s and now offers general occupancy, conventional rental housing. The owner of Capital Apartments indicated that approximately half of the current tenants are students at MTI.

Wesley Acres, with 59 units, was formerly a HUD-subsidized project for senior and/or disabled tenant occupancy. It left the subsidy program in 2006. Wesley Acres still provides senior-designated housing, and many of the units have relatively low contract rents (less than \$400), but it no longer has any project-based rent assistance to assist very low income seniors.

It is possible that some other subsidized projects have been lost over time, but no historical list was available to compare with the current inventory.

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

In addition to the subsidized projects, Mitchell has approximately 85 households being assisted with HUD Housing Choice Vouchers (formerly Section 8 Existing Program). This rent assistance can only be used within the City.

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 Mitchell Housing Authority.

Since this rent assistance is tenant-based, and moves with the household, the actual number of participating households within the City can vary from month to month. 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.

The waiting list for the program had 82 names in July 2012. The Program tends to have limited turnover, and any household issued a Voucher can have difficulty finding and securing a suitable unit in Mitchell due to the low vacancy rate. According to the Housing Authority, there had been no new Voucher lease-ups in 2012.

## **Student Housing**

Although there is a large post-secondary student population in Mitchell, attending Dakota Wesleyan University and Mitchell Technical Institute (MTI), there are few private market housing options oriented specifically to students. Instead, students tend to live in a wide variety of conventional rental housing in the City.

In 2010, Campus Tech housing opened near MTI, on land owned by the MTI Foundation. This project has 45 rental units, ranging from efficiency apartments to four-bedrooms. Overall, there are 96 bedrooms available for rent in this project. Students pay between \$410 and \$530 per month, depending on the unit, over a ten-month rental period.

The property reported that all bedrooms for the fall 2012 term were successfully leased in June 2012. Management will assign roommates, if requested, based on a student profile.

**Table 27 Mitchell Multifamily Rental Housing Inventory**

Name	Number of Units / Bedroom Mix	Rent	Vacancy/ Wait List	Tenant Mix	Comments
<b>Market Rate</b>					
1 <sup>st</sup> & Main Apartments (aka Navin) 101 S Main	1 Bedroom <u>2 Bedroom</u> 23 Total Units	\$300-\$375 \$400-\$550 +electric	No vacancies	Mix of tenants including students	Former downtown hotel from the early 1900s that was converted into rental housing in the 1970s. All three levels are residential use. Unique floor plans exist, and rent varies by unit size. Amenities include off-street parking, elevator and coin laundry. Rent includes heat but tenants pay electric. Approximately 30% of demand is from students, but also many long-term tenants. Manager reports strong demand and 100% occupancy.
3 <sup>rd</sup> & Main Apartments 304 N Main	Efficiency <u>1+ Bedroom</u> 23 Total Units	\$175 \$250 +heat, electric	5 unoccupied units due to condition	Mix of tenants including students	Older downtown building from the early 1900s that has commercial on main level with rental housing above. Unique floor plans exist, and rent varies by unit size. Amenities include coin laundry but no off-street parking available. Tenants pay gas and electric in addition to rent. Mix of students, singles and couples. Manager reports annual occupancy rate of 75% - some units need repairs and are not currently occupied.
5 <sup>th</sup> & Main Apartments 417 N Main	1 Bedroom <u>2 Bedroom</u> 12 Total Units	\$300-\$375 \$400-\$550 +electric	No vacancies	Mix of tenants including students	Older downtown building from the early 1900s that has commercial on main level with rental housing above. Unique floor plans exist, and rent varies by unit size. Amenities include off-street parking in city lot and coin laundry. Rent includes heat but tenants pay electric. Approximately 30% of demand is from students, but also some long-term tenants. Manager reports strong demand and 100% occupancy.
2 <sup>nd</sup> Street Apartments W 2 <sup>nd</sup> St	7 - Efficiencies 10 - 1 Bedroom <u>8 - 2 Bedroom</u> 25 Total Units	\$295-\$300 \$350-\$400 \$475 +electric	No vacancies	Mix of tenants	Apartments in three 1920s vintage school buildings that were converted to rental housing. Rent includes heat but tenants pay electric in addition to rent. Amenities include off-street parking and coin laundry. Manager reports strong demand with no vacancies and frequent calls from people looking for a unit.

**Table 27 Mitchell Multifamily Rental Housing Inventory**

Name	Number of Units /Bedroom Mix	Rent	Vacancy/ Wait List	Tenant Mix	Comments
<b>Market Rate</b>					
Minnesota Street Apartments 411 N Minnesota	<u>3 - 1 Bedroom</u> 3 Total Units	\$275-\$475 +heat, electric	No vacancies	Mix of tenants	Apartments constructed in 1950. Tenants pay heat and electric in addition to rent. Manager reports strong demand with no vacancies and frequent calls from people looking for a unit.
South Main Apartments 122 S Main	<u>4 - Efficiency</u> <u>1 - 1 Bedroom</u> 5 Total Units	\$275 \$330 +electric	No vacancies	Mix of tenants	Older building near downtown with commercial use on ground floor and apartments above. Rent includes heat but tenants pay electric in addition to rent. Manager reports strong demand with no vacancies and frequent calls from people looking for a unit.
Westborn Court 400 W 5 <sup>th</sup>	<u>11 - Efficiency</u> <u>12 - 1 Bedroom</u> <u>11 - 2 Bedroom</u> 34 Total Units	\$295 \$340-\$420 \$440-\$485 +electric	No vacancies	Mix of tenants	Apartment building constructed in the 1930s. Rent includes heat but tenants pay electric in addition to rent. Manager reports strong demand with no vacancies and frequent calls from people looking for a unit.
Parkplace Apartments 600 W 15 <sup>th</sup> 1521 N Wisconsin	<u>2 - Efficiency</u> <u>44 - 2 Bedroom</u> 46 Total Units	\$345 \$450-\$500 +heat, electric	No vacancies	Mix of tenants	Two apartment buildings constructed in 1990 and 1995. Tenants pay heat and electric in addition to rent. Manager reports strong demand with no vacancies and frequent calls from people looking for a unit.
1207 S Rowley	<u>4 - 1 Bedroom</u> <u>1 - 2 Bedroom</u> 5 Total Units	\$295-\$300 \$315 +electric	No vacancies	Mix of tenants	Units in 100-year old building. Rent includes heat but tenant pays electric. Manager reports full occupancy and good demand.
M&M 100 W 5th	<u>3 - Efficiency</u> 3 Total Units	\$215 +electric	No vacancies	Mix of tenants	Mixed-use building with commercial on main level and apartments above, constructed in the early 1900s. Rent includes heat but tenant pays electric. Manager reports full occupancy and good demand.

**Table 27 Mitchell Multifamily Rental Housing Inventory**

Name	Number of Units /Bedroom Mix	Rent	Vacancy/ Wait List	Tenant Mix	Comments
<b>Market Rate</b>					
Capital Apartments 615 E 12 <sup>th</sup> Ave	<u>28 - 1 Bedroom</u> 28 Total Units	\$395-\$425	No vacancies	Mix of tenants	Formerly a HUD subsidized apartment building that converted to market rate housing in the late 2000s. Two-level building. Rent includes utilities. Lower rent is for 1 person, higher rent is for 2 tenants. Amenities include coin laundry and off-street parking. Approximately ½ tenants are students. Owner reports no vacancies and multiple calls each day looking for a rental unit.
Country Estate Apartments 2921 N Ohlman	<u>60 - 2 Bedroom</u> 60 Total Units	\$680-\$700 +heat, electric	2 vacant units	Mix of tenants	Rental complex with 5 three-level apartment buildings with 12 apartments per building, constructed between 1998 and 2005. Tenants pay heat and electric in addition to rent, but garage is included in rent. Amenities include controlled access, coin laundry on each floor and balconies for most units. Apartments have 1050 sq ft and either 1 or 2 bathrooms. Manager reported 2 vacant units - after units turn over they are cleaned and repaired which can result in short-term vacancy.
Country Estates Townhouses 1700- 1701 and 1600-1601 Country Dr	<u>48 - 2 Bedroom</u> 48 Total Units	\$795-\$825 +heat, electric	1 vacant unit	Mix of tenants but mostly seniors	Complex has 4 buildings with 12 units each - one-level town house units with attached garage constructed between 2000 and 2005. Tenants pay heat and electric in addition to rent. Amenities include in-unit laundry hookup. Units have 1040 sq ft and 1 bathroom. Manager reports that most tenants are seniors, but some younger tenants as well. One vacancy reported at time of survey.
Heritage Apartments 9 <sup>th</sup> and Minnesota	<u>12 - 2 Bedroom</u> 12 Total Units	\$550-\$650 +electric	1 vacant unit	Mix of tenants	Three-level apartment buildings constructed in 1980. Rent includes heat but tenant pays electric in addition to rent. Some garages available for \$50/month. Amenities include controlled access and coin laundry. Manager reports 1 vacancy on date of survey.

**Table 27 Mitchell Multifamily Rental Housing Inventory**

Name	Number of Units /Bedroom Mix	Rent	Vacancy/ Wait List	Tenant Mix	Comments
<b>Market Rate</b>					
Northview Estates 2201-2101 N Kimball	<u>72 - 2 Bedroom</u> 72 Total Units	\$680-\$700 +heat, electric	2 vacant units	Mix of tenants	Rental complex has 6 three-level apartment buildings with 12 units per building, constructed between 1994 and 2000. Tenants pay heat and electric in addition to rent, but garage is included in rent. Amenities include controlled access, coin laundry on each floor and balconies for most units. Apartments have 1050 sq ft and either 1 or 2 bathrooms. Manager reported 2 vacant units - after units turn over they are cleaned and repaired which can result in short-term vacancy.
Super Center Apartments 1701 N Main	10 - 1 Bedroom 40 - 2 Bedroom <u>4 - 3 Bedroom</u> 54 Total Units	\$350 \$500 \$550 +electric	3 vacant units, 3 - 2 Bdrm	Mix of tenants	Three-level apartment buildings constructed in 1972. Rent includes heat but tenant pays electric in addition to rent. Amenities include controlled access, coin laundry on each floor and balconies for some units. Largest units have 720 sq ft. Manager reports 3 vacancies on date of survey.
Ciavarella Properties 320 W 2 <sup>nd</sup> and 322 E 1 <sup>st</sup> St	1 Bedroom <u>2 Bedroom</u> 9 Total Units	\$400-\$500 \$600-\$750 +utilities vary by unit	No vacancies	Mix of tenants	Rental units in 3 structures, ranging from 1 to 5 units per structure. These are older, historic buildings that have been restored into unique rentals, with various sizes and floor plans. Tenant-paid utilities vary by unit. Owner reports strong demand and no vacancies.
K&A Apartments 312 N Lawler	12 - Efficiency 9 - 1 Bedroom <u>1 - 2 Bedroom</u> 22 Total Units	\$375 \$375-\$450 \$650	No vacancies	Mix of tenants including students	Older mixed-use building from the early 1900s that was converted into rental housing more than 50 years ago. Rent includes utilities. Amenities include off-street parking and coin laundry. Owner reports no vacancies and very strong demand, including demand from students.
408 S Sanborn Apartments	<u>6 - 1 Bedroom</u> 6 Total Units	\$375-\$400 +electric	No vacancies	Mix of tenants including students	Older apartment building from the 1930s. Rent includes heat but tenant pays electric. Owner reports no vacancies and very strong demand, including demand from students.

<b>Table 27 Mitchell Multifamily Rental Housing Inventory</b>					
<b>Name</b>	<b>Number of Units /Bedroom Mix</b>	<b>Rent</b>	<b>Vacancy/ Wait List</b>	<b>Tenant Mix</b>	<b>Comments</b>
<b>Market Rate</b>					
620 S Sanborn Apartments	4 - 1 Bedroom <u>1 - 2 Bedroom</u> 5 Total Units	\$400 \$425 +electric	No vacancies	Mix of tenants including students	Older apartment building from the 1930s. Rent includes heat but tenant pays electric. Owner reports no vacancies and very strong demand, including demand from students.
Wheatridge Apartments 1020 W Norway	1 Bedroom 2 Bedroom <u>4 - 3 Bedroom</u> 80 Total Units	\$650 \$750 \$850 +heat, electric	No vacancies	Mix of tenants	Three multi-level apartment buildings constructed between the mid-1990s and mid-2000s. The largest building has an elevator. Tenants pay heat and electric in addition to rent. Garages available for extra fee. Amenities include in-unit laundry, central AC, dishwasher, controlled entry, covered balcony/patio and community room. One bedrooms have 819 sq ft and 1 bathroom, 2 bedrooms have 1000 to 1029 sq ft and 2 bathrooms, and 3 bedrooms have 1388 sq ft and 2 bathrooms. Four furnished units also available. Manager reports full occupancy and strong demand - job growth, students and temporary construction workers have all contributed to housing shortage.
Staircase Apartments 201 ½ E 2 <sup>ND</sup>	1 - Efficiency <u>8 - 1 Bedroom</u> 9 Total Units	\$250 \$275-\$300 +electric	No vacancies	Mix of students and singles	Building from the early 1900s that was later converted into rental housing. Rent includes heat but tenant pays electric. Building has just been sold but former owner said ½ of tenants are students - new owner may be increasing rents. No vacancies due to strong demand.
Eastridge Apartments 312-314 E 11 <sup>th</sup> 1104, 1116, 1123 N Burr	2 - 1 Bedroom <u>18 - 2 Bedroom</u> 20 Total Units	\$475 \$600-\$625	No vacant units	Mix of tenants	Five apartment buildings with 4 units each constructed in the 1960s. Rent includes heat and electric. Amenities include coin laundry in each building and off-street parking. Owner reports general mix of tenants, including a number of temporary construction workers. Good demand in 2012, but market has been soft a few times over last 10 years.

<b>Table 27 Mitchell Multifamily Rental Housing Inventory</b>					
<b>Name</b>	<b>Number of Units /Bedroom Mix</b>	<b>Rent</b>	<b>Vacancy/ Wait List</b>	<b>Tenant Mix</b>	<b>Comments</b>
<b>Market Rate</b>					
Midtown Apartments 4 <sup>th</sup> and Main	13 -1 Bedroom <u>4 - 2 Bedroom</u> 17 Total Units	\$420 \$595 +electric	No vacancies	Mix of singles, couples and students	Older buildings from the 1920s to 1940s with commercial on street level and apartments above. Rent includes heat but tenant pays electric. Amenities include coin laundry. Owner reports no vacant units.
Third Avenue Market Place & Living 115 E 3 <sup>rd</sup>	1 Bedroom <u>2 Bedroom</u> 11 Total Units	N/A	N/A	N/A	Unable to contact for 2012 survey.
<b>Market Rate - Senior-Designated</b>					
Wesley Acres 1115 W Havens Ave	Efficiency 1 Bedroom <u>2 - 2 Bedroom</u> 59 Total Units	\$238-\$324 \$370-\$609 \$731	No vacancies, waiting list	Senior- designated housing	Formerly HUD subsidized housing for seniors (age 62+) that left the subsidy program in 2006 and converted to market rate housing. Originally the project had 87 units, primarily efficiencies, but over time many units were combined and now most of the 59 units are 1 bedrooms. Community nutrition site in dining room offers 1 meal 5 days each week. Despite loss of subsidy, rents are affordable and manager reports full occupancy and long waiting list. Rent includes utilities.

**Table 27 Mitchell Multifamily Rental Housing Inventory**

Name	Number of Units /Bedroom Mix	Rent	Vacancy/ Wait List	Tenant Mix	Comments
<b>Tax Credit/Moderate Rent</b>					
Eastwoods 1705 E 1st Ave	39 - 2 Bedroom <u>6 - 3 Bedroom</u> 45 Total Units	\$495-\$541 \$593-\$689 +electric	No vacancies, short waiting list	General occupancy with units at 50% and 60% of median income	Tax credit apartments awarded credits in 2002 and placed in service in 2003. Two-level building without elevator. Rent includes heat but tenant pays electric. All units serve households at or below 60% of income, with some units set at 50% of income and at lower rents listed. Amenities include controlled entry, playground, AC, dishwasher and in-unit laundry. Two bedrooms have 900 sq ft and 1 bathroom. Three bedrooms have 1120 sq ft and 2 bathrooms. Manager reports no vacancies and short waiting list.
<b>Subsidized - General Occupancy</b>					
Green Meadows Townhomes 1515 N Davison St	16 - 2 Bedroom <u>4 - 3 Bedroom</u> 20 Total Units	\$786 \$809 30% of income	No vacancies, waiting list	General occupancy with units at 50% and 60% of median income	HUD subsidized general occupancy project constructed in 1978 and awarded tax credits and HOME funding in 2003 for renovation. All units serve households at or below 60% of median income with some units targeted to 50% limits. All tenants have access to rent assistance that allows rent based on 30% of income, up to market rents listed. Amenities include window AC, in-unit laundry hookup, patio/balcony, detached garage and playground. Manager reports full occupancy and waiting list of approximately 30 names.
Grandview Townhomes 1011 W 8 <sup>th</sup> Ave	10 - 2 Bedroom <u>10 - 3 Bedroom</u> 20 Total Units	30% of income	No vacancies, waiting list	General occupancy with units at or below 60% of median income	HUD subsidized general occupancy project that received tax credit and HOME funding in 2009 for renovation. All units serve households at or below 60% of median income. Rent assistance available allowing rent based on 30% of income. Amenities include AC, dishwasher and in-unit laundry. Strong demand for units with no vacancies, limited turnover and waiting list with 20+ names.

**Table 27 Mitchell Multifamily Rental Housing Inventory**

<b>Name</b>	<b>Number of Units /Bedroom Mix</b>	<b>Rent</b>	<b>Vacancy/ Wait List</b>	<b>Tenant Mix</b>	<b>Comments</b>
<b>Subsidized - General Occupancy</b>					
Hilltop Manor I Apartments 505 S Main	3 - 1 Bedroom 9 - 2 Bedroom 12 Total Units	30% of income	No vacancies, waiting list	General occupancy	Rural Development subsidized town house project constructed in the 1970s and designated for general occupancy. All tenants have access to rent assistance that allows rent based on 30% of income. Owner reports good demand, with only unoccupied units in his buildings intentionally vacant for renovation. Waiting list is kept but most households eventually find other housing options.
Hilltop Manor II Apartments 605 S Main	4 - 1 Bedroom 4 Total Units	30% of income	No vacancies, waiting list	General occupancy	Rural Development subsidized town house project constructed in the 1970s - originally designated for senior and/or disabled tenant occupancy, but now general occupancy. All tenants have access to rent assistance that allows rent based on 30% of income. Owner reports good demand, with only unoccupied units in his buildings intentionally vacant for renovation. Waiting list is kept but most households eventually find other housing options.
Hilltop Manor III Apartments 611 S Main	4 - 2 Bedroom 2 - 3 Bedroom 6 Total Units	30% of income	No vacancies, waiting list	General occupancy	Rural Development subsidized town house project constructed in 1981 and designated for general occupancy. HUD rent assistance also available allowing all tenants to pay 30% of income. Owner reports good demand, with only unoccupied units in his buildings intentionally vacant for renovation. Waiting list is kept but most households eventually find other housing options.

**Table 27 Mitchell Multifamily Rental Housing Inventory**

Name	Number of Units /Bedroom Mix	Rent	Vacancy/ Wait List	Tenant Mix	Comments
<b>Subsidized - General Occupancy</b>					
Hilltop Manor IV Apartments 505 S Main	4 - 1 Bedroom <u>4 - 2 Bedroom</u> 8 Total Units	30% of income	No vacancies, waiting list	General occupancy	Rural Development subsidized town house project constructed in late 1970s and physically moved to Mitchell in the 1980s, designated for general occupancy. All tenants have access to rent assistance that allows rent based on 30% of income. Owner reports good demand, with only unoccupied units in his buildings intentionally vacant for renovation. Waiting list is kept but most households eventually find other housing options.
Lombardi Courts N Kimball & Green Dr	2 - 1 Bedroom 14 - 2 Bedroom 12 - 3 Bedroom <u>2 - 4 Bedroom</u> 30 Total Units	30% of income	No vacancies, waiting list	General occupancy	HUD Section 8 subsidized units built in 1979 for general occupancy. All tenants pay rent based on 30% of income. Manager reports full occupancy and 49 name waiting list, including 20 names on 3-bedroom and 7 names on 4-bedroom list.
Madee Apartments 701 E 8th	15 - 1 Bedroom <u>9 - 2 Bedroom</u> 24 Total Units	\$485 \$525 30% of income	No vacancies, waiting list	General occupancy	Rural Development subsidized apartment project constructed in the 1970 and designated for general occupancy. Eighteen tenants have access to rent assistance that allows rent based on 30% of income; remaining tenants pay 30% of income but not less than the basic rents listed. Manager reports full occupancy and a waiting list, with many calls from students.
Palace Apartments 901 W 8th	12 - 1 Bedroom <u>20 - 2 Bedroom</u> 32 Total Units	30% of income	1 vacant unit, waiting list	General occupancy	HUD subsidized apartment project constructed in 1973. All tenants pay rent based on 30% of income. Manager reports 1 unoccupied unit at time of survey, but 24 names on waiting list and processing underway to fill the unit.

**Table 27 Mitchell Multifamily Rental Housing Inventory**

Name	Number of Units /Bedroom Mix	Rent	Vacancy/ Wait List	Tenant Mix	Comments
<b>Subsidized - General Occupancy</b>					
Prairie View Court 1820 N Wisconsin	8 - 1 Bedroom <u>56 - 2 Bedroom</u> 64 Total Units	\$467 \$523 30% of income	Applicants being processed	General occupancy	Rural Development subsidized apartment complex with 8 buildings constructed in 1978 for general occupancy. Sixty tenants have access to rent assistance that allows rent based on 30% of income; remaining tenants pay 30% of income but not less than basic rents listed. Manager reports some unoccupied units on date of survey but applications being processed to fill units. Short waiting list exists.
Spring Crest Apartments 420 W 19th Ave	<u>12 - 1 Bedroom</u> 12 Total Units	\$470-\$513 30% of income	2 vacant units, waiting list	General occupancy	Tax credit and Rural Development subsidized apartment project constructed in 1988 and designated for general occupancy. All tenants must be at or below 60% of median income and 11 tenants have access to rent assistance that allows rent based on 30% of income; remaining tenant pays 30% of income but not less than basic or more than market rents listed.
Summer Crest 500 W 19th Ave	<u>12 - 3 Bedroom</u> 12 Total Units	\$650-\$713 30% of income	No vacancies, waiting list	General occupancy	Tax credit and Rural Development subsidized town house project constructed in 1988 and designated for general occupancy. All tenants must be at or below 60% of median income and all have access to rent assistance that allows rent based on 30% of income. Manager reports no vacancies and a waiting list.
West Elm Apartments 1201-1301 W Elm	16 - 1 Bedroom <u>12 - 2 Bedroom</u> 28 Total Units	\$420-\$471 \$518-\$618 30% of income	No vacancies, waiting list	General occupancy	Rural Development subsidized apartment project for general occupancy. Twenty-four tenants have access to rent assistance that allows rent based on 30% of income; remaining tenants pay 30% of income but not less than basic or more than market rents listed. Manager reports strong demand with 23 name waiting list.

**Table 27 Mitchell Multifamily Rental Housing Inventory**

Name	Number of Units /Bedroom Mix	Rent	Vacancy/ Wait List	Tenant Mix	Comments
<b>Subsidized - General Occupancy</b>					
Winter Park Townhomes 1700 N Wisconsin	<u>24 - 3 Bedroom</u> 24 Total Units	\$830 30% of income	No vacancies, long waiting list	General occupancy	Tax credit and Rural Development subsidized town house project constructed in 1993 and designated for general occupancy. Units are 2-level living except for accessible unit. All tenants have access to rent assistance that allows rent based on 30% of income up to market rent listed. Manager reports full occupancy and long waiting list with 20+ names.
<b>Subsidized -Senior and Disabled Occupancy</b>					
Autumn Crest 400 W 19 <sup>th</sup> St	<u>12 - 1 Bedroom</u> <u>4 - 2 Bedroom</u> 16 Total Units	30% of income	No vacancies, waiting list	Senior/ disabled occupancy	Rural Development subsidized apartment project constructed in 1989 and designated for senior and/or disabled tenant occupancy. All tenants have access to rent assistance that allows rent based on 30% of income. Manager reports no vacancies and a waiting list.
Cathedral Square I Apartments 501 N Davison St	<u>49 - 1 Bedroom</u> 49 Total Units	\$668 30% of income	No vacancies, waiting list	Senior and disabled occupancy	HUD subsidized project constructed in the early 1980s and awarded tax credits in 2007 for renovation. Units are designated for senior (age 62+) or disabled tenant occupancy. All tenants have access to rent assistance that allows rent based on 30% of income, up to market rent listed. Rent includes all utilities. Amenities include controlled access building, elevator, community room with kitchen, emergency call system and coin laundry on each floor. Senior center serves noon meal on site 5 days per week. Service coordinator available to facilitate home health care as needed. Manager reports full occupancy and 5 to 6 name waiting list.

**Table 27 Mitchell Multifamily Rental Housing Inventory**

Name	Number of Units /Bedroom Mix	Rent	Vacancy/ Wait List	Tenant Mix	Comments
<b>Subsidized -Senior and Disabled Occupancy</b>					
Cathedral Square II 500 N Langdon	<u>31 - 1 Bedroom</u> 31 Total Units	\$700 30% of income	No vacancies, waiting list	Senior/ disabled occupancy	Rural Development subsidized project constructed in the early 1980s and awarded tax credits in 2007 for renovation. Units are designated for senior (age 62+) or disabled tenant occupancy. All tenants have access to rent assistance that allows rent based on 30% of income, up to market rent listed. Rent includes all utilities. Amenities include controlled access building, elevator, community room with kitchen, emergency call system and coin laundry on each floor. Senior center serves noon meal on site 5 days per week. Service coordinator available to facilitate home health care as needed. Manager reports full occupancy and 5 to 6 name waiting list.
Grandview Apartments 1011 W 8 <sup>th</sup> Ave	<u>14 - 1 Bedroom</u> 14 Total Units	30% of income	No vacancies, short waiting list	Senior and disabled tenant occupancy	HUD subsidized apartments that received tax credits in 2009 for renovation. Designated for senior (age 62+) or disabled tenant occupancy. All tenants have access to rent assistance that allows rent based on 30% of income. Manager reports full occupancy, with limited turn over and short waiting list.

**Table 27 Mitchell Multifamily Rental Housing Inventory**

Name	Number of Units /Bedroom Mix	Rent	Vacancy/ Wait List	Tenant Mix	Comments
<b>Subsidized -Senior and Disabled Occupancy</b>					
Greenridge Apartments 1500 N Kimball	<u>48 - 1 Bedroom</u> 48 Total Units	\$676 30% of income	1 vacant unit, waiting list	Senior and disabled occupancy	Rural Development subsidized apartment project constructed in 1978 and designated for senior (age 62+) or disabled tenant occupancy. Tax credits awarded in 2007 for renovation. All tenants have access to rent assistance that allows rent based on 30% of income, up to market rent listed. Building has 3 levels with elevator. Amenities include controlled access building, community room with kitchen, and coin laundry on each floor. Senior center serves noon meal on site 5 days per week. Service coordinator available to facilitate home health care as needed. Manager reports 1 vacancy due to turnover, but 5 to 6 name waiting list exists.
Meadowlawn Plaza	<u>110 - 1 Bedroom</u> <u>2 - 2 Bedroom</u> 112 Total Units	30% of income	No vacancies, waiting list	Preference for senior and disabled tenants	HUD public housing project originally constructed in the 1960s for senior and disabled tenants. A later HUD rule change allowed general occupancy, but waiting list preference is given to senior and/or disabled people, and most tenants meet preference. Project originally had 122 apartments, but 20 smaller units were combined into 10 larger units. Most apartments still have less than 400 sq ft. Senior nutrition site that serves noon meal 5 days per week. Manager reports full occupancy at time of survey and short waiting list of preference holders.
Westview Apartments 816 N Minnesota	<u>8 - Efficiency</u> <u>16 - 1 Bedroom</u> 24 Total Units	30% of income	No vacancies, waiting list	Senior and/or disabled occupancy	HUD Section 8 subsidized apartments for senior and/or disabled tenant occupancy constructed in the 1970s. All tenants pay rent based on 30% of income. Building has two levels and no elevator. Manager reports full occupancy and short waiting list.

**Table 27 Mitchell Multifamily Rental Housing Inventory**

Name	Number of Units /Bedroom Mix	Rent	Vacancy/ Wait List	Tenant Mix	Comments
<b>Tenant-Based Rent Assistance</b>					
Housing Choice Voucher Program	85 Vouchers in Mitchell	30% of income	N/A	N/A	Also known as the Section 8 Existing Program, HUD Housing Choice Vouchers provide tenant-based rent assistance that can be used in any suitable rental unit. Tenant rent contribution is based on 30% of income, with the assistance program paying additional subsidy. The Mitchell program has 85 Vouchers and can only be used in the City. Waiting list has 82 names, with most having a local address.
<b>Subsidized - Special Needs</b>					
Gamble Street Apartments 812 N Gamble St	<u>12 - 1 Bedroom</u> 12 Total Units	30% of income	Placement through Liferequest	Housing for people with developmental disabilities	HUD Section 202/Section 8 apartment project that serves people with developmental disabilities with services provided through Liferequest. Residents pay rent based on 30% of income. Many long-term residents with limited turnover.
Liferequest Housing 1800 N Kimball 100 E Elm Ave 411 W 19th Ave	<u>15 - 1 Bedroom</u> <u>6 - 2 Bedroom</u> 21 Total Units	30% of income	Placement through Liferequest	Housing for people with developmental disabilities	Rural Development subsidized apartment projects serving people with developmental disabilities with services provided through Liferequest. Residents pay rent based on 30% of income. Many long-term residents with limited turnover.
<b>Student</b>					
Campus Tech Apartments 1400 E Spruce	Efficiency 2 Bedroom <u>4 Bedroom</u> 45 Total Units	\$410-\$530 per bedroom based on 10 months	Units for fall 2012 term were leased by June	Student housing for MTI students	Newer student-oriented housing near the MTI campus. Units are rented by the bedroom and include all utilities. 12-month lease made in 10 payments with efficiency units at \$530 per payment, while a bedroom in 4-bedroom unit at \$410 per payment. Management will assign roommates if needed. Amenities include cable TV, internet and coin laundry. Units range in size from 350 sq ft to 875 sq ft.

Source: Community Partners Research

## **Senior Housing with Services**

Specialized senior housing, which provides some level of services along with a housing unit, has been one of the fastest growing segments of the local housing market in the last two decades. A number of the multifamily development projects in Mitchell over the last 15 years have catered to senior renters.

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

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 limited 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:

- Independent senior housing with a meal option
- Residential Living Center/Senior housing with light services
- Assisted Living Center
- Memory Care
- Skilled Nursing Facility

Although we have attempted to clearly define each housing project by these categories, there may be some overlap in units.

## **Independent Senior Housing with a Meal Option**

### **Unit Inventory**

The research for this Study identified four senior-oriented rental housing projects that have the availability of a meal on-site.

Wesley Acres is a 59-unit market rate senior apartment building that was originally constructed as subsidized housing, but now operates as a convention rental project. Although project-based rent assistance is no longer available, many unit rents remain in a modest range, with efficiency apartments at \$325 or less. This building has a senior nutrition site, with a noon meal available five days each week.

Cathedral Square I and II (80 units combined) are federally subsidized rental projects that later used tax credits for renovation. These units are all income-restricted and have project-based rent subsidies that allow very low income seniors to pay rent based on 30% of income. These buildings also house a senior center with a noon meal available five days per week.

Greenridge Apartments, with 48 units, is a Rural Development subsidized project that also used tax credits for renovation. It also has income limits for occupancy and project-based rent assistance for lower income tenants. The building houses a senior center that serves a noon meal on-site five days per week. The project also has a service coordinator available to facilitate home health care as needed.

Meadowlawn is a HUD Public Housing project with 112 total units. Although it offers general occupancy housing, a preference is given to elderly and/or disabled applicants. Operating subsidies allow all residents to pay rent based on 30% of income. It offers a noon meal, five days per week through a senior nutrition program.

When combined, these projects have 299 rental units available, primarily for senior or disabled tenants. Most of the units can serve low income people, with rent based on household income.

Although no services are offered, individual residents can privately contract for home health care or other services. The availability of a noon meal, when combined with home health care, can allow some seniors to remain living independently.

## **Occupancy**

Occupancy rates were very high in each of the projects, with any unoccupied units attributed to turnover, and the processing time needed to admit a new tenant. Each of the projects maintains a waiting list for occupancy, although the waiting lists may often be relatively small.

## **Senior Housing with Light Services**

### **Unit Inventory**

As used in this Study, 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 for this Study identified three housing projects in Mitchell that offer seniors a light services unit. Combined, these projects had approximately 81 units available in 2012 for seniors looking to live independently, with access to certain light services.

Bishop Hoch Villa is a small, six-unit project that is part of the Avera Brady senior complex. Originally built for retired priests, lack of demand has made the units available for general senior rental. The monthly rent does include some light services, such as weekly laundry and housekeeping, with meals and additional services available for purchase.

Countryside is a senior community that can offer light services housing, assisted living or memory care units. There are 80 units that are somewhat flexible, and may be used as light services housing or assisted living, depending on the needs of the residents. Countryside is registered as a Residential Living Center, and listed as having 66 units available. At the time that research was completed for this Study, there were 58 units providing more independent living, as the utilization of assisted living has been increasing over time. The basic monthly rent includes a noon meal and continental breakfast, weekly light housekeeping, and access to an emergency call system. Additional services can be purchased as needed.

Crystal Manor has 18 rooms available, primarily designed for single occupancy. Crystal Manor is registered as a Residential Living Center. The basic rent package includes all meals, laundry service and basic over-site, but no medical care or advanced assistance with daily living is provided.

## **Occupancy**

The telephone survey found that occupancy rates in the light services projects are generally high. Since units serving elderly residents can turnover frequently, there can be short-term vacancies while a new tenant is found.

Waiting lists were reported at Countryside and Crystal Manor, but the waiting lists were not long. Some seniors wish to be on a waiting list, but may not be ready to move when a unit becomes available.

## **Rental Rates**

Limited rental rate information was available, but monthly rates are well below the level of assisted living. Since some light services may be made available for purchase, and not included in the basic package, the amount paid by the resident can vary. Basic monthly rents at Bishop Hoch Villas and Crystal Manor were below \$900.

## **Assisted Living Centers**

Assisted living providers are able to offer a higher level of care and services for their senior residents. Although some facilities will offer a bundled package of services with the monthly rent, and others will sell the services “a la carte”, the assisted living providers are able to offer a significant assistance with daily living activities. Assisted living will have 24-hour on-site staffing, and the availability of skilled nursing. All meals are available, as well as the ability to assist with medications.

## **Unit Inventory**

There are four housing providers in Mitchell that are licensed as Assisted Living Centers.

Avera Brady Assisted Living is licensed for 30 residents. This building has 24 units, so double-occupancy would be needed in six units to reach the 30 resident limit.

Countryside Living is licensed for 22 residents. As described previously, Countryside has 80 total units available for assisted living and independent living. At the time of the research for this Study, 22 apartments were being used for assisted living. Utilization of units for assisted living has increased over time.

Prairie Crossings is licensed for 37 residents, although four of the 33 units in this facility would need to have two-person occupancy to reach this level.

Rosewood Court is licensed for 16 residents. This facility is owned by Dakota Counseling and some of the residents are clients that have mental health issues, and often are not elderly. However, approximately half of the residents are more traditional senior assisted living tenants.

Excluding the special needs units in Rosewood Court, the analysts would estimate that approximately 87 assisted living units are available for seniors in Mitchell. Actual person-occupancy could be slightly higher, if double-occupancy occurs in some rooms.

## **Occupancy**

As reported to the rental survey, occupancy rates tend to be high in assisted living. Any unoccupied units are generally the result of turnover, and the processing time needed to fill an available unit. The projects do maintain waiting lists for occupancy, although some seniors anticipate a future need for assisted living and want to be on awaiting list even if they do not intend to move in the near-future.

## **Rental Rates**

The rental survey did not attempt to collect rate information. Rental rates for assisted living can vary widely depending on the actual level of services provided in the basic room and care package. In most projects, the monthly fee also includes a basic array of services, typically all meals and utilities, emergency call systems, 24-hour staffing, access to skilled nursing staff, and weekly laundry and housekeeping services. In some cases, specialized services may then be purchased as needed, often on an 'a la carte' basis.

While most assisted living options in Mitchell would be considered "private pay", some of the assisted living units may be available to lower income seniors that receive assistance through the State's Medicaid Waivers program. Countryside Assisted Living is only a private-pay facility. Avera Brady and Prairie Crossings will accept a limited number of Medicare recipients, due to the reimbursement rate. In these two facilities the Medicaid Waivers residents are often existing residents that have depleted their resources and have started receiving Medicaid Waivers assistance. Rosewood Court will accept Medicaid Waivers recipients.

## **Memory Care Housing**

### **Unit Inventory**

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, as the problems progress, it is often necessary to provide housing in special facilities that provide a secure environment and specialized care targeted to memory care residents.

The research for this Study identified only one provider of specific memory care housing in Mitchell. Countryside Living has eight rooms for memory care residents.

### **Occupancy**

At the time of the rental survey, there were two unoccupied units in Countryside due to recent turnover.

### **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. Although no rate information was collected, it is common for memory care units to exceed \$4,000 per month.

## **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 nursing home residents are staying for shorter periods of time, and some nursing homes have designated a significant share of their beds for short-term/rehabilitation 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 Mitchell. Avera Brady Health and Rehab is licensed for 84 beds. Firesteel Health Care Center is licensed for 148 beds.

Avera Brady does designate eight of their beds for rehab/recovery stays, with the remaining beds available for longer-term residents. Firesteel does not designate beds, but estimates that approximately 80% of beds are used by longer-term residents, although short-term rehab and recovery stays are becoming more common.

**Occupancy**

Although we did not complete a formal “snapshot” occupancy survey, each facility was asked about occupancy rates. Avera Brady reported a high rate of annual occupancy. The facility actually maintains a waiting list, so any unoccupied beds are temporary vacancies that are in the process of being filled. Firesteel reported an annual occupancy rate of approximately 93%. With a high rate of turnover, skilled nursing facilities will often have some level of unused capacity at any point in time.

**Rental Rates**

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

**Table 28 Mitchell Senior Housing with Services Inventory**

Name	Number of Units /Bedroom Mix	Rent	Vacancy/ Wait List	Tenant Mix	Comments
<b>Assisted Living Centers</b>					
Avera Brady Assisted Living	4 - Efficiency 16 - Smaller units 2 - Larger units <u>2 - w/private bdrm</u> 24 Total Units with capacity for up to 30 residents	N/A	Fully occupied, waiting list	Senior Assisted Living	Assisted Living Center offering private occupancy and shared units with kitchenettes and private bathrooms. Constructed in 2000 and part of Avera Brady senior complex that includes skilled nursing home and independent senior living. Services include 3 daily meals, laundry and housekeeping, 24-hour staffing, medication dispensing and activities. Four units are made available to Medicaid recipients, but these are often private-pay residents that have depleted their resources. Fully occupied with waiting list.
Countryside Assisted Living	<u>22 - 1 Bedroom</u> 22 Total Units	N/A	1 vacant unit, waiting list	Senior Assisted Living	Assisted Living Center built in 3 phases between 1997 and 2011 and offering apartment-style units with kitchenettes. Part of a larger senior complex that includes independent living and memory care options. There are 80 total units that can be used for independent or assisted living, and licensed assisted living beds have increased over time. Basic care level includes daily meals, 24-hour staffing, emergency call system, garage parking, local transportation and weekly housekeeping. Higher care level also available. Project amenities include common areas, library, exercise room and beauty shop. Facility does not accept Medicaid but increasing number of people have long-term care insurance.

**Table 28 Mitchell Senior Housing with Services Inventory**

Name	Number of Units /Bedroom Mix	Rent	Vacancy/ Wait List	Tenant Mix	Comments
<b>Assisted Living Centers</b>					
Prairie Crossings	29 single rooms <u>4 double rooms</u> 33 Total Units with capacity for 37 residents	N/A	All units occupied with waiting list	Assisted Living for people age 55 and older	Senior Assisted Living Center that was built in 2 phases in 1997 and 1999 - buildings are connected. Assisted living package includes all meals, medication dispensing, weekly housekeeping and laundry, personal care assistance, 24-hour staffing, emergency call pendants and local transportation. Units are sleeping rooms with private bathroom - four units are larger and could be used by couples. One unit was unoccupied on date of survey but was in the process of being filled - project uses waiting list to fill available units. Project accepts Medicaid which can assist lower income residents.
Rosewood Court	<u>16 single rooms</u> 16 person capacity	N/A	Fully occupied with waiting list	Assisted Living for people with mental health issues and seniors	Assisted Living Center that was acquired by Dakota Counseling and remodeled in 2011. Single rooms with private bath. Approximately half of residents have mental health issues and half are seniors. Facility accepts Medicaid, resulting in full occupancy and waiting list. Package includes all meals and assistance with daily living.

**Table 28 Mitchell Senior Housing with Services Inventory**

Name	Number of Units /Bedroom Mix	Rent	Vacancy/ Wait List	Tenant Mix	Comments
<b>Residential Living Centers/Senior Housing With Services</b>					
Bishop Hoch Villa	<u>6 - 1 Bedroom</u> 6 Total Units	\$750	No vacancies	Senior independent living	Independent senior units constructed in 1982 with 6 apartments that are part of the Avera Brady senior complex that also includes assisted living and skilled nursing home facilities. Originally built for retiring priests, but limited demand has made units available for general senior occupancy. Rent includes weekly laundry and housekeeping, with meals and optional services available for purchase.
Countryside Living Independent	<u>20 - 1 Bedroom</u> <u>38 - 2 Bedroom</u> 58 Total Units	N/A	No vacancies, short waiting list	Senior housing with services	Senior housing with services project that was constructed in 3 phases between 1997 and 2011 and offering apartment units with light services. Part of a larger senior complex that includes assisted living and memory care options. There are 80 total units that can be used for independent or assisted living, and licensed assisted living beds have increased over time. Rent includes daily noon meal and continental breakfast, weekly light housekeeping, emergency call system and access to additional a la carte services that can be purchased as needed. Manager reports full occupancy and short waiting list
Crystal Manor	<u>16 single rooms</u> <u>2 double rooms</u> 18 Total Units with capacity for 18 residents	\$875	1 vacant unit, waiting list	Senior housing with services	Senior housing with services project that was constructed in 1994 and is registered as a Residential Living Center. Basic package includes all meals, laundry service and basic oversight, but no medical care or advanced assistance with daily living. Units are sleeping rooms with private ½ bath - community shower rooms in each wing of the facility. Two rooms are available for couples and the rest are for single occupancy. Manager reported 1 unoccupied unit at time of survey, with 1 or 2 vacancies typical due to ongoing turnover. Waiting list is maintained, but many people are not ready to move when vacancies come available.

**Table 28 Mitchell Senior Housing with Services Inventory**

Name	Number of Units /Bedroom Mix	Rent	Vacancy/ Wait List	Tenant Mix	Comments
<b>Memory Care</b>					
Countryside Living Memory Care	8 rooms	N/A	2 vacant rooms	Memory care housing	Memory care units in Countryside senior complex that also includes assisted living and light services options. Units opened for occupancy in 2011. Memory care units are private rooms with bathroom. All meals and care provided. Manager reported 2 vacant rooms at time of survey due to turnover.
<b>Skilled Nursing Facilities</b>					
Avera Brady Health and Rehab	Licensed for 84 beds	N/A	High occupancy rate and waiting list	Skilled Nursing Home	Skilled nursing home constructed in 1961 and licensed for 84 beds. New construction wing being planned that will remove 17 shared-occupancy rooms and replace with 34 private rooms. After project, 19 shared rooms will remain, with 65 private rooms. Eight beds are reserved for rehab/recovery, with remaining beds for longer-term residents. Strong occupancy with waiting list.
Firesteel Healthcare Center	Licensed for 148 beds	N/A	93% annual occupancy	Skilled Nursing Home	Skilled nursing facility that primarily serves longer-term residents. No specialized wing for memory care residents, but people at the earlier and later stages of the disease are often in residence. Approximately 80% of beds are used by longer-term residents, although short-term rehab and recovery stays are becoming more common.

Source: Community Partners Research

## **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. To analyze the market share for the various forms of housing in the Micropolitan Statistical Area (MiSA), Community Partners Research has focused on demographic data for older seniors, age 75 and above residing in Davison and Hanson Counties. 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.

The recent release of 2010 Census information provides an accurate, updated look at the area's senior population. In April 2010, there were 3,768 senior citizens (age 65+) living in the two-county MiSA. This included 1,708 younger seniors, in the age range between 65 and 74 years old, and 2,060 older seniors, age 75 and above.

The population of senior citizens did grow over the last decade, driven primarily by a large increase in seniors age 85 and above. Between 2000 and 2010, the MiSA added only 40 younger seniors, age 65 to 74, 37 seniors age 75 to 84, and 182 seniors age 85 and older. Presumably, some of the growth among older senior residents was a direct result of the expansion of senior housing options that occurred in Mitchell during the decade.

Between 2010 and 2015, the projections used for this Study point to very limited growth among senior citizens in the MiSA. Any growth that will occur will primarily come from younger seniors, age 74 and younger. The older senior age ranges should remain relatively stable through the year 2015. Despite the significant growth that occurred in the last decade among older seniors age 85 and above, this same level of growth was not present in the younger senior groups. Moving forward, this would not project into future growth from older seniors, unless they relocate into the Market Area from more distant locations.

For senior-headed households, there were 2,459 households in the MiSA that had a householder age 65 or older at the time of the 2010 Census. Of these households, 1,407 had a householder age 75 or older.

As with senior populations, there was very little net increase in the number of senior households in the age ranges between 65 and 84 years old over the last decade, but a fairly large increase in the number of senior households with a householder age 85 or older.

Once again, available projection data would show no significant growth in the number of older senior households over the five-year period. The projections used for this Study expect fewer than 50 additional older senior households between 2010 and 2015. Any gains are likely to come from longer life spans. There has not been any significant growth in the area's population of younger seniors over the last decade, so a large expansion is not anticipated from seniors aging-in-place.

There will be net growth in the number of younger senior households, in the age range between 65 and 74 years old. A net increase of approximately 275 households would be expected within this younger senior group by the year 2015. Over the longer-term, the advancing baby boomer generation will create demand for additional specialized senior housing, but this demand is not expected until after the year 2020.

### **Senior Housing Utilization**

It is important to note that the senior demographic statistics from the 2010 Census 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**

Since utilization of nursing home beds varies by short-term versus longer-term stays, some assumptions need to be applied to this segment of the market. After talking to nursing home administrators in Mitchell, it is estimated approximately 190 to 200 skilled nursing beds are generally available for longer-term residents. These are the only skilled nursing beds within Davison and Hanson Counties.

When these statistics are compared to the Market Area senior populations, the available supply of beds represents approximately 9.5% of the total population of older seniors (age 75+). In the opinion of the analysts, this is a very high percentage of beds to older seniors. The success of the existing skilled nursing homes points to their desirability as a place to live for older seniors.

Although calculations have been performed on the market share for nursing homes, there has been a long-standing moratorium on adding beds, and any new nursing home facilities are typically limited to replacing existing beds, rather than adding to the total inventory. As a result, no additional capture by nursing homes would be expected in the future. To the extent that some existing beds are diverted to other uses, such as specialized memory care or rehab/recovery, the utilization as a long-term place of residence could be lowered over time.

### **Memory Care Housing**

Mitchell has very limited capacity for people needing specialized memory care housing. Only eight units could be identified within the MiSA. The available memory care beds in Mitchell represent approximately 0.4% of the older senior population. Since memory care represents a very specialized form of housing, no adjustment has been made for seniors residing in other forms of housing.

In the opinion of Community Partners Research, 0.4% represents a low capture rate for memory care units, especially in a regional center.

Discussions with area housing providers point to the cost and regulatory difficulties of creating specialized memory care units. Staffing, security, liability and licensing requirements all contribute to a reluctance to enter this very specialized housing segment. Currently, some of the memory care housing for the larger region is offered in Woonsocket (7 beds in a dedicated wing of the Prairie View Care Center) and in Corsica (10 beds in a dedicated wing of the Good Samaritan Home).

The moratorium on adding skilled nursing home beds may be one of the primary factors that has limited memory care housing creation in Mitchell. Since the existing homes have relatively strong demand from their traditional senior population, there is little incentive to dedicate beds to specialized memory care. It may be more practical for skilled nursing homes in the smaller communities and counties near Mitchell to convert nursing home beds to advanced memory care housing, as senior populations may have decreased over time in the rural areas, resulting in unused bed capacity.

### **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. Mitchell does have assisted living 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 1,860 older senior citizens that would consider an assisted living unit.

The City has as approximately 87 units available to serve assisted living residents (excluding some units in Rosewood Court). The actual person capacity would be 97 residents, if double-occupancy was maximized.

The supply of units/beds represents approximately 4.7% to 5.2% of the adjusted target population of older senior citizens residing in the MiSA. In the opinion of the analysts, the existing supply of units represents a very normal capture rate within the target population. However, given Mitchell's importance as a regional center, it is probable that a higher capture rate could be achieved.

One of the reasons that the assisted living market is not larger could well be the high capture rate that exists for skilled nursing homes. If long-term nursing home beds and assisted living beds are combined, than between 14% and 15% of all older seniors have access to these skilled care facilities.

At the time of the research for this Study, nearly all of the available assisted living units were occupied. Most of the projects also reported waiting lists for occupancy. It is important to note that Countryside has both assisted living and light services units available. Over time, it appears that more units have been used for assisted living residents. This "flexible" capacity can allow for an expansion of assisted living options without requiring new unit construction.

### **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 1,320 total households in the MiSA.

The current supply of light services units represents a market capture rate of approximately 6.1% of the primary target market. In the opinion of the analysts, this is a relatively large concentration of units. However, occupancy rates tend to be high, and the price-point for some of the units tends to be very moderate. As a result, this creates an attractive housing option for older seniors.

## 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 City of Mitchell has been aggressively pursuing economic development and job growth. While working on attracting new business to Mitchell, the City has also concentrated on existing businesses and has tried to facilitate job expansion in the community.

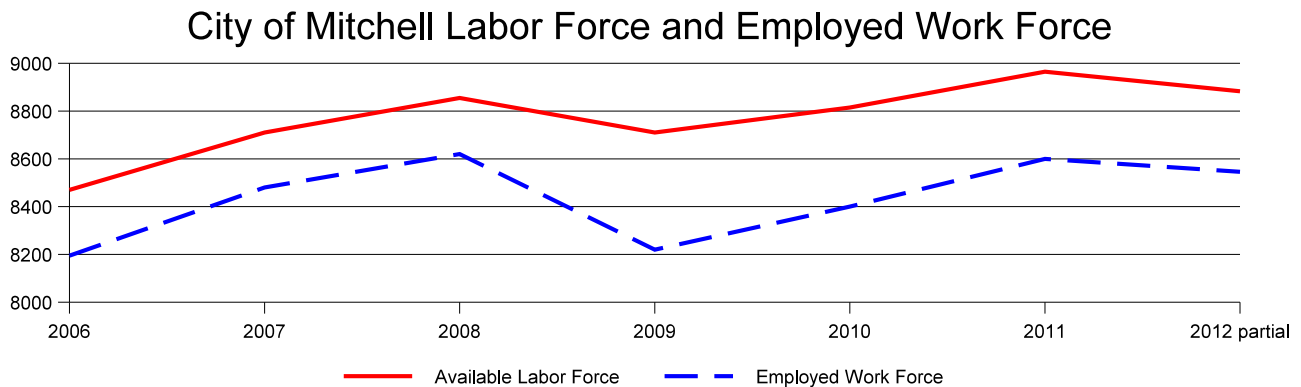
Employment information is available at the City and County level. The first table displays information for the City of Mitchell, while the second table contains data for the Micropolitan Statistical Area (MiSA), which includes both Davison and Hanson Counties. Information at the City level has only been available since 2006.

**Table 29 Mitchell Average Annual Labor Force: 2006 to 2012\***

Year	Labor Force	Employed	Unemployed	Unemployment Rate - City	Unemployment Rate - SD	Unemployment Rate - US
2006	8,470	8,195	275	3.2%	3.1%	4.6%
2007	8,710	8,480	230	2.7%	2.9%	4.6%
2008	8,855	8,620	235	2.6%	3.0%	5.8%
2009	8,710	8,220	490	5.6%	5.2%	9.3%
2010	8,815	8,400	415	4.7%	5.0%	9.6%
2011	8,965	8,600	365	4.1%	4.7%	8.9%
2012*	8,923	8,589	334	3.7%	4.5%	8.3%

Source: South Dakota Department of Labor

\* 2012 information is for January through July



Mitchell has experienced some fluctuation in recent years in the available labor force and the employed work force. Between 2006 and 2011, the last full year of data, the City's labor force grew by more than 5.8%, or nearly 500 people. However, much of this increase had already occurred by 2008. Between 2008 and 2011, the available labor force had only increased by 110 people, or 1.2%.

The same basic pattern is evident in the employed work force. The highest level of employment in the City actually occurred in 2008, although 2011 was nearly equal in the number of employed City residents.

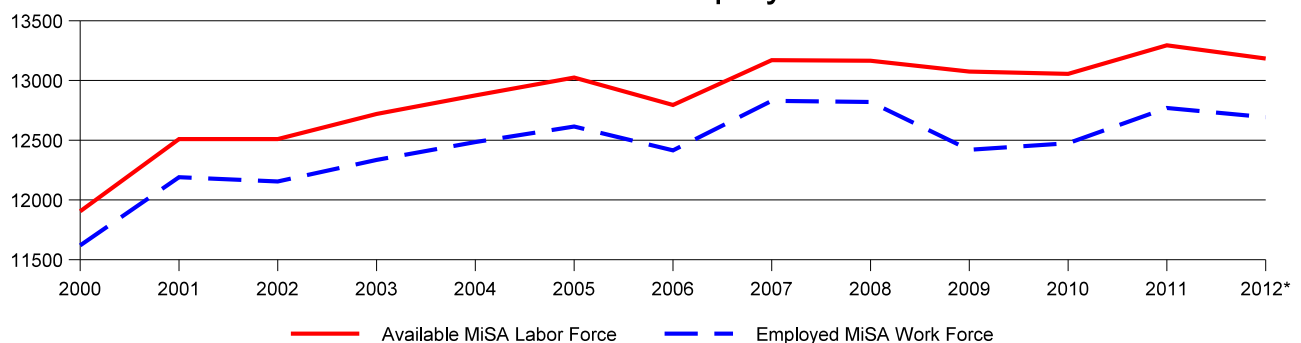
**Table 30 MiSA Average Annual Labor Force: 2000 to 2012\***

Year	Labor Force	Employed	Unemployed	Unemployment Rate - MiSA	Unemployment Rate - SD	Unemployment Rate - US
2000	11,905	11,620	285	2.4%	2.7%	4.0%
2001	12,510	12,190	320	2.6%	3.1%	4.7%
2002	12,510	12,155	355	2.8%	3.3%	5.8%
2003	12,720	12,335	385	3.0%	3.5%	6.0%
2004	12,875	12,485	390	3.0%	3.7%	5.6%
2005	13,025	12,615	410	3.1%	3.7%	5.1%
2006	12,795	12,415	380	3.0%	3.1%	4.6%
2007	13,170	12,830	340	2.6%	2.9%	4.6%
2008	13,165	12,820	345	2.6%	3.0%	5.8%
2009	13,075	12,420	655	5.0%	5.2%	9.3%
2010	13,055	12,475	580	4.4%	5.0%	9.6%
2011	13,295	12,770	525	3.9%	4.7%	8.9%
2012*	13,246	12,757	489	3.7%	4.5%	8.3%

Source: South Dakota Department of Labor

\* 2012 information is for January through July

**MiSA Labor Force and Employed Work Force**



Since the City of Mitchell represents more than two-thirds of the entire labor force for the MiSA, patterns in the two-county area are generally similar. Over a longer time period, there has been solid growth in the area's labor force and employed work force. Between 2000 and 2011, the size of the labor force increased by nearly 1,300 people, or 10.7%. The employed work force increased by 1,150 people, or 9.9% during this same time period.

However, between 2005 and 2006, and between 2008 and 2009, there were drops in the area's employment level. The unemployment rate reached its highest level in 2009 at 5.0%. Although this was abnormally high for the Mitchell area, the MiSA's unemployment rate was still below the State and national averages.

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 Annual Wages by Industry Sector**

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

<b>Table 31 MiSA Average Annual Wages by Industry Detail: 2011</b>		
Industry	2011 Employment	2011 Average Annual Wage
Total All Industry	12,399	\$32,287
Natural Resources, Mining	91	\$37,720
Construction	719	\$42,736
Manufacturing	1,786	\$40,683
Trade, Transportation, Utilities	2,805	\$30,251
Information	331	\$47,765
Financial Activities	419	\$42,726
Professional and Business Services	872	\$31,896
Education and Health Services	2,024	\$36,996
Leisure and Hospitality	1,505	\$11,545
Other Services	281	\$20,668
Government	1,555	\$31,481

Source: South Dakota Department of Labor

The average weekly wage for all industry in 2011 was \$32,287. The highest paying wage sectors were Information, Construction, Financial Activities and Manufacturing, all of which had an annual average annual wage above \$40,600.

The lowest paying wage sector was Leisure and Hospitality, with an average annual wage of only \$11,545.

## **Major Employers in Mitchell**

The Community Profile for the City of Mitchell lists the following major employers. This information is from the Governor's Office of Economic Development website.

▶ Avera Queen of Peace Health Services	650 employees
▶ Mitchell School District	432 employees
▶ Cabela's	275 employees
▶ Martin Group	250 employees
▶ Graphic Packaging Corp.	225 employees
▶ Twin City Fan	183 employees
▶ WalMart	180 employees
▶ City of Mitchell	179 employees
▶ LifeQuest	155 employees
▶ Innovative Systems	150 employees
▶ Vantage Point Solutions	140 employees
▶ Firesteel Healthcare	100 employees

Source: Governor's Office of Economic Development

In addition to the employers listed above, Mitchell would also have larger-scale employment at Dakota Wesleyan University, Mitchell Technical Institute, Davison County, and other employers.

## Commuting Patterns of Area Workers

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

<b>Table 32 Commuting Times for Mitchell Residents - 2010</b>		
Travel Time	Number	Percent
Less than 10 minutes	4,256	54.1%
10 to 19 minutes	2,431	30.9%
20 to 29 minutes	487	6.2%
30 minutes +	694	8.8%
Total	7868	100%

Source: 2010 American Community Survey 5-year estimates

The large majority of Mitchell residents were commuting less than 20 minutes to work in 2010. Overall, approximately 85% of residents commuted less than 20 minutes to work.

Nearly 9% of the City's residents did commute a half hour or more for employment, including nearly 300 people that commuted an hour or more. This could include destinations such as Sioux Falls.

## Summary of Findings/Recommendations

The findings/recommendations for the City of Mitchell have been formulated through the analysis of the information provided in the previous sections and include a total of 25 recommendations divided into the following five categories:

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

The findings/recommendations for each category are as follows:

<b>Findings and Recommendations for the City of Mitchell</b>	
<b>Rental Housing Development</b>	
1.	Market potential for 110 to 150 conventional market rate rental units
2.	Market potential for 40 to 60 tax credit/moderate rent units
3.	Goal of developing 20 to 30 subsidized general occupancy rental units
4.	Promote limited expansion of senior with services units and memory care units
5.	Promote development of additional student-oriented housing
6.	Consider innovative program efforts to assist renter households
7.	Explore opportunities to provide housing with services in subsidized housing
<b>Home Ownership</b>	
8.	Utilize and promote all programs that assist with home ownership
9.	Develop a Purchase/Rehabilitation Program
10.	Develop a local downtown payment assistance program
<b>New Construction</b>	
11.	Monitor lot availability and development
12.	Promote townhouse and twin home development
13.	Coordinate with agencies/nonprofits that develop affordable housing
14.	Develop home ownership and new construction marketing programs
15.	Develop an affordable home subdivision

<b>Findings and Recommendations for the City of Mitchell</b>	
<b>Housing Rehabilitation</b>	
16.	Promote rental housing rehabilitation programs
17.	Promote owner-occupied housing rehabilitation programs
18.	Develop a neighborhood revitalization program
19.	Develop and implement a Rental Inspection Program
<b>Other Housing Initiatives</b>	
20.	Promote employer involvement in housing programs
21.	Acquire and demolish dilapidated structures
22.	Develop a City of Mitchell New Construction Incentive Program
23.	Develop mobile home programs
24.	Create a plan and continue coordination among housing agencies
25.	Housing recommendations for Mitchell's Downtown Business District

## **Summary of Growth Trends**

The Demographic section of this report has presented information on the current estimates for the City and the surrounding area. In general terms, the City of Mitchell has demonstrated a strong pattern of growth in recent decades, adding both population and households.

The strength of the City has resulted in some additional growth in the immediately surrounding areas, as Davison County and Hanson County have also been growing since 1990. However, patterns for the larger region are not as strong. The six-county aggregation, defined in this Study as the Mitchell Region, has only grown because of Davison and Hanson Counties. If these two counties are removed from the aggregation, there is a long-term pattern of population and household losses.

South Dakota has long recognized the shift that has been occurring between rural and urban areas in the State. This pattern appears to be evident, as Mitchell, the regional center, has continued to grow as population and households shift from the surrounding counties into the City and immediately surrounding jurisdictions.

Between 2000 and 2010, Mitchell had a net gain of 575 households, or an increase of nearly 10%. Excluding the City of Mitchell, the remaining jurisdictions in the six-county Region had a combined net loss of 436 households between 2000 and 2010.

Population trends have been even more pronounced. Although the City of Mitchell added nearly 700 residents between 2000 and 2010, the remaining jurisdictions in the six-county Region had a net loss of 1,567 people. While household growth in Mitchell was large enough to generate a positive household number for the Region, the population growth was not large enough to offset losses elsewhere.

As the demographic statistics indicate, the entire Mitchell Region has added households while losing population. This is the direct result of aging and household formation patterns. Over the past 30 years, the average household size has continued to decrease at the City, MiSA and Regional level. Over time, the area has added more one-person households, single parent families, and non-family households, all contributing to fewer people in the average household.

## **Growth Projections Overview**

A primary method for projecting future household growth is based on the continuation of past trends and patterns. For the City of Mitchell, the relatively steady pace of household growth over the past 20 years results in a very consistent range when calculating future forecasts. The projections created by Community Partners Research expect Mitchell to add between 299 and 315 households over the five-year projection period. On an average basis, this would be 60 to 63 additional households per year.

For the larger, two-county Micropolitan Statistical Area, total projected growth over the five-year period is in a range between 344 to 385 households. When the Mitchell contribution is removed, the remaining jurisdictions would add between 9 and 14 in an average year over the five-year time period.

While growth within these ranges can be supported by historical patterns, it is clear that growth levels over the past few years have fallen short of achieving the longer-term average. With the exception of the year 2010, when specialized housing projects for students and seniors were completed, Mitchell has not produced enough housing units to accommodate household growth at a level approaching 60 households per year. In 2008, 2009 and 2011, the City actually had a net gain of fewer than 30 new housing units per year, less than half of the level that would support growth of up to 60 households.

For household growth to occur in the future, at the projection levels used in this Study, some rebound will be required in new housing construction activity. Without a commensurate net gain in available housing, the City will not be able to add 60 or more households per year.

## 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 following approximate ranges show the expected net change in the number of MiSA Area households in each 10-year age cohort between 2010 and 2015. The MiSA designation includes all of Davison and Hanson Counties.

<u>Age Range</u>	<u>Projected Change in Households 2010 to 2015</u>
15 to 24	-1 to +2
25 to 34	-39 to -33
35 to 44	+106 to +112
45 to 54	-188 to -181
55 to 64	+152 to +159
65 to 74	+273 to +278
75 to 84	+31 to +35
85 and Older	+11 to +14

In general terms, nearly all of the projected net growth to the year 2015 will occur among people age 55 and older. In 2000, approximately 38.1% of all MiSA households had a head-of-household that was age 55 or older. By 2010, these older adult age groups had grown to 43.1% of all households. By 2015, the projections used for this Study indicate that nearly 46.4% of all MiSA households will have a household age 55 or older. If these aging trends stay on their current course, approximately one-half of all households would be 55 or older by 2020.

Within this older adult group, the largest age-based changes through the year 2015 will occur in the specific age cohorts between 55 and 74 years old. This would largely reflect the aging "baby boomers", nearly all of whom will be age 55 or older by the year 2015. Some minor growth in older senior citizens (age 75+) may be possible, but in real numbers, this older senior group will remain largely unchanged through the year 2015.

While some growth is projected within certain defined younger age ranges, most notably households in the 35 to 44 year old age range, overall there may

be a smaller number of households in the MiSA that have a householder that is age 54 or younger. The projections expect a reduction of more than 110 households in the younger age ranges by the year 2015.

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

## **Summary of Housing Unit Demand and Tenure Projections**

As the largest City in the surrounding region, Mitchell has developed a diverse range of housing options for area residents. This is most evident in rental housing, as the City contains more than 89% of all rental units in the two-county MiSA, and nearly 64% of all renter households in the six-county Mitchell Region.

Although the last decade was generally regarded as a very strong period for home ownership, the rental tenure rate in Mitchell actually increased slightly, while the home ownership rate dropped. In terms of net change, Mitchell added 290 renter-occupancy households over the last decade, and 285 owner-occupancy households, according to the 2010 Census.

The level of owner-occupancy household growth was well below the level of single family housing unit construction. Housing units issued a building permit between 2000 and 2009 would probably have completed construction and been available for occupancy by the time the 2010 Census was completed. Based on building permit records, there were as many as 420 single family detached homes constructed in Mitchell during this time period, plus an undetermined number of attached single family units, such as twin homes or town houses. Despite this level of new home construction, the net gain in owner-occupancy households was less than 300.

The 2010 Census did record 75 unoccupied owner-occupant houses in the City, with most of these vacant and for sale. It is also probable that some houses were demolished or lost from the inventory over the last decade.

Even allowing for vacancies and demolitions, the net gain in owner-occupancy households was still less than the level of newly constructed single family homes, implying that some level of tenure shift occurred, as some older single family homes presumably changed to renter-occupancy housing. This shift in demand could help to explain the reason that new home construction slowed after 2007, even though Mitchell was less impacted by the national economic recession and housing bubble collapse that caused a housing market retreat in other parts of the country.

Looking forward, there are multiple methods available for converting projected household growth into expected tenure preference. After examining different possibilities, Community Partners Research has made forecasts consistent with the most recent patterns present in the community. With a struggling national economy, and continued weakness in many home ownership markets, an above-average number of households have moved away from ownership in

favor of rental housing. Based on short-term patterns, it is possible to forecast that demand will remain strong for rental housing, and that growth-generated demand will create the need for approximately 26 to 32 renter-occupancy units per year, and approximately 30 to 34 owner-occupancy units.

While household growth will be the primary demand-generator for new construction, there are other factors that will also contribute to the need for more housing. Annual construction of owner-occupancy housing units since the year 2000 has been greater than owner household growth, implying that unit replacement and pent-up demand can also contribute to the need for new construction. The combination of factors should yield the potential for 38 to 43 owner-occupancy units per year through 2015, or a cumulative total of 190 to 215 owner-occupancy units over a five-year period.

For rental housing, some upward adjustment needs to be applied for existing, pent-up demand that is evident in the low rate of rental housing vacancy. Potential demand exists for 45 to 50 units of rental housing each year during the five-year projection period, or a cumulative total of 225 to 300 rental units. Pent-up demand for certain types of units, such as subsidized housing, could further expand this need for additional units.

Some additional demand for units will exist in the remaining jurisdictions that form the Market Area, but this demand will be much lower than within the city limits. Units constructed in the surrounding small cities and rural townships will primarily serve owner-occupants, and most of the rental demand will be served by housing in Mitchell.

It is important to note that we have estimated potential demand in Mitchell. In the specific recommendations that follow, we have made an actual construction forecast that also incorporates current economic and market conditions, which have recently suppressed building activity to a lower level than potential demand would indicate.

It is also probable that the five-year projections will not necessarily result in a consistent level of annual construction. Since 2007, new home construction in Mitchell has been well below 38 to 43 units per year. Construction activity for 2012 also remains below a longer-term average. After 2013 we would expect a gradual increase in annual construction to return. This pattern is realistic assuming that general economic conditions tend to improve nationwide. Rental production is most likely to occur in larger phases of construction, as rental housing will nearly always be in multifamily structures.

## **Summary of Employment and Economic Conditions**

As detailed in a previous section of this Study, Mitchell has had a strong local economy, especially when compared to other parts of the U.S. The City's unemployment rate has been well below the national rate for more than a decade, and in most recent years, the unemployment rate in Mitchell has been lower than the Statewide rate.

Although the City's unemployment rate has remained relatively low, there has been some up and down movement. The most notable recent change occurred between 2008 and 2009, when the unemployment rate went from 2.6% to 5.6%. The unemployment rate dropped to 4.7% in 2010, but remained above 4% in 2011.

Single family housing construction patterns and home values are directly linked to economic activity and consumer confidence. As national economic conditions have deteriorated in recent years, housing markets have also slumped. While Mitchell's unemployment rate has been low by national standards, the fluctuations in unemployment over the past five years appear to have had some ripple effect on housing, especially the number of single family houses being constructed.

The accuracy of demand projections and housing forecasts contained in this Study will be impacted by the local economy. In 2012, a worker shortage tends to exist, as area employers attempt to add jobs. This situation lends itself to additional housing development as a response to economic growth.

## **Rental Housing Recommendations**

**Overview:** Mitchell has a very large supply of rental housing. This is a direct result of the City's role as a regional center, providing rental opportunities for area residents from multiple surrounding counties. It is also the result of specific population groups that are drawn to the community, including post-secondary students and older senior citizens looking for specialized housing units.

At the time of the 2010 Census, more than 44% of Mitchell's households were renting their housing. For comparison, the rental tenure rate in the City of Sioux Falls was 37.6% and the rental tenure rate for all of South Dakota was 31.9% in 2010.

According to the Census, Mitchell added slightly more renter-occupancy households than owner-occupancy households over the last decade. Although the 2000s were initially viewed as a strong decade for home ownership expansion, the City of Mitchell had a net increase of 290 renter households and 285 home owners.

As the largest City in the immediate region, Mitchell also has a diverse rental inventory, with a broad mix of units serving different income levels and age groups. Despite the strength and diversity of the rental market, and the growth of rental housing demand over the last decade, the actual construction of new rental units has generally not kept pace. This is especially true for creation of new units to serve the large number of general occupancy renter households. City building permit records do not identify any larger conventional rental housing projects since 2003.

There has been some production of specialized rental units in recent years. These projects have been oriented to senior renters, especially those requiring some level of services with their housing, or to student renters, primarily attending MTI. The last projects serving the more conventional segments of the rental market were Eastwoods (moderate income housing using tax credits), one or more phases at Country Estates, and one or more phases at Wheatridge Apartments. Each of these more conventional projects was constructed between 2000 and 2003, based on building permit reports.

Looking forward, the potential demand calculations used for this Study show the need for 45 to 50 units of rental housing each year over a five-year projection period, or a cumulative total of 225 to 300 rental units. Pent-up demand for certain types of units, such as subsidized housing, could further expand this need for additional units, although production of certain types of housing, such as deep subsidy units, may not be achievable.

The rental demand projections assume some degree of ongoing softness in the home ownership segment, as economic conditions and real estate market concerns result in fewer households purchasing a home. With traditional movement from rental housing to home ownership suppressed, there appears to be greater than expected near-term demand for rental units. This does have the potential to change over time if the national economy improves, but for the next few years, above-average preference for rental housing should be present.

In 2012, the combination of rising demand and limited new unit production over the past decade has resulted in a very tight housing market. The rental telephone survey completed for this Study found very low vacancy rates in nearly all subsets of the local market. These findings have matched research done by other groups, including periodic unit availability surveys completed by staff at the Mitchell Area Development Corporation.

Student demand has been increasing in recent years at the same time that employment growth in the community has resulted in efforts to attract an in-migration of workers into the region. In addition, the production of owner-occupancy housing units has remained well below the longer-term average, as more people elect to stay within the rental market.

The following findings and recommendations address specific segments of the Mitchell rental market.

### **1. Market Potential to Develop 110 to 150 Conventional Market Rate Rental Housing Units Over a Five-Year Period**

**Findings:** The large majority of the rental housing in Mitchell can be classified as conventional housing, serving general occupancy, market rate renters. These units are free of any specific occupancy restrictions, such financial status or student enrollment. Conventional, market rate housing does not have any form of rent controls, other than those imposed by the competitive marketplace.

There is no definitive summary of total rental units in Mitchell, such as a City licensing program. Using 2010 Census information, building permits and research completed for this Study, there are an estimated 3,200 rental units in the City in 2012. We would estimate that approximately 2,300 of these units, or 72%, are best described as conventional, market rate rental housing. To the best of our knowledge, nearly all of these are for general occupancy, although a few may be age-restricted to 55 and older occupancy.

The rental survey that we completed for this Study collected information from 25 different market rate rental projects. Combined, these projects had 680 conventional rental units. All of the units in the survey were multifamily buildings, although some had as few as three units. The surveyed units represented nearly 30% of the estimated market rate stock in the City.

There were 9 vacant units reported to the survey of the 675 used in the occupancy calculation. This represents a vacancy rate of 1.3%. Although there were a few vacant units on the date of the survey, most property owners/managers talked about strong demand, with multiple calls from people looking for an available unit. The units that were unoccupied on the date contacted may better be described as turnover units, as they were often in the process of being filled.

Although we did not formally survey smaller rental properties, including single family rentals, we did not find any evidence that vacancy rates are significantly higher in this segment of the market. Some owners and managers that were contacted also had smaller rental projects, and they generally indicated that their occupancy rates were high. There is some evidence to suggest that some older homes are being converted to rental occupancy because of strong demand.

Due to the presence of a student renter population, it is common practice for rental projects to require a 12-month lease. This helps to contribute to the high rate of occupancy, as rent may be paid even after the tenant has moved from the unit. Leases that are tied to the academic year then come available at the prime time when students are attempting to secure their housing for the next year.

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 low vacancy rate that we found in our survey would indicate that pent-up demand does exist, and part of the unit recommendation in this Study is based on adding to the overall supply to promote choice for existing renter households.

The economics of rental housing construction often force most new market rate units into the higher rent ranges. Although no conventional projects have been constructed in Mitchell since 2003, the projects constructed in the last 15 years tend to have gross rents for a two-bedroom unit between \$850 and \$1,000 per month, above the prevailing range for other units in the City. Despite these higher rents, the units have proven to be successful, with high occupancy reported.

The income estimates used for this Study show that approximately 28% of current Mitchell renter households can afford rents above \$875 per month. However, the best available evidence suggests that fewer than 10% of the City's current rental inventory is within this price range.

The City also has a growing market of older adult households. The projections used for this Study show the strongest net household growth over the next few years occurring among households in the 55 to 74 year old age groups. While most of these households will still choose to own their housing, 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.

**Recommendation:** The overall demand calculations show that Mitchell will need between 225 and 300 total rental units over a five-year forecast period. In the specific recommendations, we have allocated approximately one-half of this production goal, or approximately 110 to 150 units in the conventional, market rate segment. While the actual construction of these units could be phased in over the five-year period, part of the calculation is based on pent-up demand, as evidenced by low vacancy rates. Above-average production over the next two to three years would help to address this immediate need for additional rental units, with growth-generated demand occurring more incrementally on an annual basis.

Ideally, this future construction of conventional housing would serve both moderate income and higher income renters. As detailed in the demographic section of this Study, the median renter household income in 2010 was \$25,122. At 30% of income, most renter households need a rental unit priced at \$650 or less. Although producing new units in this price range would be extremely difficult, developers do need to be cognizant that much of the market rate demand exists in a more moderate rent range.

Given the number of units that are needed, there are various approaches and models that could be used. In the City of Aberdeen, two larger-scale apartment projects have been built in recent years that offer one-bedroom units in a gross rent range between \$675 and \$750, and two-bedrooms priced between \$850 and \$900 per month. These units are not overly large for square footage, but do contain amenities such as in-unit laundry, a dishwasher, and optional garage parking. These units have been very well received by area renters.

This type of market rate housing would also be very comparable to Wheatridge Apartments in Mitchell, one of the last conventional apartment buildings constructed in the City. Wheatridge reported a high rate of occupancy and good demand for apartments.

Another development concept that could be used for a portion of the new development would be town house or cottage-style units, with amenities of single family living, including attached garage parking. This style of unit is popular with many segments of the market, but can appeal to empty-nester households and younger seniors, the strongest demographic growth age group in the Mitchell area.

A comparable existing project in Mitchell would be the Countryside Townhomes, which was also constructed in the early 2000s. Estimated gross rent for a two-bedroom unit in this project ranges from \$925 to \$975 per month. Occupancy rates are high with good demand. Most tenants are reported to be senior citizens, consistent with the demographic trends in the community.

The research for this Study did not identify many units that currently have a gross rent structure above \$1.00 per square foot in Mitchell. However, this is also a function of amenities, unit type and age. Comparable communities including Aberdeen and Brookings do have examples of recent rental projects that have been successful with gross rents above \$1.00 per square foot.

One possible program opportunity that emerged late in the research process is the Community Housing Development Program through the South Dakota Housing Development Authority. This Program can provide permanent financing for affordable rental housing development. At least 50% of the rental units must serve households at or below 120% of the area median income level. The first project through this Program has started construction in the City of Pierre.

## **2. Market Need to Develop 40 to 60 Tax Credit/Moderate Income Rental Housing Units Over a Five-Year Period**

**Findings:** The federal low income housing tax credit program remains as one of the only subsidy 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, there have been ten projects in Mitchell that have received an allocation of tax credits. However, most of these projects did not use tax credits for new unit construction. Instead, tax credits were awarded to older rental developments as part of a

major renovation project. All of the renovation awards were made to older subsidized housing projects that were serving and continue to serve lower income renters.

Of the four projects that used tax credits for new unit construction, three also involved other federal “deep subsidy” programs through USDA Rural Development, and essentially operate as subsidized housing, as defined in this Study, since they are able to access rental assistance for very low income tenants.

The only new construction tax credit project that offers units without project-based rent assistance is Eastwoods Apartments, which was awarded tax credits in 2002. This project has 45 income-restricted units, serving households at or below 50% or 60% of the County’s median income level.

Since federal “deep subsidy” programs are almost nonexistent in 2012, any new tax credit awards for new construction will be most similar to the units in Eastwoods for rent and occupancy patterns.

Among the tax credit rules are the income limits that 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. These rent caps are largely irrelevant, however, 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, which are also the maximum federal limits.

One specific limitation of tax credit housing that impacts Mitchell is a prohibition of full-time students households that do not have other members of the household with earned-income. With a “traditional” student population in the community, attending MTI or DWU, a tax credit project could typically not accept renter households if all the household members were full-time students.

**Recommendation:** Although tax credits have been awarded in Mitchell, there has been very limited production of new, moderate rent housing units that are not offering subsidized housing. The 45 units in Eastwoods represent fewer than 1.5% of all rental options in the City. In the opinion of Community Partners Research, an expansion of 40 to 60 additional moderate rent tax credit units should be included as part of the City’s rental development strategy, to better serve more moderate income renter households.

In 2011, a developer had submitted an application for a 40-unit new construction project. As proposed, it would have included 10 age-designated units for households 55 and older, and 30 general occupancy units, oriented to families. Although some one-bedroom units were included for some of the age-designated units, most of the rentals would have had two or three-bedrooms, intended for families. This project was not awarded tax credits in 2011, and there was no evidence to indicate that it was resubmitted in 2012.

A separate market analysis completed in 2011 by Prior & Associate had found that there was adequate market demand to fill the proposed units. Although Community Partners Research has not specifically analyzed this particular development proposal, the concept is consistent with the findings of this Study. By offering moderate rent units primarily oriented to two and three-bedroom households, the concept is appropriate for the affordable housing demand that is present in the community.

The income information presented earlier in this study points to the fact that 72% of all renter households in Mitchell had an annual income below \$35,000 in 2010. The maximum allowable tax credit income in 2012 for a family of four people in Davison County is \$36,240. The large majority of renter households within the City would be income-eligible for a tax credit unit.

The units that were proposed for Mitchell in 2011 were apartment-style. Other communities in South Dakota have been successful in developing town house-style tax credit units. In the City of Aberdeen, two town house projects have been constructed in recent years, with 28 units and 32 units respectively. One project opened for occupancy in 2010 and the other in 2012, and in both cases, nearly all of the units were pre-leased while still under construction. The single family-style living offered by affordable town house rentals has proved very popular in that community.

The recent projects in Aberdeen have been developed by a nonprofit subsidiary of the Aberdeen Housing Authority. This could potentially serve as a model for similar development projects in Mitchell.

The primary caution that applies to tax credit development in Mitchell is the limitation on traditional student occupancy. While the exact impact of students on affordable housing demand is somewhat difficult to quantify, as traditional sources like the Census do not differentiate students in the statistical data, the best available information points to substantial non-student demand for affordable units. The rental housing cost burden data presented in the demographic section showed that 84% of Mitchell renters with a cost burden were age 25 or older, outside the age range for most student households.

### **3. Promote the Development of 20 to 30 Additional Subsidized Rental Housing Units as Resources Allow**

**Findings:** The term subsidized rental housing, as used in this Study, refers to rental units that have been constructed to serve low and moderate income people. In nearly all cases, subsidized housing has utilized federal resources that provide a “deep subsidy”, allowing very low income people access to the housing at an affordable price. Most of the subsidized housing in Mitchell has project-based rent assistance, or a similar subsidy available, that allows rent to be based on 30% of the household’s monthly income.

The research completed for this Study identified 23 subsidized projects providing rental opportunities for lower income households. These projects have a combined 623 units.

Two of the subsidized projects in Mitchell serve populations with special housing needs. Seven of the subsidized projects are either designated for senior and/or disabled tenant occupancy, or provide a preference to senior/disabled applicants. These senior-oriented projects have a combined total of 294 units. The remaining subsidized projects are designated as general occupancy housing and have 296 units.

For vacancy calculations, we have excluded the units for special need populations, since they are not available to the general rental market. There were a few unoccupied units that were identified in the subsidized projects. However, each of the projects that reported an open unit also reported the existence of a waiting list. In all cases, the unoccupied units were in the process of being filled from the waiting list. As a result, the subsidized vacancy rate is estimated at less than 1%.

Although every subsidized project reported a waiting list for occupancy, the length and usefulness of these waiting lists varied. Many of the general occupancy projects reported relatively long waiting lists, often with more than 20 names. However, sometimes the strength of the waiting lists were questioned, as managers stated that many applicants needed immediate access to housing and that the waiting list was often quickly out of date.

Most of the senior/disabled projects reported shorter waiting lists, generally with fewer than 10 names. However, turnover in senior projects can also be limited, so households waiting for a unit may not come to the top of the list very quickly.

An additional 85 Mitchell households have access to tenant-based Housing Choice Voucher. The Vouchers allow tenants to pay 30% of income of housing in suitable private-market rents.

The combination of project-based subsidized housing and tenant-based Vouchers allow as many as 675 renter households in Mitchell to have access to affordable housing. This represents more than 21% of all rental options in the City. Despite the number of subsidized rental options that do exist, the 2010 American Community survey estimated that approximately 41% of all renters in the City were paying 30% or more of their income for rent. The large majority of these households were actually paying 35% or more of their income for housing. Most of the households with a severe rent burden had low annual incomes, and would be under the income limits for subsidized housing. Younger adult households, age 24 and under, accounted for only 16% of households with a rental cost burden, so it does not appear that students overly impact the cost burden data.

Over time, Mitchell has actually had a reduction of subsidized units. The research for this Study identified two projects that have left their subsidy programs in recent years. Capital Apartments, with 28 one-bedroom units, left its HUD subsidy program in the late 2000s and now offers general occupancy, conventional rental housing. Wesley Acres, with 59 units, was formerly a HUD-subsidized project for senior and/or disabled tenant occupancy. It left the subsidy program in 2006.

**Recommendation:** Based on the research for this Study, we would recommend that the City look to expand the supply of deep subsidy rental housing for lower income renters. Over the next five years, we would recommend that the City attempt to construct 20 to 30 units that achieve a rent level that would be affordable to very low income households earning less than \$20,000 per year.

This recommendation represents a modest goal, since substantially more low income households exist in the City with a cost burden. This goal does not even come close to replacing the subsidized general occupancy units that have been lost in the past 10 years.

However, over the past few decades, very few federal subsidy sources have been available for the construction of “deep subsidy” rental housing. The actual number of units that can be developed will be dependent upon access to financial resources.

In the opinion of the analysts, the highest priority would be to create general occupancy units for families and younger households. Although occupancy rates are high for senior-designated projects, there does not appear to be as much unmet demand, based on the waiting lists for existing projects. Additionally, the rent burden statistics cited previously show that 36% of the cost burdened households are age 65 and older, while 64% are age 64 and younger, with most of these households between 25 and 64 years old, and presumably not student renters.

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. In other South Dakota communities, including Aberdeen, Housing Authorities have acquired subsidized projects that were at risk of being lost.

#### **4. Promote a Limited Expansion of Certain Senior Housing with Services Units**

**Findings:** A previous section of this Study has specifically addressed the City's supply of specialize senior units. Senior housing with services, as used in this Study, defines a wide range of housing types. Skilled nursing homes, Assisted Living Centers and memory care housing are generally the most service-intensive types of units. High-service housing provides 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 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. South Dakota law requires these light-service housing providers to register with the State as Residential Living Centers. These facilities are not subject to the same standards as the Assisted Living Centers, including the inspection requirements. Because of the lower level of regulation, some light services projects may not be registered as Residential Living Centers.

An earlier section of this Study provided details on the existing specialized senior projects in Mitchell, including a summary of the different segments being served. In general terms, the following observations are made regarding senior housing with services in Mitchell:

- ▶ Mitchell has a wide array of senior housing options, providing various levels of care. In most subsets of the market, there are multiple providers, allowing some degree of choice for consumers.
- ▶ The City has an unexpectedly large distribution of units in some housing types, and a below average distribution in others, when compared to other communities. This is probably a cause and effect situation. For example, the City has a large supply of skilled nursing beds, but a below-average availability of dedicated memory care beds. The availability of nursing home options may have suppressed development of more memory care units.
- ▶ The City's supply of nursing home beds requires an approximate capture rate of 9.5% of the target population of older seniors (age 75+) living in Davison and Hanson Counties. In comparative terms, this is a relatively large number of nursing home beds intended for longer-term occupancy. However, occupancy rates appear to be high, and at least one of the facilities even maintains a waiting list for occupancy. Part of the demand for skilled nursing beds may be related to a shortage of Medicaid Waivers-eligible options in the City's Assisted Living Centers.
- ▶ The supply of units/beds in Assisted Living Centers represents approximately 4.7% to 5.2% of the adjusted target population of older senior citizens residing in the MiSA. In the opinion of the analysts, the existing supply of units represents a very normal capture rate within the target population. However, given Mitchell's importance as a regional center, it is probable that a higher capture rate could be achieved. Once again, the success of skilled nursing homes has possibly reduced the number of seniors that might otherwise look to live in assisted living.
- ▶ Most of the assisted living beds in Mitchell are not accessible by lower income seniors receiving Medicaid Waivers assistance, primarily due to the low rate of reimbursement.
- ▶ One of the Assisted Living Centers, Countryside, offers both assisted living and lighter service housing options. Over time, it appears that some shift has occurred in use of the existing units, with some light services units converted to assisted living, and an increase in the number of licensed assisted living beds. The flexibility that exists in this project can allow for an expansion of assisted living units in the City through a license change, and does not necessarily require new unit construction. However, units used for assisted living would reduce the number of light services units, which may trigger a need for additional construction within that segment of the market.

- ▶ The current supply of light services units in Mitchell represents a market capture rate of approximately 6.1% of the primary target market of older senior households. In the opinion of the analysts, this is a relatively large concentration of units. However, occupancy rates tend to be high, and the price-point for some of the units tends to be very moderate. As a result, this creates an attractive housing option for older seniors.
- ▶ The City also has an unusually large supply of independent senior apartments that have a senior nutrition site or senior center, where a noon meal is available five days each week. In many communities, one such housing option may exist. In Mitchell, four very affordable rental projects for seniors facilitate access to a noon meal. With a meal option, some seniors may be able to also contract for some home health care services, and remain living in an independent apartment setting. Combined, the four senior projects have nearly 300 apartments, most with rent based on income.
- ▶ The specialized senior segment that appears to be in the shortest supply is advanced memory care housing. Only one project was identified in Mitchell, with only eight beds in a specialized wing. The available memory care beds in Mitchell represent approximately 0.4% of the older senior population. In the opinion of Community Partners Research, 0.4% represents a low capture rate for memory care units, especially in a regional center.
- ▶ Some specialized memory care beds exist in nursing home wings in both Corsica and Woonsocket. While these facilities do offer options, they force Mitchell residents to leave the community if they need this specific type of housing.

**Recommendation:** Mitchell currently has multiple choices for seniors and a good supply of specialized units. Occupancy rates tend to be very high in all segments, pointing to some potential pent-up demand. However, the projections used for this Study do not expect any significant near-term growth in the local population of older senior citizens. As a result, demand for additional units will not be growth-generated, but would need to come primarily from a higher capture rate within the targeted population groups.

The age-based projections for the two counties of Davison and Hanson expect a net gain of fewer than 50 older senior citizens (age 75+) by the year 2015, and similarly slow growth through 2020. After 2020, as the baby boom generation begins advancing into the older senior age ranges, there will be more substantial growth in the number of older seniors.

We would therefore recommend that any expansions of specialized senior units be modest in size, to incrementally expand the supply over time. This approach would be consistent with the recent projects, including two phases of unit expansions at Countryside Senior Living completed in 2005 and 2011. The existing network of providers may be able to adjust to market demands with additional phases of development.

The notable exception would be memory care housing options, which are currently very limited in Mitchell. Typically, we would expect to see at least two or three times as many units as presently exist. Development of memory care beds is a complicated issue in South Dakota, due to licensing and regulatory issues. The existing skilled nursing homes could be a logical supplier of specialized wings for memory care residents, but a moratorium on adding new nursing home beds would require them to invest in facilities and staff while reducing the number of beds that are being utilized by other residents. The demand for memory care housing may be sufficient to justify a stand-alone facility, or the construction of a new wing at one of the Assisted Living Centers.

The other senior with services gap that seems to exist is the provision of assisted living to lower income seniors. One of the Assisted Living Centers is private-pay only, and two other facilities limit the number of Medicaid Waivers residents. As a result there are few options for some lower income seniors that rely on Medicaid Waivers assistance. This problem will not be easily solved, due to the costs associated with providing assisted living care.

It should be noted that we have looked at overall demand for senior units, not competitive positioning for individual projects. It is very possible that more units could successfully be constructed than we have recommended. However, in the opinion of the analysts, the success of new projects would probably reduce occupancy rates in competing projects.

## **5. Promote the Development of Additional Student-Oriented Housing**

**Findings:** Mitchell has a large number of post-secondary students living in the community. These students primarily attend either Mitchell Technical Institute (MTI) or Dakota Wesleyan University (DWU).

DWU is a more traditional “residential college” that offers dormitories and other student housing for most of its students. According to Census records, the on-campus population has grown over time in Mitchell. These students are presumed to be at DWU, since MTI has no on-campus student housing.

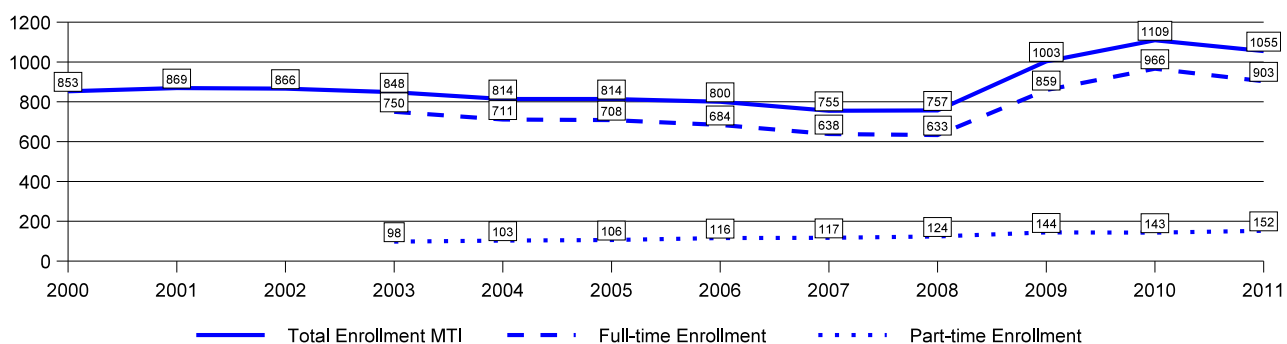
At the time of the 1990 Census, there were 207 students in college housing, compared to 244 students in 2000 and 326 students in 2010. In 2012, DWU indicated that approximately 400 students are living on-campus, with a further expansion of housing planned in the next year. However, with enrollment of approximately 750 students in 2012, there are also some DWU students living off-campus.

Due to State regulations for technical colleges, MTI cannot provide on-campus housing. However, in 2010, a collaborative effort between a private development group and the MTI Foundation resulted in the construction of units on Foundation-owned property. This project created 96 bedrooms for single occupancy. The current project was originally envisioned as the first of three phases of development, although no formal action has begun on a second phase of construction.

Despite the introduction of 96 bedrooms for students in the last few years, most MTI students live in other housing in Mitchell and the surrounding area. According to MTI, student enrollment has grown rapidly in the last few years, adding pressure to an already tight housing market.

Enrollment information since 2003 identifies full-time versus part-time students. In general, part-time students are more likely to already live in the immediate area, and they access classes because MTI is located near their place of residence. On the other hand, full-time students are more likely to be coming from more distant locations, and they will be living in Mitchell for one or two years, depending on their academic program.

**Student Enrollment at MTI - 2000 to 2012**

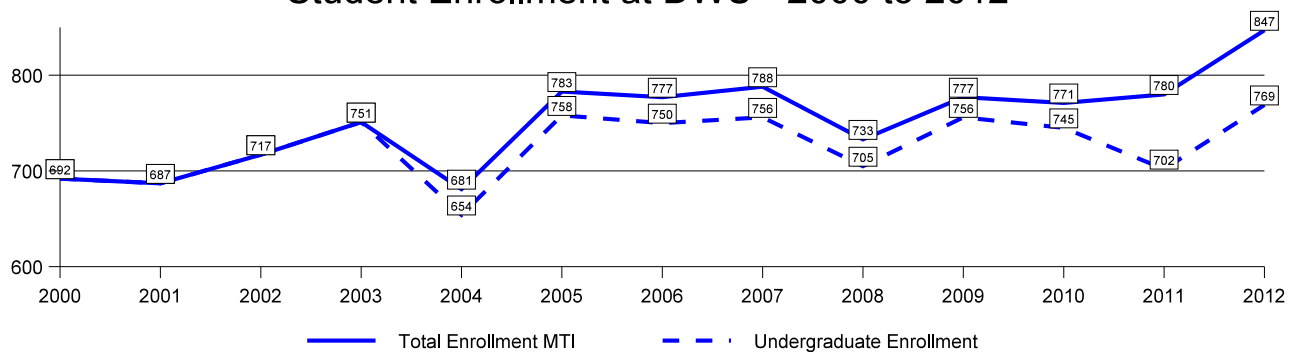


As displayed in the chart above, total enrollment and full-time enrollment had gradually been declining between 2003 and 2008. Then a sudden spike occurred, with approximately 225 full-time students added between 2008 and 2009. For the past three years, total average enrollment has been approximately 20% above the longer-term average.

There may be various causes for the larger enrollment over the past three years. Economic conditions, including unemployment rates, may have resulted in more high school graduates and young adults choosing to further their education instead of entering the work force. Program options available at MTI may have also contributed to increased interest in the institution. One other contributing factor is the availability of financial assistance from the federal government that was part of the economic stimulus package in 2008. Stimulus funding has largely ended in 2012.

Interviews with officials from MTI point to a more “traditional” student population at this institution. An estimated 85% of students are in a young adult age range between 18 and 23 years old. The large majority are male and unmarried. As a result, many look for roommate living arrangements to share housing costs. Most full-time students will also work part-time and have some earned annual income.

Student Enrollment at DWU - 2000 to 2012



Enrollment information from Dakota Wesleyan University shows an above-average enrollment for the 2012-2013 academic year. Although undergraduate enrollment is higher than in previous years, most of the net increase in enrollment over the past two years has been generated by graduate students. Since 2011, the number of enrolled graduate students has been 78. Prior to 2011, the number of graduate students had been below 30 each year.

**Recommendation:** Based on current enrollment, occupancy patterns in existing student-oriented housing, and low rental vacancy rates in Mitchell, it is appropriate to expand the supply of units for students. The most logical approach would be to proceed with another phase of development at Campus Tech Apartments.

The analysts did not have access to development planning documents, but it is assumed that a second phase would be similar to the first phase, which created 45 units containing 96 bedrooms. Units in the first phase ranged from one bedroom to four bedrooms per apartment, with most having two bedrooms.

According to the owners of Campus Tech, full occupancy was achieved for the 2010 and 2011 academic years. All bedrooms for the fall 2012 term were successfully leased by June 2012. MTI officials have indicated that a housing shortage in 2012 has resulted in some students living outside of Mitchell, since suitable housing could not be secured within the City. Had additional units been available for 2012, demand would indicate that more bedrooms could have been leased.

The overall rental demand calculations used for this Study point to the need to add up to 300 additional rental units over a five-year period. Past history would suggest that this level of production may not be reached through other types of housing. An expansion of student-oriented housing would help to address the low rate of vacancy that currently exists.

In making the demand calculations, Community Partners Research did not have access to any specific projection data from MTI or DWU concerning future enrollment. DWU reported that its enrollment had been increasing somewhat in recent years, but was generally regarded as stable for undergraduates. MTI did experience a significant increase in students after 2008. If full-time enrollment at MTI were to drop to pre-2008 levels, it would reduce demand for student housing.

The analysts have limited information on the competitive positioning of Campus Tech Apartments compared to other housing options in the private market. Based on its location near the campus, its successful lease-up rate over the past two years, its age and its focus on students, it is assumed to be a very desirable residential option. Therefore, even if vacancy rates change in other private market housing in Mitchell, the analysts have assumed that Campus Tech would retain most of its competitive advantage in attracting student renters.

The owners of the first phase of the project do have access to better information on desirability of unit designs, as well as the relative success of leasing units at different monthly rates. The experience from phase one should help to design a plan for the second phase that is based on practical experience.

At the time this Study was prepared, there were no pending or proposed projects that could be identified in Mitchell that would directly compete for a share of the student market. It is probable that any conventional rental development will generally be within a higher rent range. While new units may appeal to students, they will probably not be able to offer a lower-priced unit. Lower cost housing, such as housing tax credit projects, are generally not available to full-time students.

## **6. Consider Innovative Program Efforts to Assist Renter Households**

**Findings:** Mitchell has a large number of renter households and rental housing units. The rental tenure rate has been increasing in recent years and in 2010 more than 44% of all City households rented their unit.

Due to the low rental vacancy rate that exists in 2012, property owners and managers can be very selective in accepting new tenants to fill available units. This can add to the difficulty in securing affordable housing for renter households that have credit problems or similar issues.

Some communities in the State have been developing innovative rental housing programs to assist households that may otherwise be “hard to house”. The Aberdeen Housing Authority secured a \$21,000 HOME Program grant from the South Dakota Housing Development Agency for a Security Deposit Program. The Program can provide up to \$300 to eligible households for a security deposit. The Program goal was to assist between 70 and 80 households.

Another innovative program that could be considered is based on the Tenant Education and Self-Sufficiency (TESS) model being used in Sioux Falls. TESS is administered by the InterLakes Community Action Partnership. It is a very labor-intensive program that includes active case management, especially in the financial affairs of the participating household. By all reports, this approach has tended to be very successful, and is highly regarded by some property managers who have worked with program graduates.

**Recommendation:** We would recommend that the City, in cooperation with local housing agencies, consider the creation of innovative programs to improve the situation for area renter households. As the City continues to grow, more households will need to migrate from other parts of the country. Newly arriving households will often look for rental housing until they get acclimated to the community and look for ownership options. Ongoing efforts to assist area renters and rental housing conditions will be an important strategy for community growth.

## **7. Explore Opportunities to Provide Housing with Services in Subsidized Housing**

**Findings:** As detailed in a previous recommendation on housing with services for seniors, one gap that may exist in Mitchell is options for lower income seniors needing housing with services. Most of the Assisted Living Center beds in Mitchell cater to private-pay residents. Some of the facilities that do accept Medicaid Waivers will primarily work with their existing residents who have depleted their resources, and then switch to State assistance.

Lower income seniors in need of more service-intensive housing will often move into skilled nursing homes with their Medicaid Waivers/Medicare assistance. A Statewide survey of Assisted Living Centers in 2005 found that nearly 74% of assisted living residents were private-pay, approximately 19% were Medicaid Waiver, and approximately 7% were SSI or State-paid.

**Recommendation:** One program opportunity that may exist is to utilize existing subsidized senior housing projects to serve low income seniors needing some level of services with their housing. As stated earlier in this document, Mitchell has four senior-oriented rental projects that offer a senior nutrition site that has a daily meal five days per week. Three of these projects are federally subsidized, and the fourth, Wesley Acres, was formerly subsidized and still has affordable rents.

There are numerous examples of Housing Authorities in Minnesota facilitating the delivery of services in senior subsidized buildings. By working with a home health care provider agency, the subsidized project can allow for coordinated service delivery for frail elderly residents. In some examples, entire floors of senior buildings have been used for housing with services, and the home health care agency establishes an on-site office with 24-hour staffing. While services are contracted directly between the tenant and the home health care provider, the on-site staffing makes the services readily available to lower income people.

It should be noted that State licensing or registration requirements would need to be researched. At a minimum, it would appear that this type of housing with services arrangement would require the housing project to register with the State as a Residential Living Center, and possibly as an Assisted Living Center.

## **Home Ownership Recommendations**

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

The median owner-occupied home value in Mitchell is estimated to be \$112,000, based on 2012 sales activity. With approximately 50% of the homes in Mitchell valued less than \$112,000, Mitchell has a good market for first time home buyers and households seeking moderately priced homes.

Our analysis of MiSA demographic trends shows strong growth of 425 to 437 households in the 55 to 74 age ranges from 2010 to 2015. While most households in these age ranges already own their housing, this group represents a strong potential market for 'trade-up' housing. Increasingly, the older age ranges within this group look for lower maintenance housing options, such as twin homes or town house developments. The strong growth in the 55 to 74 age range, however, is offset somewhat by expected household losses in the 45 to 54 age range.

The number of MiSA households in the 35 to 44 age range is expected to increase by 106 to 112 households from 2010 to 2015. While most of these households own their housing, those households that have not been able to achieve the goal of home ownership, may need the assistance of special programs to help them purchase their first home and will be seeking affordable homes such as those homes in Mitchell.

The 25 to 34 age range is projected to decrease slightly from 2010 to 2015. This age range is typically first-time home buyers.

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

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

**Findings:** We believe that affordable home ownership is one of the issues facing Mitchell in the future. Home ownership is generally the preferred housing option for most households and most communities. As discussed previously, the demographic make-up of the MiSA is conducive to the promotion of home ownership opportunities. There are a number of strategies and programs that can be used to promote home ownership programs, and can assist with this effort.

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

Home ownership counseling and training programs can also play a significant role in helping marginal buyers achieve home ownership.

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

**Recommendation:** Mitchell should work with area housing agencies, the South Dakota Housing Development Authority and local financial institutions to utilize all available home ownership assistance programs.

The City should also work with housing agencies to access programs that provide financial assistance for households to purchase a home and to assure the City of Mitchell is receiving its share of resources that are available in the Region. Local financial institutions should also continue to have a significant role in assisting households. Other private and nonprofit agencies should be encouraged to provide home ownership opportunities. Mortgage programs should be developed that include all households and not just first home buyers to encourage trade-up housing activity.

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

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

**Findings:** Mitchell has a large stock of older, lower valued homes, many of which need repairs. Our analysis of recent sales activity indicates that approximately 42% of the homes in Mitchell are valued under \$100,000. As some lower valued homes come up for sale, they may not be attractive options for potential home buyers because of the amount of repair work that is required.

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

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

**Recommendation:** We recommend that the City of Mitchell work with a housing agency to develop and implement a purchase/rehab program. Attitudinal surveys that we have conducted in other cities have found that purchase/rehabilitation programs are appealing to people who are currently renting their housing. In some similar sized communities, over 80% of survey respondents who were renters indicated an interest in buying a home in need of repair if rehabilitation assistance was also available.

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

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

## **10. Develop a local down payment assistance program**

**Findings:** One of the largest identifiable barriers preventing low and moderate income households from owning a home is the inability to save money for down payment and closing costs. This is especially true now that lending institutions have recently tightened their lending criteria. Some cities have created a local fund to assist home owners with a down payment assistance program. The City provides a maximum of amount of \$5,000 or less in local funds to households for down payment assistance. The funds are typically repaid by the household at a future date when the house is sold.

**Recommendation:** We recommend that the City of Mitchell consider the development of a local Down Payment Assistance Program. A local Down Payment Assistance Program is needed more now than in the past because of more stringent lending criteria.

Major local employers, the Federal Home Loan Bank and the South Dakota Housing Development Authority may be sources to contribute to the fund.

## Single Family Housing Development

**Findings:** The City of Mitchell has experienced significant single family owner-occupied housing construction since the year 2000. Over the past 13 years, 543 single family structures and twinhomes/townhomes have been constructed in the City of Mitchell, which is an average of approximately 41 housing units per year. From 2000 to 2007, 429 single family homes were constructed, which is an annual average of 54 homes. However, construction has slowed significantly from 2008 to 2012 with a total of 114 homes constructed, which is an annual average of 23 homes.

The attractiveness of the area, the city's status as a regional center, the City's amenities and the availability of jobs, should result in the continued construction of new homes annually. Also, there are many attractive residential lot options available for new home construction.

Overall household projections for the MiSA indicate good demand for owner-occupied housing construction. Substantial growth of 425 to 437 households is anticipated through 2015 among households in the age ranges between 55 and 74 years old. Households in these age ranges tend to be predominantly home owners, and form a market for higher priced, trade-up housing and low maintenance housing such as town homes and twin homes. The 35 to 44 year old range is also expected to gain 106 to 112 households through 2015. Many of the households in this age range are first time home buyers. There are projected to be modest household reductions in the 15 to 34 age range and significant reductions in the 45 to 54 age range.

It is our opinion that if the City, local housing agencies, developers and builders are proactive, 38 to 43 owner-occupied housing units can be constructed in Mitchell annually over the next five years from 2013 to 2018. Our projection for single family housing starts includes homes built in new subdivisions and on infill lots, and includes single family attached housing units, such as twin homes and town houses.

The breakdown of our projection of 38 to 43 new owner-occupied housing units annually over the next five years is as follows:

▸ Higher & median price homes	18-20 homes
▸ Affordable homes	10-11 homes
▸ Homes on In-Fill lots	2 homes
▸ Twin homes/Town homes	8-10 units
Total	38-43 units

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

**Findings:** As part of this Study, we attempted to identify the inventory of available residential lots for single family housing construction in the City of Mitchell. Currently, there are approximately 475 to 500 lots available in 13 different Mitchell subdivisions. These lots include lots that are currently buildable as well as platted lots that can be available in a short time frame.

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

**Recommendation:** Using a standard that a 2 ½ year supply of lots should be available in the marketplace based on annual lot usage coupled with projections that 38 to 43 new owner-occupied housing units will be constructed per year, the city should have approximately 95 to 108 residential lots available to meet the expected demand. Part of this demand would be for attached unit construction. The available inventory could include lots that are currently buildable, as well as lots in the advanced planning stages that could be available for the next construction season.

Using this standard, the City of Mitchell, with 475 to 500 available lots, plus infill lots, currently has an excess inventory of available lots.

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

**Findings:** Mitchell has experienced attached housing development in recent years. According to building permit reports, more than 100 attached housing units have been constructed since the year 2000. While no tenure information is available, some of these were intended as owner-occupancy units.

Many communities over the past decade have seen attached housing take an increasingly large share of new construction. In cities the size of Mitchell, 20% to 30% of the housing starts are typically twin homes/townhomes.

Attached housing provides desirable alternatives for empty nesters and seniors to move out of their single family homes, thus, making traditional single family homes available for families. It is estimated that the 55 to 84 age ranges will increase by 456 to 472 households in MiSA from 2010 to 2015. It is important for the city to offer a range of life-cycle housing options as many of these households will be seeking to downsize into low maintenance housing options.

**Recommendation:** It is our projection that approximately eight to 10 of Mitchell's new owner single family units per year could be twin home/townhomes over the next five years, which is an approximate total of 30 to 40 units during the five-year period. It should be noted that twin home/townhome development has been impacted by the downturn in the housing economy, thus, it is projected that most of the projected units will be constructed later in the five-year time period as the economy improves.

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

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

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

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

**Findings:** With the difficulty of producing new housing units that are affordable to lower income people, it is important to take advantage of opportunities presented by housing agencies, groups and organizations. Habitat for Humanity, the Mitchell Housing Authority, Prairieland Housing Development and the Rural Office of Community Services may have or develop the capacity to construct new homes for low and moderate income households. Although none of these sources can 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 produce housing units for lower income households. The city may be able to contribute to the project through land donations, TIF, grant writing, or project coordination activities. As severely substandard houses are demolished in the City, the cleared lots may be suitable for redevelopment. These in-fill lots may be good sites for this type of new construction activity. There are also residential lots in new subdivisions that may be available for affordable housing.

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

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

As the economy improves, cities that invest in marketing will have an advantage. Opportunities to buy or construct a home are sometimes limited because of the lack of information and awareness of financing and incentive programs, homes and lots on the market, local builders, etc. This is especially evident for new households moving into the area.

**Recommendation:** We recommend the creation of additional marketing materials that describe housing opportunities and financing/assistance programs that are available in Mitchell. Buying a lot, selecting a builder, obtaining financing and constructing or purchasing a home can be an intimidating process. Often households have not been through this process and do not know where to begin or how to proceed. Pertinent and up-to-date information will encourage and assist households with constructing a home or finding a suitable move-up home. It is recommended that this information be shared with area employers. Human Resources Departments are often willing to provide this information to new hires and as part of recruitment materials.

Another possibility for promoting ownership options is to organize a Housing Fair that educates and informs the public on lots, builders, finance programs, etc. The Housing Fair should include developers, builders, lenders, realtors, public agencies, local businesses, etc. Local employers should be contacted to assess their interest and possible participation in the event.

These marketing programs do not have to be “City” projects but could possibly be developed by a local civic organization, area realtors or the private sector. Also, the marketing program sponsor should assure the information is placed on the city’s website.

**15. Consider the development of an affordable new home subdivision**

**Findings:** Providing affordable new home ownership options in Mitchell is a critical issue. The City's median household income matches up fairly well with the price of the existing housing stock, however, households at or below the median income level do not have the financial ability to afford the costs associated with new housing construction. Some communities have found it appropriate to develop a subdivision specifically for affordable homes including modular homes and governors homes.

**Recommendation:** We recommend the development of a 16 to 20 lot affordable home subdivision. It is our opinion that a total of four to five homes will be constructed annually in the subdivision, which would be an absorption period of four to five years to fill the subdivision.

- ▶ The City of Mitchell should support the project through TIF financing and also endorse the developers' applications to other agencies for funding to develop the subdivision. The City and local housing agencies should also consider a local down payment assistance program to assist the project.
- ▶ In developing the subdivision, the following should be considered:
  - ▶ The subdivision must be as aesthetically acceptable as possible and include the same amenities as other new subdivisions.
  - ▶ A private developer or a local housing agency could own the development.
  - ▶ Total home prices must be affordable for low/moderate income households.
  - ▶ Other financing programs for households should be provided such as down payment assistance and low interest mortgage programs.
  - ▶ The project should be adequately publicized and advertised. Four to five homes is a significant percentage of the City's projected annual housing starts. The project must assist in creating a new housing market by providing an attractive, affordable product.
  - ▶ Builders must be user friendly. The process should be as streamlined as possible for the buyers.
  - ▶ There should be a variety of home designs in the subdivision.
  - ▶ The homes must have permanent foundations.
  - ▶ Major employers should be involved in financing and publicity.

- ▶ The City of Aberdeen has developed an affordable subdivision that has been very successful and includes several development phases with more than 150 homes. The affordable houses include modular homes, governors home, and stick-built houses constructed by private builders. We encourage City officials and developers to contact Aberdeen to obtain more specific information.

## **Housing Rehabilitation**

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

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

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

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

**Findings:** Based on 2010 U.S. Census data, the City currently has approximately 3,200 rental units. These rental units are in large multifamily projects, small rental buildings, converted buildings, mixed-use buildings, duplexes, single family homes and mobile homes. Many of these rental structures could benefit from rehabilitation as some are more than 30 years old and are in poor condition.

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

**Recommendation:** The City of Mitchell 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.

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

**17. Promote owner-occupied housing rehabilitation programs**

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

Our June, 2012, housing condition survey rated the 1,005 single family homes in four of the City's oldest neighborhoods. Our survey found that 375 homes need minor repairs and 252 homes need major repairs. Without rehabilitation assistance, there is the potential that the affordable housing stock will shrink in the City of Mitchell.

Currently, the Rural Office of Community Services administers the Weatherization Program in Davison County. However, we are not aware of a housing agency that is implementing a housing rehabilitation program in Mitchell or Davison County.

**Recommendation:** We recommend that the City of Mitchell and area housing agencies identify and apply for funds to develop an ongoing housing rehabilitation program. USDA Rural Development, the South Dakota Housing Development Authority and the Federal Home Loan Bank are potential funding sources.

**18. Develop a Neighborhood Revitalization Program**

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

**Recommendation:** We recommend that the City of Mitchell, area housing agencies, and the private housing sector select a neighborhood and develop and implement a Neighborhood Revitalization Program.

Redevelopment strategies and opportunities should be identified for the Neighborhood including:

- A plan for each parcel in the neighborhood
- Owner-occupied rehabilitation
- Rental Rehabilitation

- ▶ Demolition of dilapidated structures
- ▶ Infill new construction including single family homes and attached housing
- ▶ Land pooling for larger town home and attached housing projects
- ▶ Purchase/Rehabilitation Programs that rehabilitate homes and provide home ownership for low/moderate income households
- ▶ Public projects (streets, utilities, parks, etc.)
- ▶ Possible re-zoning, variances and/or re-platting to make areas and parcels more desirable for redevelopment
- ▶ Programs that encourage energy conservation
- ▶ Other projects identified through the planning process

The Neighborhood Revitalization Plan should include time lines, the identification of responsible city department or housing agency, funding sources, etc. The program should be evaluated on an ongoing basis as opportunities and potential projects may change priorities. Neighborhood revitalization of this type is currently occurring in the City of Sioux Falls. The City of Mitchell is encouraged to contact Sioux Falls to obtain information on how to effectively develop and administer a Neighborhood Revitalization Program, as well as the sources of funds that were accessed.

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

Also, as a neighborhood is revitalized, a new neighborhood can be selected for revitalization.

## **19. Develop and Implement a Rental Inspection Program**

**Findings:** A Rental Inspection Program is a valuable tool in improving the quality of the City's rental housing and assuring safe and sanitary housing. In 2012, there were 3,200 rental units in the City of Mitchell, many that are more than 30 years old. Neighborhood deterioration, lower property values and unsafe rental units are often prevented when a Rental Housing Inspection Program is successfully implemented.

Currently, the City of Mitchell has a nuisance officer that inspects property and enforces housing codes on a complaint or random basis. Policies could be changed to require uniform inspections and enforcement.

The need for an ongoing Rental Inspection Program includes the following:

### **Health and Safety**

- There is a need to provide tenants with safe, sanitary, and standard living conditions and to eliminate life threatening hazards.

### **Age of Housing Stock**

- Much of the existing rental housing stock in Mitchell is over 30 years old.
- Older housing needs continued rehabilitation and maintenance.
- Older housing often has difficulty complying with current codes.

### **Conversions**

- Many of the rental buildings were originally constructed for uses other than rental housing such as owner-occupied single family homes and commercial use buildings. In conversion, often owners do the work themselves and may have inadequate or faulty mechanical, electrical, plumbing, and heating systems. Also, constructing an apartment in the basement or upper floors of a commercial building often results in a lack of natural lighting, ventilation and proper access and egress.

### **Trends of Conversions**

- Many of today's buyers want more amenities and conveniences and less maintenance so they are less likely to purchase older homes. There has also been an increase in foreclosure. These issues can result in the converting of older homes to rental units, which magnifies the problem.

### **Maintenance Efforts**

- A large number of landlords are providing standard housing and reinvesting in their rental properties. However, some landlords do not maintain their buildings. Ongoing maintenance is necessary for older housing as buildings with continued deferred maintenance become unsafe and substandard.

### **High Number of Landlords**

- Mitchell has a significant number of rental property owners. Many of these landlords do an excellent job; however, some absentee landlords do not reinvest in their properties, and create a need for the program.

### **Neighborhood Stabilization**

- Rental units need to be maintained to keep the integrity of the neighborhood and stabilize property values. Deferred maintenance, and such things as parked junk cars, trash and debris all have a negative impact on residential neighborhoods.

### **Zoning and Codes**

- Illegal apartments such as inappropriately constructed basement apartments may be unsafe and a violation of zoning regulations.

**Student Population**

- The City of Mitchell has two colleges. A significant number of students live off campus. Students often rent substandard housing, thus, limiting landlords' motivation to maintain their property.

**Coordination**

- A Rental Inspection Program provides a record of rental units and owners.
- The program provides a better opportunity for coordination of city programs and codes.
- The program assures that rental units comply with minimum housing standards.

**Recommendation:** We recommend the development and implementation of a Rental Inspection Program to assure that all rental units in Mitchell comply with housing laws and codes. The Program will assure that Mitchell rental units are safe and sanitary, thus, removing blighted and unsafe conditions.

## Other Housing Initiatives

### 20. Promote employer involvement in housing programs

**Findings:** In cities where there is low unemployment and a shortage of workers, area employers have often become financial participants in the development of housing. Employer involvement is viewed as a way to retain employees and to attract new workers into the community.

Mitchell currently has a low unemployment rate, a shortage of workers and a rental housing shortage.

Several area employers have expressed interest in or have investigated the potential of becoming financially involved in housing projects and programs.

**Recommendation:** Employers have many opportunities to assist with addressing Mitchell's housing needs including:

- ▶ Direct assistance to employees for the purchase or construction of a home utilizing a variety of mechanisms including down payment assistance, loans, grants, forgivable loans, deferred payment loans, guarantee of a lender financed loan, etc.
- ▶ Financial contribution to an overall city project, such as an affordable subdivision or the construction of rental units.

### 21. Acquire and demolish dilapidated structures

**Findings:** Our housing condition survey of four Mitchell neighborhoods identified 41 homes that are dilapidated and too deteriorated to rehabilitate. We also identified 252 homes as needing major repair. Several of these homes may be too dilapidated to rehabilitate, depending on a more detailed inspection. There are also homes in other Mitchell neighborhoods that are dilapidated and beyond repair.

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

The City or an area housing agency should also work with Davison County to acquire and demolish tax forfeited properties that are dilapidated and beyond repair.

## **22. Develop a City of Mitchell New Construction Housing Incentive Program**

**Findings:** Over the past five years, there have been 92 detached and 22 attached single family homes constructed in the City of Mitchell. This is an average of approximately 23 new homes annually. From 2000 through 2007, the average number of homes constructed was approximately 54 per year. According to City of Mitchell records, there are 475 to 500 buildable or platted residential lots in the City. The City has an excess supply of lots and new housing construction has been reduced by more than 50% over the last five years.

**Recommendation:** We recommend that the City work with private developers to consider a New Construction Incentive Program to promote new housing construction. Incentives to households that construct a home could include:

- ▶ Reduced lot prices
- ▶ Free water and sewer for a period of time
- ▶ Permit and water/sewer hookup fees waived
- ▶ Discounts at area businesses
- ▶ Cash incentive payment

## **23. Develop Mobile Home Park Programs**

**Findings:** Community Partners Research, Inc. has not conducted a condition survey of the mobile homes in Mitchell, however, an informal windshield survey identified a significant number of substandard, dilapidated and vacant mobile homes in several mobile home parks.

**Recommendation:** Addressing the issues created by substandard mobile homes is not easily solved. Some communities have rehabilitated older units, but this is difficult to accomplish because of the type of construction of mobile homes, and it is rarely cost effective. Some communities have established programs that provide for the purchase and removal of substandard mobile home units, provided a newer unit is purchased to replace the acquired dwelling. While this approach can work well in upgrading the stock, it can be expensive, especially if there is a large number of homes in poor condition.

However, with a concentration of mobile home units in several mobile home parks in the community, it may be appropriate for the City to initiate programs to improve the quality of mobile homes, even if these programs can only address a few units per year.

Several communities have initiated innovative programs that address mobile home conditions and mobile home park issues. We recommend that the City of Mitchell or area housing agency consider the implementation of the following:

- ▶ Operation Safe Mobile Home Park - Owners of substandard mobile homes are given the option of voluntarily selling their substandard mobile home to the City or an area housing agency for a fixed minimum price. The mobile homes are then removed from the park and demolished/salvaged. The owner can then use the funds from the sale to help purchase a new home. Mobile home dealerships have participated with buying the salvaged homes.
- ▶ Time of Sale Inspection Program - This inspection program is designed to provide safe living conditions through the identification and elimination of basic life/safety hazards in older mobile homes. Mobile homes are subject to inspection prior to their sale. All identified safety hazards must be corrected before the unit is sold and/or occupied.
- ▶ Cooperative/Land Trust - Some mobile home parks have created a cooperative or a land trust which enables the home owners to own the mobile home park land and facilities. This ownership often creates pride which results in a clean, safe park atmosphere.
- ▶ Acquisition of the Mobile Home Park - In some mobile home parks, the majority of the mobile homes in the park are vacant or dilapidated. Also, the park may be on land that has a better use. In these situations, it may be advantageous to purchase the park and relocate the remaining tenants.

**24. Create a plan and a coordinated effort among housing agencies**

**Findings:** Mitchell will need staff resources in addition to existing city staff to plan and implement many of the housing recommendations advanced in this Study. The City has access to the Mitchell Area Development Corporation, the Mitchell Housing Authority, Planning and Development District III, Prairieland Housing Development, the Rural Office of Community Services, the USDA Rural Development Office and the South Dakota Housing Development Authority. These agencies all have experience with housing and community development programs.

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

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

We also recommend that cities and counties in the Region consider hiring a housing coordinator to assist with developing and implementing housing projects and programs.

## **25. Housing Recommendations for Mitchell's Downtown Business District**

**Findings:** The City of Mitchell's Downtown is an Historic District. The City of Mitchell is also participating in the 'Main Street Program.' Additional information on Mitchell's Downtown includes:

- ▶ Mitchell's Downtown Business District has 182 housing units in mixed-use buildings.
- ▶ Downtown Mitchell has many buildings and housing units that have been renovated, but there are also buildings and housing units that are substandard or dilapidated.
- ▶ There is an on-going demand for downtown housing units.
- ▶ The downtown will continue to be a mixed income community.
- ▶ Several building owners have made substantial investments into their buildings. It is important that these investments are successful, if we are to encourage future investment.
- ▶ The Main Street coordinator reports that there is the capacity to develop an additional 100 rental units in Downtown buildings.
- ▶ The rental units in Downtown Mitchell have a high occupancy rate.

**Recommendation:** Our housing recommendations for Downtown Mitchell include:

- ▶ Encourage new rental projects to locate downtown or in areas surrounding the downtown
- ▶ Rehabilitate 50% of the downtown rental units that are determined to be substandard over the next five years
- ▶ Develop 25 quality market rate rental units in upper floors of downtown buildings over the next five years
- ▶ Encourage strict enforcement of the City's housing codes to address downtown housing issues
- ▶ Develop a mixed-use housing/commercial project Downtown
- ▶ Utilize historic tax credits to finance a portion of the rehabilitation costs