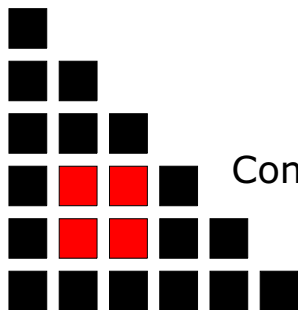


City of Mitchell RENTAL HOUSING UPDATE

March 2015

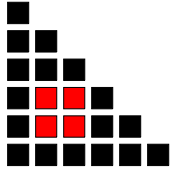
An updated examination of rental housing
market conditions in the Mitchell area



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March 10, 2015

Bryan Hisel, Executive Director
Mitchell Area Development Corp.
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PO Box 1087
Mitchell, SD 57301

Dear Bryan:

Community Partners Research has completed an updated look at the rental housing market in Mitchell. This letter summarized some of the key findings and conclusions of the research, which was primarily completed in January and February of 2015.

Annual Rental Demand

The updated research has looked at growth projections and other factors that will generate annual demand for rental housing over the next five years. These demand-generators should be adequate to absorb between 30 and 40 additional rental units per year in a typical year. Over a five-year projection period, this should result in absorption of between 150 and 200 total rental housing units in Mitchell. This would represent overall demand, distributed between various market sectors.

Current Available Supply

Due to very strong rental housing construction in the past few years, Mitchell currently has an unoccupied inventory of rental units in certain market segments. Although most of the newly constructed housing has been successfully absorbed, some of the most recent projects are still in their initial occupancy phase.

The supply of unoccupied units, especially in the conventional rental segment, should be sufficient to meet most of the market rate demand that would be expected in 2015. However, by 2016, we would expect to see a lower vacancy environment return, and some limited new production would be encouraged to keep pace with anticipated community household growth.

Conventional Market Rate Housing

The rental survey completed in January found an estimated vacancy rate of approximately 7.5% within the conventional market rate segment, which represents the large majority of all rental housing in Mitchell. Although many of the unoccupied units were in the newer apartment projects, the overall expansion in supply had also resulted in some turnover in older, existing market rate housing. In the low vacancy periods of prior years, unit turnover in existing housing had often been suppressed. When new units entered the local market, tenant movement occurred, causing some vacancies in the older stock, which tends to have a more moderate rent structure.

Some of the new construction projects created town house-style rental units. In general, these projects have been the most successful, with fairly rapid absorption of the new units, and an estimated vacancy below 6%. Going forward, this would be the market segment that would be most practical to expand near-term. In the past, this style of housing was generally introduced in smaller development phases, typically less than 15 units per phase, which helped to prevent market saturation. Going forward, additional unit production would be encouraged in this market segment, with some units constructed every one to two years. In recognition of the growing demand from renter households age 55 and older, one-level designs would be encouraged, although multi-level units for larger households have also proven to be successful.

Conventional market rate apartment units were constructed in a greater volume, with two larger-scale properties opening for occupancy within a few months of each other in 2014. Most of the market rate vacancies identified in the recent rental survey were within this apartment segment, with nearly 30 unoccupied units reported in the two newest buildings. We would not recommend any near-term expansion of conventional apartments until occupancy rates improve and stabilize. By 2016, it is probable that growth-generated demand will result in lowered vacancy in this specific segment and some additional construction should be planned.

Income projections expect continued growth among moderate to higher income households in the Mitchell area. Based on Census distribution data, the number of renter households with moderate to higher incomes has continued to exceed the supply of higher priced rental units in the community. Growing demand from moderate to higher income renter households is well-matched to market rate rental housing.

Income Restricted Moderate Rent Housing

The federal low income housing tax credit program has been used to develop moderate rent housing in Mitchell that does have certain occupancy restrictions, including household income limits. The most recent project, known as The Landings, added 27 income-restricted units to the local inventory in 2014.

The rental survey found some unoccupied units within this market segment, including some vacancies in an older existing tax credit project, where turnover had occurred after The Landings was opened. The estimated vacancy rate within this segment was at 9.2%. While this percentage appears high, it only represented seven vacant units.

Although renter household income estimates for the area continue to show that income-restricted housing can serve a fairly large percentage of local renters, the current vacancies highlight the fact that income-restricted housing with a moderate rent structure can sometimes serve only a narrow band of renter households. Some applicants will have an income that is too high to be eligible, while others will have an income that is too low to pay the monthly rent, which is often similar to older conventional housing in the community.

While The Landings had initially filled many of the income-restricted units, at the time of the research for this Update, they still had some open units and were in the process of securing 11 rent assistance Vouchers that would be project-based in the future. This effectively expands their potential target market to include very low income renters that could not otherwise afford to live in the development without a direct rent subsidy.

Given Mitchell's importance as a regional employment center, it would be appropriate to advance another moderate rent tax credit project later in the five-year projection period. Consistent with the recommendation made in 2012, we would encourage any future projects to target a lower rent structure than the maximum level that is allowed under federal regulations.

Income-based Subsidized Housing

This segment of the market has not been expanded in recent years, given a lack of financial resources for "deep subsidy" construction which can allow rent based on 30% of household income. Occupancy rates generally remain high in this type of income-based housing, and evidence of unmet demand can be present in the form of waiting lists. However, addressing this demand through any substantial expansion of units would probably require a change in federal funding priorities.

In 2015, some of the area's rent assistance Vouchers will become project-based in The Landings. This will not necessarily expand the resources available to lower income renters, as these Vouchers would have been used elsewhere in the community. However, it will help to assure that these Vouchers remain in Mitchell, and that units will be dedicated to lower income households, even if vacancy rates drop and return to the level that was present in 2012, when finding a suitable unit was often difficult for Voucher-holders.

Student Housing

One of the largest development projects in recent years added 102 bedrooms for students near MTI facilities. At the start of the 2014/15 academic year, Campus Tech I and II had unused capacity for more than 20 students. With vacancies also present in conventional apartment housing in Mitchell, students had options that were not typically present during the low vacancy period prior to 2013.

Both MTI and DWU reported a modest reduction in full-time enrollment between the 2013/14 and 2014/15 academic years, although enrollment growth had been occurring prior to 2013. Demand for student housing can change from year to year, depending on the actual enrollment levels for students not previously residing in the Mitchell area. Since neither institution produces any enrollment projections that can be used to predict future needs, anticipating enrollment changes and demand for student is difficult to predict over the next few years.

Based on the current market conditions, some growth in demand for the 2015/16 academic year can be met within the existing housing supply. Vacant rental units in Campus Tech and in the private rental market exist in 2015. Campus Tech has the potential to add a third building, and the analysts have assumed that a future phase will occur when dictated by demand.

Senior Housing with Services

This specialized care segment of the housing market was outside the scope of research for the 2015 Update. However, some general observations have been made. First, there has been no identified expansion of specialized senior units since 2010. While it is possible that some planning is underway, no publicly announced projects were identified through the research, so the unit supply has remained unchanged from the inventory reported in the 2012 Study.

Second, the demographic research in 2015 showed that very limited growth has occurred in the past few years in the number of older senior citizens, age 75 and above. These older seniors are more likely to utilize housing options that can also provide some level of services. Going forward, some limited growth among older

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seniors should occur through the year 2019. Longer-term, as the baby boom generation advances through the aging cycle, greater demand should be present, but this would be after the year 2020.

This summary information is presented in greater detail in the specific sections of the 2015 Update which follow.

Sincerely,

A handwritten signature in blue ink, appearing to read 'SKN', with a long horizontal flourish extending to the right.

Scott L. Knudson
Community Partners Research

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Demographic Overview

In September 2012, Community Partners Research completed a citywide housing study for Mitchell. That document contained the latest demographic information for the community, primarily from the 2010 U.S. Census. Since that update provided a detailed look at demographic variables, the current research in 2015 has selectively examined only certain components, where more recent estimates and/or projections have become available after 2012. The following section primarily focuses on trend information for population and household change. Updated demographic projections are also included.

Market Area Definitions

Consistent with the 2012 Study completed for Mitchell, a Primary Market Area has been defined which includes both Davison and Hanson Counties, which is designated as a Micropolitan Statistical Area (MiSA) by the federal Office of Management and Budget.

A larger, Secondary Market Area has also been included, and referred to as the Mitchell Region. In addition to Davison, the other Counties including in the Mitchell Region are Aurora, Douglas, Hanson, Hutchinson and Sanborn.

Sources of Data

Demographic data have been examined from a variety of sources. However, the primary sources for this information are the U.S. Census Bureau, and ESRI, Inc., a private data reporting service.

Population Trends Analysis

Table 1 Population Trends - 1990 to 2014							
	1980 Census	1990 Census	2000 Census	% Change 1990-2000	2010 Census	% Change 2000-2010	2014 Estimate
Mitchell	13,916	13,798	14,558	5.5%	15,254	4.8%	15,455
MiSA	21,235	20,497	21,880	6.7%	22,835	4.4%	23,139
Region	41,607	38,473	39,146	1.7%	38,245	-2.3%	38,411

Source: U.S. Census Bureau; ESRI

A 2014 population estimate is available from ESRI, a private data reporting service. For the City of Mitchell, this estimate shows a net gain of 201 people from the level counted by the 2010 Census. Population growth in Mitchell in recent years would continue a long-term pattern that dates back to 1990.

Although the ESRI estimate does show growth in the City's population, it is more conservative than the Census Bureau's annual population estimate. This source placed the population at 15,539 people in 2013, an effective date one year earlier than the ESRI estimate. If the Census Bureau is accurate, the City added 285 people in the three-year period from 2010 to 2013.

ESRI's estimates also show population growth for the two-county MiSA and the six-county Mitchell Region. However, most of the net gain is directly attributable to Mitchell and Davison County. Excluding Mitchell, the remainder of Davison County added 111 residents between 2010 and 2014. Excluding Mitchell and Davison County, the other five counties that form the Mitchell Region had a combined net loss of 146 permanent residents.

Household Trends Analysis

Table 2 Household Trends - 1980 to 2014							
	1980 Census	1990 Census	2000 Census	% Change 1990-2000	2010 Census	% Change 2000-2010	2014 Estimate
Mitchell	5,402	5,681	6,121	7.7%	6,696	9.4%	6,884
MiSA	7,799	8,020	8,700	8.5%	9,341	7.4%	9,601
Region	15,040	14,798	15,419	4.2%	15,558	0.9%	15,845

Source: U.S. Census Bureau; ESRI

According to the 2014 Estimate from ESRI, Mitchell added 188 resident households after the 2010 Census. At an annual average, this would be 47 households per year. This continues a long-term trend of household growth that dates back to at least 1980. However, the average net gain of 47 households per year after 2010 is lower than the annual average achieved between 2000 and 2010, when the City added nearly 58 households per year.

The Census Bureau does not issue annual estimates for households. However, since their 2013 population estimate for Mitchell was higher than ESRI's 2014 population estimate, this would potentially imply an even greater level of household growth.

Most of the household growth within the MiSA and the Mitchell Region has been directly attributable to the City of Mitchell. Excluding Mitchell, the remainder of the MiSA added 72 households from 2010 to 2014. Excluding Mitchell and Davidson County, the remaining five counties that form the Mitchell Region had a loss of 25 permanent households from 2010 to 2014.

Household growth estimates for Mitchell can be compared to housing construction activity. It is known that many of the multifamily units that were permitted in 2013 were not available for occupancy until later in 2014, after the effective date of ESRI's household estimate. However, it is still probable that between 200 and 250 new housing units were added after the 2010 Census, which would have been available for occupancy. The net growth of 188 occupied housing units reported in the ESRI estimate for Mitchell would generally be consistent with construction activity, with an allowance for some level of vacancy in the newly constructed housing.

Household Projections

For this 2015 Update, the analysts have primarily relied on household projections generated by ESRI, which span the five-year period from 2014 to 2019.

Table 3 Household Projections Through 2019				
	2010 Census	ESRI Estimate 2014	ESRI Projection 2019	Numeric Change 2014 to 2019
Mitchell	6,696	6,884	7,074	190
MiSA	9,341	9,601	9,880	279
Region	15,558	15,845	16,088	243

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

The projections issued by ESRI expect continued household growth within the City of Mitchell through the year 2019. When compared to their base-year estimate for 2014, ESRI expects that the City will add 190 households, or an average of 38 households in a typical year. This pace of future annual growth would be lower than the level achieved between 2010 and 2014, where the ESRI estimates showed the City adding 47 households in an average year.

The ESRI projections show some additional household growth occurring outside of the city limits in the remainder of the MiSA jurisdictions. However, 68% of the net projected growth for the Mitchell MiSA is expected within the City of Mitchell.

Excluding Davison and Hanson Counties, which form the MiSA, the remaining counties in the Mitchell Region are projected to lose households over the five-year period.

In the 2012 Study, projections created by Community Partners Research had expected Mitchell to add between 60 to 63 additional households per year on an average annual basis to the year 2015. Although this level of growth is higher than the current year estimate available from ESRI, it appears to be relatively accurate, as a large number of rental housing units completed construction in 2014, and most should be occupied in 2015. With all of the housing that has been constructed since the 2010 Census was conducted, it is very possible that the average annual household growth will actually be even greater than the level originally projected by Community Partners Research in the 2012 Study.

Although there is strong evidence that Mitchell has been growing faster than previously expected, the projections for future growth, including the conservative ESRI projection, may still prove to be accurate. In 2013, Mitchell experienced a “building boom”, especially for multifamily rental housing. This single year represented approximately 40% of all housing unit construction activity achieved over the past 10 years in the City. It is unlikely that this level of annual activity will be reached again in the near-future. Instead, a more moderate and consistent pace of construction would be anticipated going forward.

If the 2013 construction activity is removed, the annual unit production for nine of the past ten years would be 48 housing units per year, a number that is very consistent with ESRI’s projected annual average growth through the year 2019.

For the purposes of this Update, the analysts have used the ESRI projection and the original Community Partners Research projection to form a range, with average annual growth of approximately 47 to 63 household per year within the City of Mitchell.

Growth forecasts for the remainder of the two-county MiSA are generally consistent. The ESRI forecast would expect annual average growth of nearly 18 households per year in the portions of the MiSA outside of Mitchell. The 2012 Study had projected annual growth of up to 14 households per year.

Both sources have continued to forecast modest household losses in the four counties that form the Mitchell Region, once Davison and Hanson Counties are removed from the aggregation.

MiSA Household Age Projections to 2019

The previous pages have examined demographic information for Mitchell and surrounding market areas. While adjoining counties can contribute to housing demand in Mitchell, Davison and Hanson Counties, which form the MiSA, have much greater growth potential than any of the other counties that form the Mitchell Region. In the following table, age-based household projections have been presented for the two-county MiSA.

These projections have been prepared by ESRI, a private data reporting service. The projections extend to the year 2019, and have been compared to the household by age distribution that ESRI has estimated in 2014.

Table 4 MiSA Projected Households by Age - 2014 to 2019			
Age Range	2014 Estimate	2019 Projection	Change 2014 to 2019
15-24	676	616	-60
25-34	1,496	1,551	+55
35-44	1,365	1,381	+16
45-54	1,681	1,533	-148
55-64	1,748	1,795	+47
65-74	1,195	1,423	+228
75+	1,440	1,581	+141
Total	9,601	9,880	+279

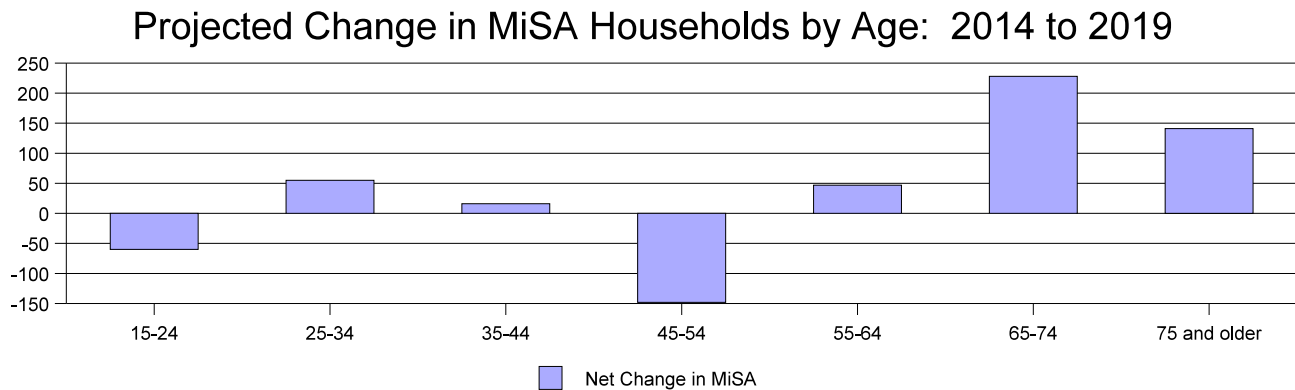
Source: ESRI

The age-based household projections from ESRI generally continue the patterns identified in the 2012 Study, as the advancing baby boomer generation moves through the aging cycle. Overall, ESRI projects a net increase of 416 households age 55 and older through the year 2019, but a net decrease of 137 households age 54 and younger.

Although there is an overall decrease of younger adult households, this will primarily be due to an expected reduction in the 10-year age group between 45 and 54 years old. Other young adult ranges, including 25 to 34, and 35 to 44, should increase slightly in size.

In the older adult ranges, most of the growth is concentrated in the 10-year range between 65 and 74 years old, reflecting the leading edge of the baby boom generation.

ESRI also projects fairly strong net growth among senior households age 75 and older. The ESRI projections group all households age 75 and older into a single category. However, based on their separate age-based population forecasts, it is possible to better determine the age distribution of households. Based on population data, 70% or more of the net increase would be among households age 75 to 84 years old, and the remaining increase among households age 85 and older.



MiSA Household Income Distribution

The 2014 estimates from ESRI provide household income distribution information for MiSA households. They also provide projections to the year 2019.

Table 5 MiSA Household Income Distribution - 2000 to 2010			
Household Income	Number of Households 2014	Number of Households in 2019	Change 2014 to 2019
\$0 - \$14,999	1,270	1,218	-52
\$15,000 - \$24,999	1,253	950	-303
\$25,000 - \$34,999	1,266	1,118	-148
\$35,000 - \$49,999	1,380	1,290	-90
\$50,000 - \$74,999	1,900	1,827	-73
\$75,000 - \$99,999	1,219	1,664	+445
\$100,000+	1,313	1,813	+500
Total	9,601	9,880	+279

Source: ESRI

According to income estimates and projections from ESRI, household incomes for MiSA residents should continue to improve over the next several years. By the year 2019, these projections would expect the number of households with an annual income below \$35,000 to decrease by more than 500 households. Solid growth is then expected in the number of households with an annual income of \$75,000 or more, with most of the net gain actually occurring among households with an annual income of \$100,000 or more.

ESRI does not provide income estimates by housing tenure, but the Census Bureau's American Community Survey did have median income estimates by tenure for 2013. The estimated median income for all home owner households in the MiSA was \$65,000, while the estimated median for renter households was \$29,741 in 2013.

Overall, approximately 62% of all MiSA renter households had an annual income below \$35,000 in 2013. Conversely, only 23% of all MiSA home owners had an annual income below \$35,000.

Rental Housing Costs and Comparison to Renter Incomes

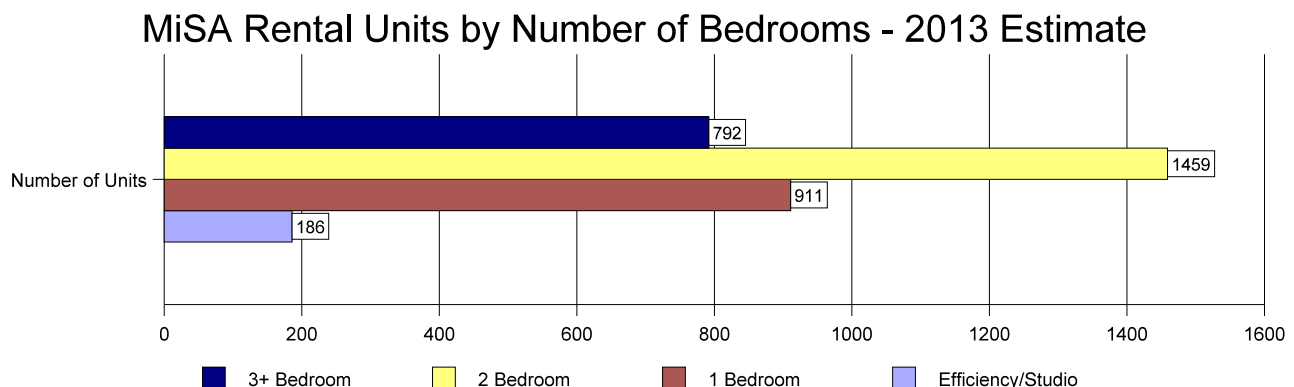
American Community Survey Rental Inventory Data

The 2013 American Community Survey provides estimates on rental units in the Mitchell MiSA and the gross rents for these units. The ACS appears to have slightly underestimated the total number of occupied rental units in the MiSA. The estimated 2013 total, of 3,348 renter households, is only 48 households higher than the count in the 2010 Census. Although most of the area's increase in rental housing occurred after 2013, it is probable that more than 48 renter-occupancy households were added during this time. However, it is possible that the actual net increase was 100 households or less, based on new unit construction that had completed construction when the estimates were issued.

Despite the possibility that the American Community Survey estimate may be low, this source does provide a look at unit distribution by gross rent.

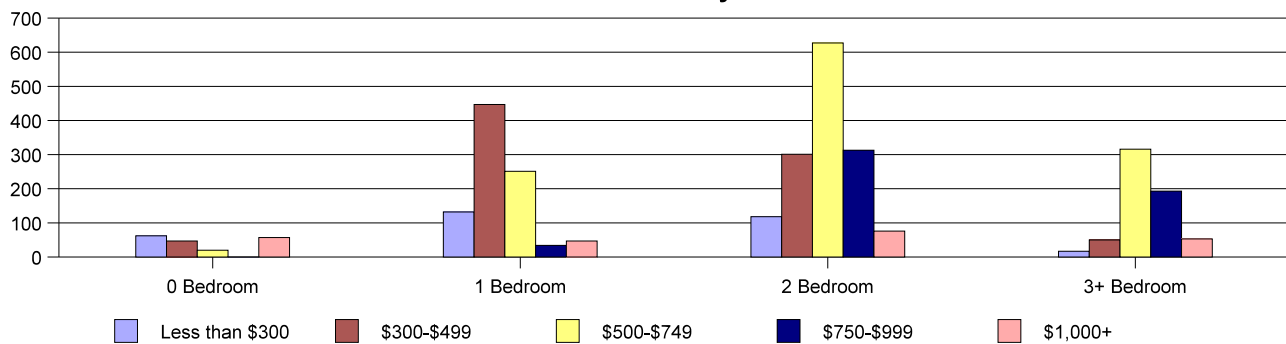
Table 6 MiSA Rental Distribution by Bedrooms and Rent - 2013							
Unit Size	Less than \$300	\$300 to \$499	\$500 to \$749	\$750 to \$999	Rent \$1,000+	No cash rent	Total Units
Efficiency/Studio	62	47	20	0	57	0	186
1 Bedroom	132	447	251	34	47	0	911
2 Bedroom	118	301	627	313	76	24	1,459
3+ Bedroom	17	50	316	193	53	163	792
Total	329	845	1214	540	233	187	3,348

Source: 2013 American Community Survey



According to the 2013 ACS, two-bedroom rental units represented nearly 44% of all rental options in the City, and one-bedroom units accounted for more than 27% of all rental housing. The MiSA also had a relatively large supply of rental units with three or more bedrooms, which may reflect single family houses and mobile homes that are renter-occupied.

MiSA Gross Rent Distribution by Bedroom Size - 2013



The median gross rent for all units in 2013 was estimated at \$592 per month. A median gross rent by bedroom size was not provided, but the distribution of rents by bedroom in 2013 did define a prevailing range for units. From the distribution, it is also possible to estimate a median rent through extrapolation.

The estimate for 0-bedroom units may have been impacted by the inclusion of some specialized senior housing, as 57 units were estimated to have a monthly gross rent of \$1,000 or more. This could have been due to senior assisted living, or similar specialized care housing where a small unit is provided, but the monthly gross rent is high due to the availability of supportive services. Even with the inclusion of some very high-priced efficiency/studio units, the estimated median gross rent was approximately \$430 per month.

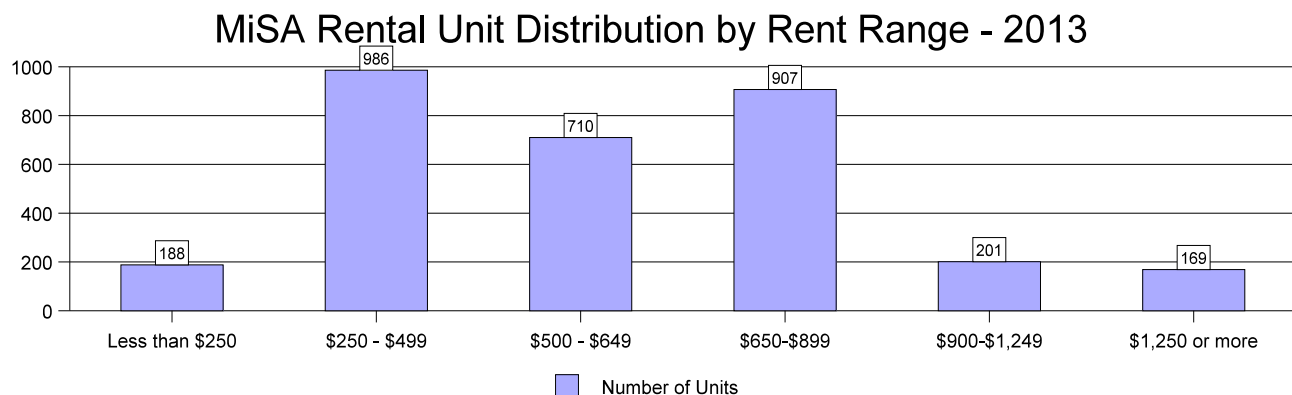
The inventory of one-bedroom units was larger, and the rent distribution would be more reliable. The largest number of units fell within a range between \$300 and \$499 per month. The extrapolated median gross rent for these units was approximately \$445 per month.

For two-bedroom rentals, most units fell within a range between \$500 and \$749 per month. The extrapolated median gross rent for two-bedroom units was approximately \$620 per month.

For larger units, with three or more bedrooms, most units were in a range between \$500 and \$749. The extrapolated median gross rent was approximately \$695 per month. It is probable that many rental units with three

or more bedrooms exist in single family structures, such as houses converted to rental use or in mobile homes. In these units, tenant-paid utilities would impact the reported gross rent level.

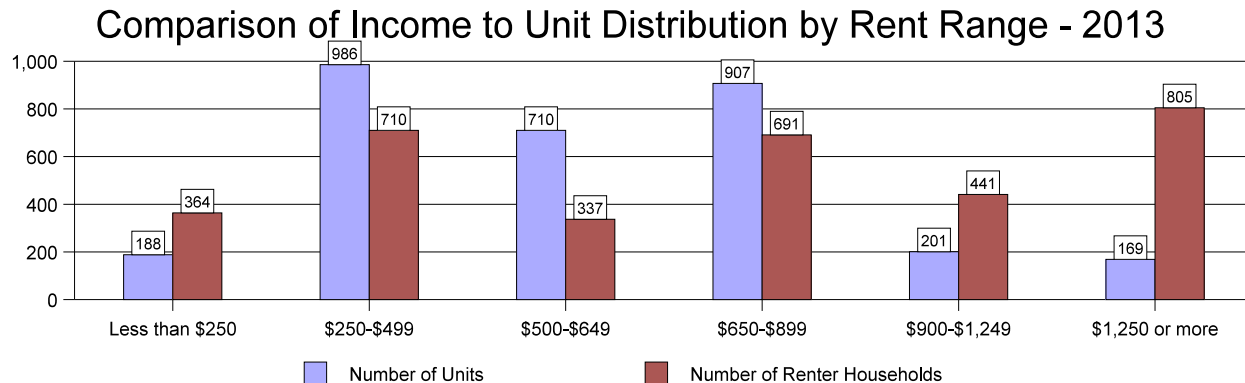
The information on gross monthly rent by the number of bedrooms used fairly broad ranges for reporting rents. The American Community Survey also presents information on gross rents within more defined price ranges, but this information is not distributed by bedroom mix.



The rent distribution tables from the 2013 American Community Survey also do not differentiate between different segments of the market. Since all types of renter households would be surveyed, the rent distribution should include subsidized units, tax credit units, and probably some specialized senior housing. However, the vast majority of units in the MiSA would represent conventional, market rate housing.

Gross Rent Compared to Renter Household Income

Using the overall distribution of gross monthly rents and renter households by income contained in the 2013 American Community Survey, it is possible to compare rents and income. The following chart displays the overall rent distribution within defined price ranges as estimated for all rental units in the MiSA. This is then compared to the number of renter households that would need a unit within this same basic price range, using a standard that 30% of income can be applied to housing costs.



Comparing supply and demand, based on the price needed versus unit distribution, shows some interesting trends. First, there were more very low income households that needed a unit priced less than \$250 than there were units available in 2013. There were nearly twice as many households with an annual income below \$10,000 than there were units that would be considered affordable for this income range. This may have been helped somewhat by rent assistance Vouchers or other public assistance programs.

However, there was an oversupply of affordable units in the next price/income range. There were approximately 275 more units with a gross rent between \$250 to \$499 than there were households within the matching income range.

If all of the renter households with an annual income below \$20,000 were combined, there were 1,074 households in these lower ranges, compared to an inventory of 1,174 total units with a gross rent of \$499 or less. To the extent that these lower priced units were suitable for occupancy, the overall supply was generally well-matched to overall needs.

Within the next two gross rent ranges, from \$500 to \$649 per month and from \$650 to \$899 per month, the supply of units once again exceeded the number of households within the qualifying basic income ranges. Presumably, some of the moderate to higher income renter households were living in a unit that was less expensive than their income level could support. Higher income households that rent a less expensive unit would potentially elect to rent a unit in this more moderate range, and would need a smaller percentage of their income applied to housing costs.

Within the moderate to higher income groups, renter households with an annual income of \$36,000 or more, the supply of units that existed in 2013 was well below the number of households that could afford a higher-priced unit. Overall, there were nearly 1,250 renter households with an income of \$36,000 or more, but fewer than 400 rental units in the moderate to higher price ranges of \$900 or more per month.

Some of the disparity in the supply of units in the moderate to higher price ranges has been addressed in recent years, as more than 200 conventional units have been built since 2013. However, even with this new supply of market rate units, the number of moderate to higher income renter households living in the MiSA still exceeds the supply of moderate to higher-priced rental units.

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.

Table 7 Mitchell Housing Unit Construction Activity: 2000 to 2014					
Year	Single Family	Duplex	3 or 4 unit	Multifamily	Total
2014	20	8	0	0	28
2013	25	6	0	254	285
2012	12	10	4	45	71
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	522	94	50	507	1,173

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

Over the past 15 years, more than 1,170 new housing units have been constructed or moved into Mitchell, based on building permit issuance. This total includes 522 single family homes, and at least 507 units that can be identified in larger multifamily projects, generally providing rental housing. There have been 144 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 single family construction occurred between 2000 and 2007. After 2007, single family activity slowed significantly from the level experienced in previous years. However, with the exception of 2012, the City has consistently added at least 20 new single family housing units per year over the prior 15 years. In 2012 there was some construction of duplex/twin home structures that could have represented attached single family housing for owner-occupants, although the specific tenure distribution of these units is not known.

In 2013 it appeared that some improvement was beginning to occur in single family construction, as the number of permits for single family homes was more than double the level in 2012. However, in 2014, only 17 new single family houses were permitted, the second lowest annual level of the 15 years reviewed. Three additional houses were moved into the City, resulting in 20 single family houses, although some older homes were also demolished, reducing the net gain of total units.

Although single family activity has continued to struggle over the past few years, there has been a significant increase in the level of multifamily rental construction. Most of this occurred in 2013, when building permit records show 254 units in multifamily buildings. Most of these units can be specifically traced to larger development projects, including:

- ▶ Copperleaf Townhomes - 12 units permitted in 2013, offering conventional rental housing
- ▶ Edgerton Place - 65 units permitted in 2013, offering conventional rental housing
- ▶ The Landings - 31 units permitted in 2013, primarily income-restricted moderate rent housing
- ▶ Pheasant Ridge Village Apartments - 64 units permitted in 2013, offering conventional rental housing
- ▶ South Point Village Townhomes - 52 units permitted in 2012 and 2013, offering conventional rental housing
- ▶ Campus Tech Apartments II - 57 units permitted in 2013, a second phase of student housing development

At the time the 2012 Study was completed, the following rental projects were identified, which had been permitted at that time:

- ▶ Whittier School - conversion of former school building into 19 market rate rental units - permitted in 2012
- ▶ Campus Tech I - 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

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.

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

The 2010 Census was primarily conducted in April of 2010. It should have counted rental housing units that were available for occupancy at that time. In 2010, the City issued building permits for 72 multifamily units, primarily offering rental housing. The analysts have assumed that none of the units permitted in 2010 would have been counted by Census enumerators. These 2010 units, along with additional multifamily housing constructed since that time, should represent an expansion of the inventory that existed at the time of the last Census.

All of the multifamily units that were permitted in 2010 represented specialized forms of rental housing. The largest project was Campus Tech Apartments, which created 45 apartment units for students. While these are traditional apartments, they are generally rented by bedroom, rather than by unit, and the rent is typically paid over a 10-month lease period that spans the academic year.

The other multifamily project that was permitted in 2010 created specialized senior housing offering assistance with daily living. Countryside Living constructed 11 apartments for seniors needing light services and 16 units of higher service assisted living/memory care. Eight of the units created in this project provide memory care housing, and could be classified as "group quarters" housing, similar to traditional nursing home rooms. However, 17 of the units would represent apartments that could be counted as part of the overall rental inventory.

In 2012 and 2013, as many as 280 multifamily units were added to the City in various projects. This total includes Campus Tech II, which is once again oriented to students, but all of the remaining projects represent more conventional rental housing. All of these projects were available for occupancy by the end of 2014, although not all of the units were actually leased.

While it is possible that some of the older rental stock has potentially been lost since 2010, no large-scale losses can specifically be identified. There is some evidence that a few older single family rental homes have been demolished, but it is likely that some additional houses have been converted to rental use, resulting in very limited change in the older rental inventory.

By 2015, with the addition of units constructed since 2010, it is estimated that the total rental inventory in Mitchell would contain between 3,425 and 3,475 housing units. This total could include some units that are not actually available for occupancy due to condition, quality or other factors. With some allowance for vacancy, it is probable that approximately 3,300 occupied rental housing units will exist in Mitchell in 2015.

Due to the significant expansion of multifamily rental housing options since 2010, it is likely that the City's rental tenure rate has continued to increase. In 2015, it is probable that more than 46% of all households living in the City will be renters.

Pending Rental Projects

The research completed for this 2015 Update did not identify any specific rental projects that are pending in Mitchell. The City Planning Office did indicate that preliminary discussions were underway for one possible project, but it was too early to offer any specific details about this proposal.

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 January. Some follow-up calls were made in early February of 2015.

It should be noted that tenant movership is often suppressed during the winter months. Units that are vacated in December and January can be more difficult to fill until weather conditions improve.

In addition to the winter timing of the 2015 survey, 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. Since many 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 2015 rental survey did not coincide with a peak time of student movement, which generally starts with the late spring and summer months, as students look to secure housing for the fall term.

Consistent with the research completed for the 2012 Study, emphasis was placed on contacting properties that have four or more units. For the purposes of planning additional projects in the future, multifamily properties represent the best comparison of market potential. In some cases, information was obtained from properties with fewer than four units.

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. Since this 2015 Update was limited in scope, no attempt was made to survey 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 more than 1,600 rental housing units of all types that were contacted in the survey. This total would represent approximately 47% of the City's estimated total of rental housing units.

The units that were successfully contacted include:

- ▶ 863 conventional market rate units (some senior-designated)
- ▶ 72 moderate rent tax credit units (other units included in subsidized)
- ▶ 294 subsidized units for senior/disabled occupancy (including senior preference)
- ▶ 296 subsidized units for general occupancy
- ▶ 102 student-oriented units

The findings of the survey are provided below.

Market Rate Summary

Usable information was obtained from 28 different market rate rental projects. Combined, these projects had 863 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 4.5% of all units surveyed
- ▶ One-bedroom - approximately 29%
- ▶ Two-bedroom - approximately 64.2%
- ▶ Three-bedroom - approximately 2%
- ▶ Four-bedroom - less than 0.5%

Occupancy / Vacancy

Within the market rate multifamily segment there were 64 vacant units of the 852 used in the occupancy calculation. This represents a vacancy rate of 7.5%. There were some additional units that were intentionally vacant due to condition. A number of the vacancies used in this calculation are in newer buildings that opened in 2014 and still in their initial occupancy phase.

In 2014, as many as 280 new rental units became available for initial occupancy in new construction projects. Many of the initial lease-up phases for these new properties overlapped, resulting in direct competition for tenants. Of the 64 vacant units found in the rental telephone survey, 32 were in the new construction properties that opened for initial occupancy in 2014. Many of the property owners/managers talked about the increased competition that had resulted from the recent multifamily construction activity.

The vacancies that were present in January 2015 were in stark contrast to the occupancy patterns reported in the 2012 rental survey, when most owners/managers talked of strong unmet demand, and frequent telephone calls from prospective tenants looking to find an available unit.

Rental Rates

Rental units may include the primary utility payments within the contract rent, or the tenant may be required to pay some utilities separately, in addition to the contract rent. In 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>
Efficiency/Studio	\$230-\$625	\$250-\$400
One-bedroom	\$325-\$850	\$375-\$775
Two-bedroom	\$355-\$1350	\$450-\$975
Three-bedroom	\$665-\$1400	\$980-\$1250

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. Most of the surveyed three-bedrooms were in newer projects. Units with three or more bedrooms in single family houses are not represented in these estimates.

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. Eleven rental projects were identified in Mitchell that have received a past tax credit award.

There have been three basic types of housing assisted with tax credits. In some cases, tax credits have been awarded to existing projects for renovation. In these cases, the affordable unit inventory was not expanded, but units were preserved. In other cases, tax credits were awarded in conjunction with federal subsidy assistance, to construct subsidized housing serving very low income people. The final use of tax credits was to construct new moderate rent units that did not have additional subsidies.

Six of the 11 tax credit awards in Mitchell were made to older rental projects that were renovated and preserved. 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 11 tax credit awards in Mitchell were made in conjunction with federal subsidy programs to construct new housing. Since other federal funding was 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 have been only two new construction tax credit projects in Mitchell that did not also utilize 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. In 2013, The Landings received a tax credit award for a mixed-income project that includes 27 tax credit units serving households from less than 30% and up to 60% of median income. The Landings opened its first units for occupancy in July 2014.

Unit Mix

All 45 units in Eastwoods Apartments are tax credit-assisted, and 27 of the 31 units in The Landings are tax credit-assisted. The bedroom mix of the City's 72 moderate rent tax credit is as follows:

- Two-bedroom - 52 units (72.2%)
- Three-bedroom - 20 units (27.8%)

Occupancy/Vacancy

At the time of the 2015 rental survey, there were seven moderate rent tax credit units that were reported as vacant, for a vacancy rate of 9.2%. Three of these vacancies were in Eastwoods, and four of the vacancies were in The Landings, which had not yet achieved full initial occupancy.

There were five vacant two-bedroom units, for a vacancy rate of 9.6%. There were two vacant three-bedroom units, for a vacancy rate of 10%. Neither project had a waiting list in 2015.

At the time of the 2012 survey, Eastwoods had reported full occupancy and a waiting list. However, the manager reported a high level of turnover in the 2015 survey, including a number of tenants that moved from Eastwoods to The Landings when it opened.

In early 2015, The Landings had just reached an agreement with the Mitchell Housing Authority so that 11 rent assistance Vouchers will be project-based in the future. Some of the existing tenants in residence are already eligible to receive a Voucher, but the availability of the assistance in the future should help fill most of the remaining units.

Rental Rates

The federal tax credit program places maximum rent limitations on assisted units. Some of the units in both Eastwoods and The Landings are designated for households at or below the income limits set at 30% to 50% of the median income level, and the remaining units are subject to a maximum income level set at 60% of median. For 2014, maximum gross rents for units in Davison County at 50% or 60% of median income were as follows:

<u>Bedroom Size</u>	<u>50% Rent Limit</u>	<u>60% Rent Limit</u>
Two-Bedroom	\$697	\$837
Three-Bedroom	\$805	\$966

The highest gross unit rents being charged at Eastwoods Apartments are well below the maximum tax credit limits set for households at 50% of median income. Eastwoods opened for occupancy in 2003, and offers traditional apartment units.

The highest gross unit rents being charged at The Landings are at the maximum tax credit limits set for households at 60% of median income. However, some rent concessions have been made for as much as \$185 per month so that the units will be at the Payment Standard and allow for the use of project-based rent assistance Vouchers. The Landings opened for occupancy in 2014, and offers town house rental units with an attached garage.

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 February 2015, there were 65 Vouchers being used in the City. This was less than the authorized level of 116 Vouchers. An increasing contribution per participant and federal budget limitations have resulted in fewer households being served. However, the Housing Authority does expect to issue 10 to 15 Vouchers in the near-future.

It is possible that some of the Vouchers are being used in subsidized projects that could not offer project-based rent assistance to lower income tenants. There will also be 11 Vouchers that will be project-based at the Landings in the future. While most Vouchers were being used in private-market, conventional rental housing, there is some degree of overlap with other forms of income-restricted 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

Only one of the subsidized projects, Westview Apartments, could not be contacted for the 2015 Update.

There were at least 10 unoccupied units that were identified in the subsidized projects. Six of these units were in projects designated for general occupancy, for a vacancy rate of approximately 2%. Four vacant units were in senior/disabled projects, for a vacancy rate of approximately 1.5%.

Although there were some unoccupied units on the date of the survey, most of the projects also reported waiting lists, especially for units that had project-based rent assistance and could charge rent based on 30% of income. The income certification process can sometimes result in delays in filling units that turn over.

Some owners/managers contacted by the survey did indicate that an increased supply of units in Mitchell, including projects such as The Landings which could offer income-restricted housing, was having an impact on overall demand.

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 January 2015, there were approximately 50 households on this waiting list. This list had recently been purged to remove names that had applied on time ago and no longer needed a Voucher.

Subsidized Housing Gains/Losses

The 2012 Study had identified some former subsidized projects that had ended their subsidy contracts. The research in 2015 did not identify any additional changes to the existing subsidized housing inventory.

Tenant-Based Rent Assistance Vouchers

In addition to the subsidized projects, Mitchell had approximately 65 households being assisted with HUD Housing Choice Vouchers (formerly Section 8 Existing Program). This rent assistance can only be used within the City. This number was down from approximately 85 households in 2012. However, the Housing Authority did plan to issue between 10 and 15 Vouchers in the near future. Typical participation has been between 80 and 90 households. The waiting list for the program had approximately 50 names in January 2015.

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.

At the time of the 2012 Study, households that had been issued a Voucher were often having difficulty finding and securing a suitable unit in Mitchell due to the low vacancy rate. In 2015, with an expanded supply of units and an easing of the low vacancy rate, there were more immediately available unit choices.

Student Housing

Mitchell continues to have a large post-secondary student population, primarily attending either Dakota Wesleyan University or Mitchell Technical Institute (MTI). Over the past five years there has been a substantial expansion in private market housing options oriented specifically to students, in the Campus Tech Apartments projects. Students also live in a wide variety of conventional rental housing in the City.

The first phase of Campus Tech opened near MTI in 2010 on land owned by the MTI Foundation. Campus Tech I has 45 rental units with 96 bedrooms available for rent. Campus Tech II opened in 2014 with 57 units and 102 bedrooms. With the exception of efficiency apartments, the units are rented as individual bedrooms. Students pay between \$425 and \$580 per month, depending on the unit, over a ten-month lease period.

The 2015 survey found that some unused capacity existed in Campus Tech. At the start of the fall term in 2014 there were 24 unoccupied bedrooms in the two buildings. While there can be some movement of students during the school year, most students have secured their housing for the upcoming term by the start of the academic year.

Table 8 Mitchell Multifamily Rental Housing Inventory					
Name	Number of Units / Bedroom Mix	Rent	Vacancy/ Wait List	Tenant Mix	Comments
Market Rate					
Capital Apartments 615 E 12 th 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 walkup 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 - supply has increased with new buildings but these are substantially higher in price. Rents are largely unchanged from 2012 survey.
Ciavarella Properties 320 W 2 nd and 322 E 1 st St	<u>1 Bedroom</u> <u>2 Bedroom</u> 9 Total Units	\$400-\$500 \$700-\$750 +utilities vary by unit	1 vacant unit, 1 - 2 Bdrm	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 good demand for more affordable units, with 1 vacant unit due to turnover.
Copperleaf Townhomes 1605 E 1 st Ave	<u>12 - 2 Bedroom</u> 12 Total Units	\$895 +heat, electric, hot water	1 vacant unit	Mix of tenants	Town house rental units that opened for occupancy in 2014 and offer one-level living with an attached 1-car garage. Rent includes water, sewer and garbage with tenants paying heat (electric), hot water and electricity. Amenities include in-unit laundry, dishwasher, microwave, disposal, AC and back covered patio. Units have 950 sq ft and 1 bathroom. Manager reports a general mix of tenants. One unit vacant at time of survey due to recent turnover.

Table 8 Mitchell Multifamily Rental Housing Inventory

Name	Number of Units / Bedroom Mix	Rent	Vacancy/ Wait List	Tenant Mix	Comments
Market Rate					
Country Estate Apartments 2921 N Ohlman	<u>60 - 2 Bedroom</u> 60 Total Units	\$700-\$750 +heat, electric	6 vacant units	Mix of tenants	Rental complex with 5 three-level walkup 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 6 vacant units - tenants have left to buy houses or move to new rental projects. Increased supply has impacted demand. Most tenants are younger, including students. Rents for turnover units are up by \$50 from 2012 survey.
Country Estates Townhouses 1700- 1701 and 1600-1601 Country Dr	<u>48 - 2 Bedroom</u> 48 Total Units	\$800-\$850 +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 and patio. 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. Rents for turnover units are up by \$25 from 2012 survey.
Eastridge Apartments 312-314 E 11 th 1104, 1116, 1123 N Burr	2 - 1 Bedroom <u>18 - 2 Bedroom</u> 20 Total Units	\$500-\$550 \$650-\$700	3 vacant units, 3 - 2 Bdrm	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. Three units vacant at time of survey due to increased supply - owner has other rentals in single family houses and other buildings and overall vacancy is above 10% in these units. Rents for turnover units has increased by \$75 from 2012 survey.

Table 8 Mitchell Multifamily Rental Housing Inventory

Name	Number of Units / Bedroom Mix	Rent	Vacancy/ Wait List	Tenant Mix	Comments
Market Rate					
Edgerton Place 1111 S Edgerton	36 - 1 Bedroom 29 - 2 Bedroom 65 Total Units	\$650 \$825 +heat, electric, hot water	4 vacant units - still in initial occupancy phase	Mix of tenants including some students	Three-level apartment building that opened for occupancy in March 2014. Rent includes water, sewer, garbage and internet, with tenants paying heat (electric), hot water and electric. Amenities include in-unit laundry, dishwasher, microwave, disposal, window AC, balcony/patio and detached garage parking for \$50/month. One-bedrooms have 619 sq ft and 2-bedrooms have 912 sq ft; all units have 1 bathroom. Manager reports a mix of tenants including some students. Four units vacant at time of survey - project has not yet reached full occupancy.
Heritage Apartments 9 th and Minnesota	12 - 2 Bedroom 12 Total Units	\$550-\$650 +electric	1 vacant unit	Mix of tenants	Three-level walkup 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 - partly due to increased competition. Rents are unchanged from 2012 survey.
K&A Apartments 312 N Lawler	12 - Efficiency 9 - 1 Bedroom 1 - 2 Bedroom 22 Total Units	N/A	N/A	N/A	Unable to update in 2015 - information is from prior survey. 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.

Table 8 Mitchell Multifamily Rental Housing Inventory

Name	Number of Units / Bedroom Mix	Rent	Vacancy/ Wait List	Tenant Mix	Comments
Market Rate					
The Landings 8 th Ave	3 - 2 Bedroom <u>1 - 3 Bedroom</u> 4 Market Rate Units + 27 tax credit	\$875 \$990 +heat, electric	1 vacant market rate unit, 1 - 2 Bdrm Plus 4 vacant tax credit units	Four market rate units for general occupancy in a 31 unit project	Town house project that opened for occupancy in July 2014. Mixed income project that also includes 27 tax credit units listed separately. Still in initial occupancy phase with 4 tax credit units and 1 market rate unit still available. Market rate units are 2-level town houses with attached garage. Two-bedrooms have 1166 sq ft and 3-bedrooms have 1484 sq ft, and all 2-level units have 2.5 bathrooms. Amenities include stove, refrigerator, dishwasher, microwave, central AC and in-unit laundry. Tenants pay heat (electric) and electricity in addition to rent. Manager believes most tenants already lived in Mitchell area and moved into the new project.
1 st & Main Apartments (aka Navin) 101 S Main	6 - 1 Bedroom <u>17 - 2 Bedroom</u> 23 Total Units	\$300-\$375 \$400-\$550 +electric	1 vacant unit, 1 - 2 Bdrm	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 a vacant unit - partly due to time of year as greater demand exists in summer. Rents are largely unchanged from 2012 survey.

Table 8 Mitchell Multifamily Rental Housing Inventory

Name	Number of Units / Bedroom Mix	Rent	Vacancy/ Wait List	Tenant Mix	Comments
Market Rate					
3 rd & Main Apartments 304 N Main	4 - Efficiency <u>19 - 1+ Bedroom</u> 23 Total Units	\$175 \$250 +heat, electric	10 unoccupied units due to condition and recent fire	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 reported 10 unoccupied units - 5 due to condition and needed repairs and 5 due to recent fire that made them unusable until repairs are made. Rents are largely unchanged from 2012 survey.
5 th & Main Apartments 417 N Main	2 - 1 Bedroom <u>10 - 2 Bedroom</u> 12 Total Units	\$300-\$375 \$400-\$550 +electric	No vacancies	Mix of tenants including many 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 50% of demand is from students, but also some long-term tenants. Manager reported full occupancy. Rents are largely unchanged from 2012 survey.
Midtown Apartments 4 th and Main	13 -1 Bedroom <u>4 - 2 Bedroom</u> 17 Total Units	\$430 \$595 +electric	No vacant units	Mix of singles, couples and students	Older downtown 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 reported no vacant units on date of survey but very few calls are received - when current students move there may be vacancies due to increased supply. One-bedroom rents are up by \$10 from 2012 survey, but 2-bedrooms are unchanged.

Table 8 Mitchell Multifamily Rental Housing Inventory

Name	Number of Units / Bedroom Mix	Rent	Vacancy/ Wait List	Tenant Mix	Comments
Market Rate					
Minnesota Street Apartments 411 N Minnesota	2 - 1 Bedroom <u>1 - 2 Bedroom</u> 3 Total Units	\$275-\$475 \$385 +all utilities	No vacancies	Mix of tenants	Apartments constructed in 1950. Tenants pay all utilities in addition to rent. Manager reports full occupancy - affordable price results in good demand. Rents are generally unchanged from 2012 survey.
M&M 100 W 5th	3 - Efficiency 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, due to affordable price. Rents are unchanged from 2012 survey.
Northview Estates 2201-2101 N Kimball	<u>72 - 2 Bedroom</u> 72 Total Units	\$750 +heat, electric	6 vacant units	Mix of tenants	Rental complex has 6 three-level walkup 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 6 vacant units - increased supply of units has impacted demand. Rents for turnover units are up by \$50 from 2012 survey.
Parkplace Apartments 600 W 15 th 1521 N Wisconsin	2 - Efficiency <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. Two-level buildings with exterior walkup to upper level. Tenants pay heat and electric in addition to rent. Manager reports good demand for more affordable units, with no direct competition from new higher rent properties. No square footage available but these are basic apartments that do not have dishwashers or laundry hookups. No vacancies and good demand for affordable rentals. Rents are unchanged from 2012 survey.

Table 8 Mitchell Multifamily Rental Housing Inventory

Name	Number of Units / Bedroom Mix	Rent	Vacancy/ Wait List	Tenant Mix	Comments
Market Rate					
Pheasant Ridge Village Apartments 1327 W23rd Ave	32 - 1 Bedroom 26 - 2 Bedroom <u>6 - 3 Bedroom</u> 64 Total Units	\$620-\$695 \$800-\$825 \$890-\$920 +heat, electric	Initial occupancy phase with 24 units still available 12 - 1 Bdrm 12 - 2 Bdrm	Mix of tenants including students and young professionals	Three-level apartment building with elevator that opened for occupancy in June 2014 - still in initial occupancy phase. Rent includes water, sewer and garbage, with tenant paying heat and electric. Fully equipped kitchen with dishwasher and microwave. Other amenities include in-unit laundry, AC, fitness center optional garage, and playground area. Ten different floor plans available, all with 1 bathroom. One-bedrooms have 620 sq ft, 2-bedrooms have 912 sq ft, and 3-bedrooms range from 980 to 1200 sq ft. All three-bedrooms are leased and a waiting list exists. Approx. 24 units are still available and equally split between 1 and 2-bedrooms. Manager reports that inquiries are increasing in January as people are moving to city for employment.
1207 S Rowley	4 - 1 Bedroom <u>1 - 2 Bedroom</u> 5 Total Units	\$300-\$320 \$325 +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, due to affordable price. Rents have increased by \$10 to \$20 from 2012 survey.
408 S Sanborn Apartments	<u>6 - 1 Bedroom</u> 6 Total Units	N/A	N/A	N/A	Unable to update in 2015 - information is from prior survey. Older apartment building from the 1930s. Rent includes heat but tenant pays electric.
620 S Sanborn Apartments	4 - 1 Bedroom <u>1 - 2 Bedroom</u> 5 Total Units	N/A	N/A	N/A	Unable to update in 2015 - information is from prior survey. Older apartment building from the 1930s. Rent includes heat but tenant pays electric.

Table 8 Mitchell Multifamily Rental Housing Inventory

Name	Number of Units / Bedroom Mix	Rent	Vacancy/ Wait List	Tenant Mix	Comments
Market Rate					
2 nd Street Apartments W 2 nd St	7 - Efficiencies 10 - 1 Bedroom <u>8 - 2 Bedroom</u> 25 Total Units	\$295-\$300 \$350-\$400 \$475 +electric	2 vacant units, 1 - Effic. 1 - 2 Bdrm	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 2 vacant units due to turnover - efficiency unit will be more difficult to fill but affordable price results in good demand. Rents are unchanged from 2012 survey.
South Main Apartments 122 S Main	4 - Efficiency <u>1 - 1 Bedroom</u> 5 Total Units	\$275 \$330 +electric	1 unoccupied unit for repairs	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 good demand due to affordable price, but filling vacant efficiency units can be more difficult. One unit unavailable for repairs. Rents are unchanged from 2012 survey.
South Point Village 2301 S Capital St	1 Bedroom 2 Bedroom 3 Bedroom <u>4 - 4 Bedroom</u> 52 Total Units	\$705-\$735 \$875-\$985 \$1065-\$1185 \$1460 +heat, electric	2 vacant units, 1 - 2 Bdrm 1 - 4 Bdrm	Mix of tenants	Two-level rental town homes that opened for occupancy in 2012 and 2013. Units have attached garage for 1 or 2 cars. Rent includes water, sewer and garbage, with tenants paying heat (electric), hot water and electricity. Amenities include in-unit laundry, dishwasher, disposal, patio and pet-friendly. Some variation in floor plans but most units are as follows: 1-bedrooms have 843 sq ft and 1.5 bathrooms, 2-bedrooms have 1121 sq ft and 2.5 bathrooms, 3-bedrooms have 1379 sq ft and 2.5 bathrooms and 4-bedrooms have 1774 sq ft and 2.5 bathrooms. Two units vacant at time of survey due to turnover, but calls received weekly. General mix of tenants. Future phase of development possible including the addition of a community room.

Table 8 Mitchell Multifamily Rental Housing Inventory

Name	Number of Units /Bedroom Mix	Rent	Vacancy/ Wait List	Tenant Mix	Comments
Market Rate					
Staircase Apartments 201 ½ E 2 ND	1 - Efficiency <u>8 - 1 Bedroom</u> 9 Total Units	\$300 \$300-\$375 +electric	No vacant units	Mix of students and singles	Building from the early 1900s that was later converted into rental housing. Rent includes heat but tenant pays electric. Owner said 20% of tenants are students. No vacancies and good demand due to affordable price. Rents have increased by \$25 to \$75 from 2012 survey.
Super Center Apartments 1701 N Main	10 - 1 Bedroom 40 - 2 Bedroom <u>4 - 3 Bedroom</u> 54 Total Units	\$350 \$500 \$625 +electric	2 vacant units, 2 - 1 Bdrm	Mix of tenants	Three-level walkup 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 2 vacancies on date of survey - increased supply of units has impacted demand. Most rents are unchanged from 2012 survey but 3-bedrooms are up by \$75.
Westborn Court 400 W 5 th	11 - Efficiency 12 - 1 Bedroom <u>11 - 2 Bedroom</u> 34 Total Units	\$295 \$340-\$420 \$440-\$485 +electric	3 vacant units, 3 - Effic.	Mix of tenants	Apartment building constructed in the 1930s. Rent includes heat but tenants pay electric in addition to rent. Manager reports 3 vacant efficiency units at time of survey - generally good demand for affordable apartments but efficiencies can be slow to fill. Rents are unchanged from 2012 survey.
Wesley Acres 1115 W Havens Ave	Efficiency 1 Bedroom <u>2 - 2 Bedroom</u> 59 Total Units	\$238-\$324 \$370-\$609 \$731	1 vacant unit, 1 - Effic.	Senior- designated housing	Formerly HUD subsidized housing for seniors (age 62+) that left the subsidy program in 2006 and converted to market rate housing. One-level project that is popular with seniors. 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 reported only 1 vacancy in a small efficiency unit that is difficult to market. Rents are largely unchanged from 2012 survey - rent includes utilities.

Table 8 Mitchell Multifamily Rental Housing Inventory

Name	Number of Units /Bedroom Mix	Rent	Vacancy/ Wait List	Tenant Mix	Comments
Market Rate					
Wheatridge Apartments 1020 W Norway	26 - 1 Bedroom 50 - 2 Bedroom <u>4 - 3 Bedroom</u> 80 Total Units	\$700 \$800 \$900 +heat, electric	3 vacant units, 1 -1 Bdrm 2 - 2 Bdrm	Mix of tenants	<p>Three multi-level apartment buildings constructed between the mid-1990s and mid-2000s. The largest building has an elevator. The other 2 buildings are 2-level walkups. Tenants pay heat (gas) and electric in addition to rent. Garages available for extra \$25.</p> <p>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.</p> <p>Manager reports 3 vacant units at time of survey - partly due to difficulty of filling units during winter, but generally at full occupancy. Good demand for these units due to quality and location. Mix of tenants including working-age, students and temporary construction workers. Rents have increased by \$50 from prior survey.</p>
Whittier Lofts 320 W 2 nd and 322 E 1 st St	1 - Efficiency 4 - 1 Bedroom 13 - 2 Bedroom <u>1 - 3 Bedroom</u> 19 Total Units	\$500 \$650-\$700 \$850-\$1200 \$1250 +utilities of \$125/\$175	2 vacant units	Mix of tenants	<p>Former 1930s school building that was converted to mixed-use residential and commercial units starting in 2012. Rental units have come on-line between 2012 and 2014 - historic building that has unique rentals, with various sizes and floor plans. Tenant-paid utilities are \$125/month or \$175/month with in-unit laundry. Amenities include high quality finishes, laundry hookup, dishwasher, microwave and detached garage. Gymnasium is used as a rec/fitness center for residents. Last units became available in fall of 2014 and 2 still available in initial occupancy phase.</p>

Table 8 Mitchell Multifamily Rental Housing Inventory					
Name	Number of Units / Bedroom Mix	Rent	Vacancy / Wait List	Tenant Mix	Comments
Tax Credit/Moderate Rent					
East Woods 1705 E 1st Ave	39 - 2 Bedroom <u>6 - 3 Bedroom</u> 45 Total Units	\$515-\$567 \$604-\$718 +electric	3 vacant units, 2 - 2 Bdrm 1 - 3 Bdrm	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 3 vacant units and no waiting list - as many as 20 units turned over in late 2014 when a new tax credit property opened, resulting in some vacant units. Two-bedroom rents have increased by \$11 to \$26 and 3-bedrooms by \$11 to \$29 from 2012 survey.
The Landings 8 th Ave	2 - 2 Bdrm Acc. 11 - 2 Bdrm 1 - 3 Bdrm Acc. <u>13 - 3 Bdrm</u> 27 TC Units + 4 market rate	\$310-\$730 \$407-\$832 +heat, electric	4 vacant tax credit units, 3 - 2 Bdrm 1 - 3 Bdrm	Units at 30%, 40% 50% and 60% of median income	Town house project awarded tax credits in 2013 and first phase opened for occupancy in July of 2014. Mixed income project that also includes 4 market rate units listed separately. Still in initial occupancy phase with 4 tax credit units and 1 market rate unit still available. Recently approved for 11 project-based rent assistance Vouchers which should result in better occupancy in income restricted units - rent concession will be made to meet Payment Standards. Most units are 2-level town houses with attached garage. Two-bedrooms have 1166 sq ft and 3-bedrooms have 1484 sq ft, and all 2-level units have 2.5 bathrooms. Accessible units are one-level and smaller, with 2 bathrooms. Amenities include stove, refrigerator, dishwasher, microwave, central AC and in-unit laundry. Tenants pay heat (electric) and electricity in addition to rent. Manager believes most tenants already lived in Mitchell area and moved into the new project.

Table 8 Mitchell Multifamily Rental Housing Inventory					
Name	Number of Units / Bedroom Mix	Rent	Vacancy/ Wait List	Tenant Mix	Comments
Subsidized - General Occupancy					
Grandview Townhomes 1011 W 8 th Ave	10 - 2 Bedroom <u>10 - 3 Bedroom</u> 20 Total Units	\$522 \$572 30% of income	No vacancies, waiting list	General occupancy with units at or below 60% of median income	HUD subsidized general occupancy town house 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 up to maximum rents listed. Amenities include AC, dishwasher and in-unit laundry. Two-bedrooms have 1520 sq ft and 1 bathroom and 3-bedrooms have 1599 sq ft and 1.5 bathrooms. Good demand for rent assistance units with no vacancies, limited turnover and a waiting list.
Green Meadows Townhomes 1515 N Davison St	16 - 2 Bedroom <u>4 - 3 Bedroom</u> 20 Total Units	\$776-\$812 \$836 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. Sq ft not available, but all units have 1 bathroom. Manager reports full occupancy and low turnover. Waiting list of approximately 13 names but becomes out of date due to long wait times. Market rents have increased by \$25 from prior survey.

Table 8 Mitchell Multifamily Rental Housing Inventory					
Name	Number of Units / Bedroom Mix	Rent	Vacancy/ Wait List	Tenant Mix	Comments
Subsidized - General Occupancy					
Hilltop Manor I Apartments 505 S Main	3 - 1 Bedroom <u>9 - 2 Bedroom</u> 12 Total Units	\$505-\$540 \$530-\$575 30% of income	4 vacancies in Hilltop complex, 1 - 1 Bdrm 3 - 2 Bdrm waiting list	General occupancy	Rural Development subsidized town house project constructed in the 1970s and designated for general occupancy. 11 tenants have access to rent assistance that allows rent based on 30% of income; unit without assistance is vacant and subject to basic/market rents listed. Owner reports a soft waiting list for rent assistance units and the 2 current vacancies will be filled, but the 2 units without rent assistance will be slower to fill. Waiting list is kept but most households have found other housing options when contacted. Increased supply of affordable units has impacted demand.
Hilltop Manor II Apartments 605 S Main	<u>4 - 1 Bedroom</u> 4 Total Units	30% of income	4 vacancies in Hilltop complex, 1 - 1 Bdrm 3 - 2 Bdrm 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. Three tenants have access to rent assistance that allows rent based on 30% of income; unit without assistance is vacant and subject to basic/market rents listed. Owner reports a soft waiting list for rent assistance units and the 2 current vacancies will be filled - the 2 units without rent assistance will be slower to fill. Waiting list is kept but most households have found other housing options when contacted. Increased supply of affordable units has impacted demand.

Table 8 Mitchell Multifamily Rental Housing Inventory					
Name	Number of Units / Bedroom Mix	Rent	Vacancy/ Wait List	Tenant Mix	Comments
Subsidized - General Occupancy					
Hilltop Manor III Apartments 611 S Main	4 - 2 Bedroom <u>2 - 3 Bedroom</u> 6 Total Units	30% of income	4 vacancies in Hilltop complex, 1 - 1 Bdrm 3 - 2 Bdrm 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 a soft waiting list for rent assistance units and the 2 current vacancies will be filled - the 2 units without rent assistance will be slower to fill. Waiting list is kept but most households have found other housing options when contacted. Increased supply of affordable units has impacted demand.
Hilltop Manor IV Apartments 505 S Main	4 - 1 Bedroom <u>4 - 2 Bedroom</u> 8 Total Units	30% of income	4 vacancies in Hilltop complex, 1 - 1 Bdrm 3 - 2 Bdrm 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 a soft waiting list for rent assistance units and the 2 current vacancies will be filled - the 2 units without rent assistance will be slower to fill. Waiting list is kept but most households have found other housing options when contacted. Increased supply of affordable units has impacted demand.
Lombardi Courts N Kimball & Green Dr	2 - 1 Bedroom 14 - 2 Bedroom 12 - 3 Bedroom <u>2 - 4 Bedroom</u> 30 Total Units	\$521 \$553 \$598 \$641 30% of income	N/A	General occupancy	Unwilling to participate in 2015 survey - information is from prior survey or website. HUD Section 8 subsidized units built in 1979 for general occupancy. All tenants pay rent based on 30% of income up to maximum rents as posted on SDHDA website. Four-bedrooms have 1.5 bathrooms and all other units have 1 bathroom. No occupancy information disclosed but available units are posted on SDHDA rental website. Long waiting list had been present at time of 2012 survey.

Table 8 Mitchell Multifamily Rental Housing Inventory					
Name	Number of Units / Bedroom Mix	Rent	Vacancy/ Wait List	Tenant Mix	Comments
Subsidized - General Occupancy					
Madee Apartments 701 E 8th	15 - 1 Bedroom <u>9 - 2 Bedroom</u> 24 Total Units	\$485 \$525 30% of income	2 vacant units, 1 -1 Bdrm 1 - 2 Bdrm 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 reported 2 vacant units at time of survey - these units did not have rent assistance and were subject to basic rents, making them harder to fill. A waiting list exists for rent assistance.
Palace Apartments 901 W 8th	12 - 1 Bedroom <u>20 - 2 Bedroom</u> 32 Total Units	\$498 \$541 30% of income	N/A	General occupancy	Unwilling to participate in 2015 survey - information is from prior survey or website. HUD subsidized apartment project constructed in 1973. All tenants pay rent based on 30% of income up to maximum rents as posted on SDHDA website. All units have 1 bathroom. No occupancy information disclosed but available units are posted on SDHDA rental website. Long waiting list had been present at time of 2012 survey.
Prairie View Court 1820 N Wisconsin	8 - 1 Bedroom <u>56 - 2 Bedroom</u> 64 Total Units	\$502 \$533 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 2 unoccupied units on date of survey but applications being processed from waiting list to fill units - some delay can occur as units are also repaired at time of turnover. Basis rents have increased by \$10 to \$33 from 2012 survey.

Table 8 Mitchell Multifamily Rental Housing Inventory					
Name	Number of Units / Bedroom Mix	Rent	Vacancy/ Wait List	Tenant Mix	Comments
Subsidized - General Occupancy					
Spring Crest Apartments 420 W 19th Ave	<u>12 - 1 Bedroom</u> 12 Total Units	\$470-\$513 30% of income	No vacant units, waiting list	General occupancy	Rural Development subsidized and tax credit apartment project constructed in 1988 and designated for general occupancy. Tax credit compliance requirements have been met. 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. No sq ft available but all units have 1 bathroom. No vacant units at time of survey and a waiting list exists. Rents have increased by \$62 to \$65 from 2012 survey.
Summer Crest 500 W 19th Ave	<u>12 - 3 Bedroom</u> 12 Total Units	\$755-\$865 30% of income	No vacancies, waiting list	General occupancy	Rural Development subsidized and tax credit town house project constructed in 1988 and designated for general occupancy. Tax credit compliance requirements have been met. All tenants have access to rent assistance that allows rent based on 30% of income up to maximum rent listed. No sq ft available but all units have 1 bathroom. No vacant units at time of survey and a waiting list exists. Rents have increased by \$105 to \$142 from 2012 survey.
West Elm Apartments 1201-1301 W Elm	<u>16 - 1 Bedroom</u> <u>12 - 2 Bedroom</u> 28 Total Units	\$471 \$618 30% of income	N/A	General occupancy	Unwilling to participate in 2015 survey - information is from prior survey or website. 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 up to maximum rents as posted on SDHDA website. All units have 1 bathroom. No occupancy information disclosed but available units are posted on SDHDA rental website. Long waiting list had been present at time of 2012 survey.

Table 8 Mitchell Multifamily Rental Housing Inventory					
Name	Number of Units / Bedroom Mix	Rent	Vacancy/ Wait List	Tenant Mix	Comments
Subsidized - General Occupancy					
Winter Park Townhomes 1700 N Wisconsin	<u>24 - 3 Bedroom</u> 24 Total Units	\$862 30% of income	2 units intentional vacant for repairs, short waiting list	General occupancy	Rural Development subsidized and tax credit town house project constructed in 1993 and designated for general occupancy. Tax credit 1 initial compliance has been met. 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. Units have 1450 sq ft and 1.5 bathrooms. Manager reported that 2 units were unoccupied due to needed repairs, but a small waiting list exists that can be used to fill units. Market rent has increased by \$32 from 2012 survey.

Table 8 Mitchell Multifamily Rental Housing Inventory					
Name	Number of Units / Bedroom Mix	Rent	Vacancy/ Wait List	Tenant Mix	Comments
Subsidized -Senior and Disabled Occupancy					
Autumn Crest 400 W 19 th St	12 - 1 Bedroom 4 - 2 Bedroom 16 Total Units	\$\$525-\$580 \$550-\$595 30% of income	1 vacant unit, 1 - 1 Bdrm 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. No sq ft available but all units have 1 bathroom. Manager reported 1 vacant unit at time of survey but waiting list exists and will be used to fill unit.
Cathedral Square I Apartments 501 N Davison St	49 - 1 Bedroom 49 Total Units	\$695 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. Sq ft not available but all units have 1 bathroom. 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 9 name waiting list shared with other senior projects. Market rent has increased by \$27 from prior survey.

Table 8 Mitchell Multifamily Rental Housing Inventory					
Name	Number of Units / Bedroom Mix	Rent	Vacancy/ Wait List	Tenant Mix	Comments
Subsidized -Senior and Disabled Occupancy					
Cathedral Square II 500 N Langdon	<u>31 - 1 Bedroom</u> 31 Total Units	\$735 30% of income	1 vacant unit, 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. Sq ft not available but all units have 1 bathroom. 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, but 9 name waiting list exists and vacancy is due to processing time. Market rent has increased by \$35 from prior survey.
Grandview Apartments 1011 W 8 th Ave	<u>14 - 1 Bedroom</u> 14 Total Units	\$482 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 up to maximum rent listed. Units have 521 sq ft and 1 bathroom. Manager reports full occupancy, with limited turn over and 5 to 6 name waiting list.

Table 8 Mitchell Multifamily Rental Housing Inventory					
Name	Number of Units / Bedroom Mix	Rent	Vacancy/ Wait List	Tenant Mix	Comments
Subsidized -Senior and Disabled Occupancy					
Greenridge Apartments 1500 N Kimball	<u>48 - 1 Bedroom</u> 48 Total Units	\$709 30% of income	2 vacant units, 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. Sq ft not available but all units have 1 bathroom. Senior center serves noon meal on site 5 days per week. Service coordinator available to facilitate home health care as needed. Manager reports 2 vacancies, but 15 name waiting list exists and vacancies are due to processing time. Market rent has increased by \$33 from prior survey.
Meadowlawn Plaza	<u>110 - 1 Bedroom</u> <u>2 - 2 Bedroom</u> 112 Total Units	30% of income	No vacant units, short 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 8 Mitchell Multifamily Rental Housing Inventory					
Name	Number of Units / Bedroom Mix	Rent	Vacancy / Wait List	Tenant Mix	Comments
Tenant-Based Rent Assistance					
Housing Choice Voucher Program	Approx. 65 Vouchers in use 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 authority for 116 Vouchers that can only be used in the City, but budget limitations result in fewer households. At time of survey there were 65 participating households with plans to issue 10 to 15 additional Vouchers. Some Vouchers will be project-based in The Landings, a new tax credit project. Waiting list has approx. 50 names, with most having a local address.

Table 8 Mitchell Multifamily Rental Housing Inventory					
Name	Number of Units / Bedroom Mix	Rent	Vacancy/ Wait List	Tenant Mix	Comments
Student					
Campus Tech Apartments I 1400 E Spruce	6 - Efficiency 33 - 2 Bedroom <u>6 - 4 Bedroom</u> 45 Total Units 96 Total Bedrooms	\$580 \$490 \$425 per bedroom based on 10 months	7 vacant bedrooms for fall 2014 term	Student housing for MTI students	First phase of 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 \$580 per payment, while a bedroom in 4-bedroom unit at \$425 per payment. Management will assign roommates if needed. Amenities include cable TV, internet and coin laundry. Efficiency units have 350 sq ft, 2-bedrooms have 875 sq ft and 4-bedrooms are larger but not specified; all have 1 bathroom. All units had occupants at start of 2014/15 year but 7 vacant bedrooms. Rents have increased by \$15 to \$50 from prior survey.
Campus Tech Apartments II 1400 E Spruce	12 - Efficiency <u>45 - 2 Bedroom</u> 57 Total Units 102 Total Bedrooms	\$580 \$490 per bedroom based on 10 months	8 vacant 2- bedroom units and 17 vacant bedrooms for fall 2014 term	Student housing for MTI students	Second phase of student-oriented housing near the MTI campus that opened for 2013/14 year. Units are rented by the bedroom and include all utilities. 12-month lease made in 10 payments with efficiency units at \$580 per payment, while a bedroom in 2-bedroom unit at \$490 per payment. Management will assign roommates if needed. Amenities include cable TV, internet and coin laundry. Efficiency units have 350 sq ft and 2-bedrooms have 875 sq ft; all have 1 bathroom. Eight 2-bedrooms were vacant at start of fall 2014 term plus 1 additional bedroom for 17 vacant bedrooms.

Source: Community Partners Research

Employment and Local Economic Trends Analysis

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

The City of Mitchell has continued to aggressively pursue 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.

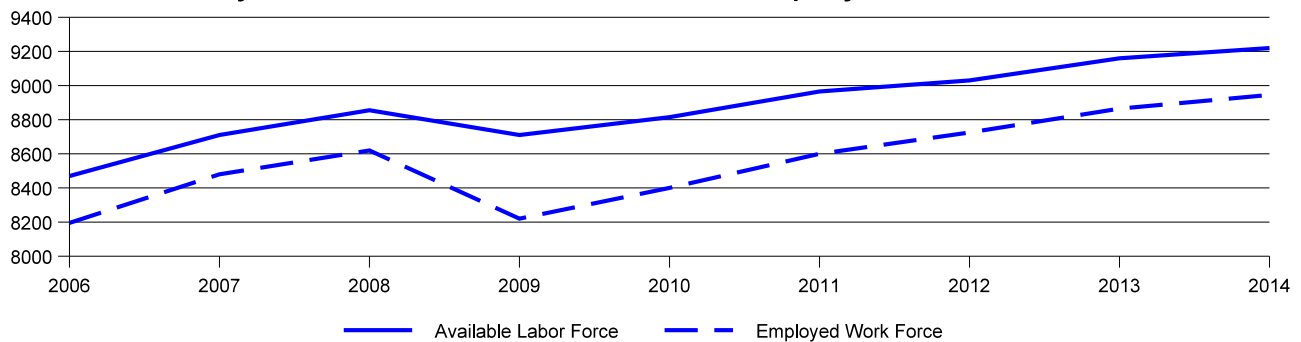
Employment information is available at the City and County level. The first table displays information for the City of Mitchell, while the second table contains data for the Micropolitan Statistical Area (MiSA), which includes both Davison and Hanson Counties. Information at the City level has only been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

The following two tables present information based on place of residence, not by the location of employment.

Table 9 Mitchell Average Annual Labor Force: 2006 to 2014						
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%	5.1%	9.6%
2011	8,965	8,600	365	4.1%	4.7%	8.9%
2012	9,030	8,725	305	3.4%	4.2%	8.1%
2013	9,160	8,865	295	3.2%	3.8%	7.4%
2014	9,220	8,945	275	3.0%	3.6%	6.2%

Source: South Dakota Department of Labor

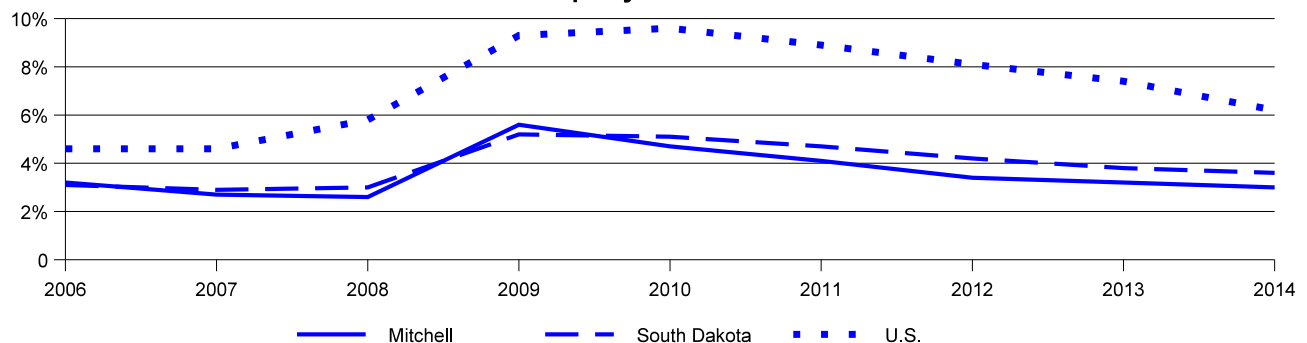
City of Mitchell Labor Force and Employed Work Force



Mitchell has experienced some fluctuation in recent years in the available labor force and the employed work force. Between 2006 and 2014, the City's resident labor force grew by nearly 8.9%, or 750 people. While the longer-term trend has been growth in the City's labor force, there was a short-term setback between 2008 and 2009. However, after 2009 there has been a steady increase in the number of City residents within the labor force.

The same basic pattern is evident in the employed work force. The highest level of employment among City residents occurred in 2014. When compared to the base year of 2006, the number of employed City residents also increased by 750 people.

Unemployment Rates

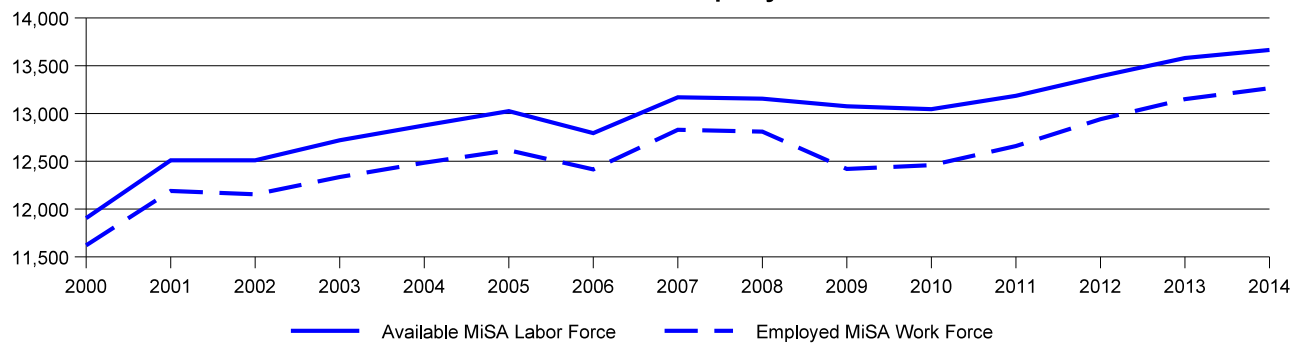


Throughout the time period reviewed, the unemployment rate for Mitchell residents has remained well below the national rate. In seven of the nine years, the City's unemployment rate has also been below the Statewide rate.

Table 10 MiSA Average Annual Labor Force: 2000 to 2014

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	13,155	12,810	345	2.6%	3.0%	5.8%
2009	13,075	12,420	655	5.0%	5.2%	9.3%
2010	13,045	12,460	585	4.5%	5.1%	9.6%
2011	13,185	12,660	525	4.0%	4.7%	8.9%
2012	13,390	12,940	450	3.4%	4.2%	8.1%
2013	13,580	13,150	430	3.2%	3.8%	7.4%
2014	13,665	13,265	400	2.9%	3.6%	6.2%

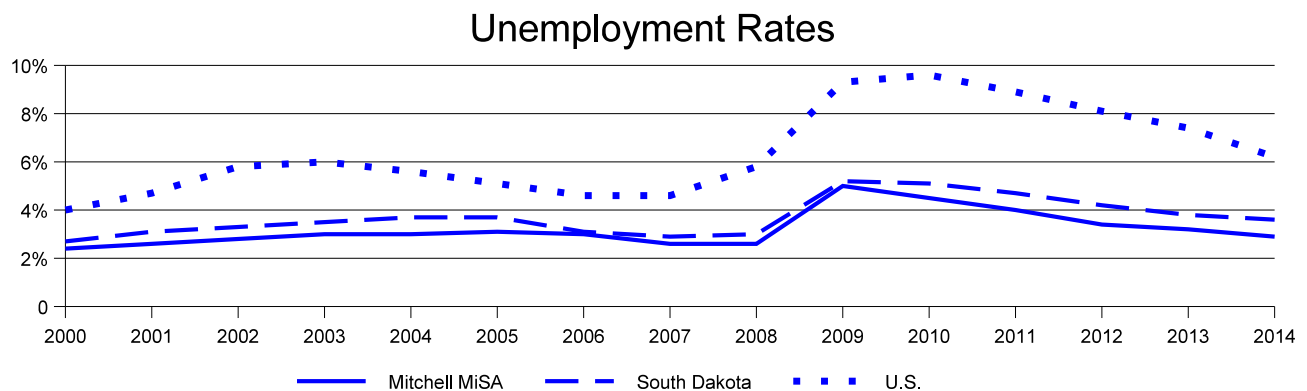
Source: South Dakota Department of Labor

MiSA Labor Force and Employed Work Force


Since Mitchell represents more than two-thirds of the entire labor force for the MiSA, patterns in the two-county area are generally similar to those in the City. Over a longer time period, there has been solid growth in the area's labor force and employed work force. Between 2000 and 2014, the size of the resident labor force increased by 1,760 people, or 14.8%. The employed work force increased by 1,645 people, or 14.29% during this same time period.

Although the long-term pattern has shown growth in the resident labor force, there have been some short-term setbacks. Between 2005 and 2006, and again between 2008 and 2009, there were drops in the number of employed MiSA residents. 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 2013, 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.

Table 11 MiSA Average Annual Wages by Industry Detail: 2013		
Industry	2013 Employment	2013 Average Annual Wage
Total All Industry	12,876	\$34,292
Natural Resources, Mining	88	\$38,453
Construction	686	\$42,874
Manufacturing	2,068	\$43,795
Trade, Transportation, Utilities	2,959	\$32,809
Information	296	\$45,017
Financial Activities	434	\$44,679
Professional and Business Services	874	\$38,548
Education and Health Services	2,065	\$38,444
Leisure and Hospitality	1,496	\$11,807
Other Services	329	\$21,533
Government	1,581	\$31,980

Source: South Dakota Department of Labor

The average annual wage for all industry in 2013 was \$34,292. The highest paying wage sectors were Information, Manufacturing, Financial Activities and Construction, all of which had an annual average annual wage above \$42,800. Manufacturing was also the second largest employment sector for number of workers.

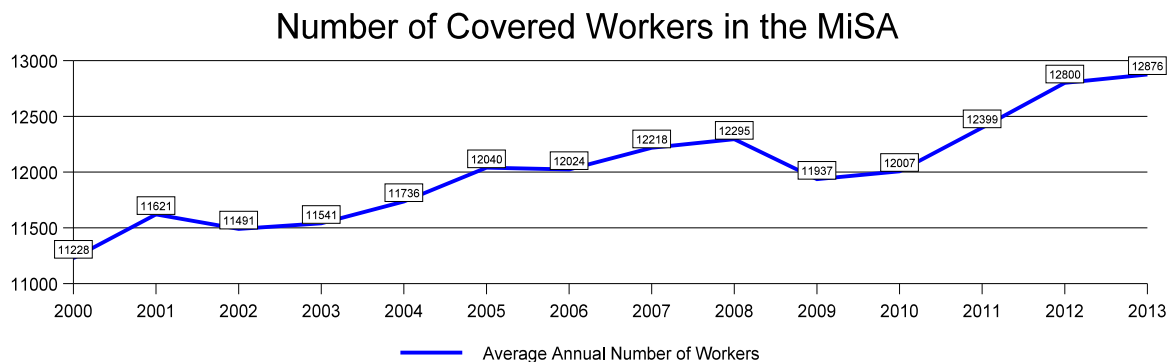
The lowest paying wage sector was Leisure and Hospitality, with an average annual wage of only \$11,807. Leisure and Hospitality was also the fifth largest employment sector in the MiSA.

Annual Covered Employment

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

Table 12 Mitchell MiSA Average Annual Employment			
Year	Total Covered Employment	Year	Total Covered Employment
2000	11,228	2007	12,218
2001	11,621	2008	12,295
2002	11,491	2009	11,937
2003	11,541	2010	12,007
2004	11,736	2011	12,399
2005	12,040	2012	12,800
2006	12,024	2013	12,876

Source: QCEW - SD Department of Labor



Over the past 14 years there has been upward movement in the number of employees working in Davison and Hanson Counties. If 2013 is compared to the year 2000, there has been an increase of nearly 1,650 workers covered by unemployment insurance, or an increase of 14.7%.

Some decrease in the number of workers did occur between 2008 and 2009, but then has steadily increased since that time. The highest number of covered workers was reached in 2013, the last full year of data.

Regional Unemployment and Wage Rates

The Mitchell area has a concern about maintaining an adequate labor force. As existing businesses look to expand, or new businesses look to locate into the area, potential worker shortages could become an issue. In addition to labor force and employment information for the Mitchell MiSA, information has also been collected for the larger region, including the State's larger cities.

Unemployment numbers are at the city level for 2014, while annual wage information is for the entire county in 2013 (the last full year of available data).

Table 13 Regional and State Unemployment Data - 2014			
Area	Average Number of Unemployed - 2014	Unemployment Rate - 2014	2013 Average Annual Wage all Industry County Wage
Mitchell	275	3.0%	\$34,361
Aberdeen	490	3.1%	\$36,673
Brookings	435	3.2%	\$37,526
Huron	240	3.3%	\$34,306
Pierre	235	2.8%	\$37,901
Watertown	450	3.5%	\$34,854
Yankton	270	3.5%	\$35,823
Sioux Falls	3,035	3.3%	\$41,627
South Dakota	-	3.6%	\$37,226
North Dakota	-	2.7%	\$47,788
Minnesota	-	4.3%	\$50,076
Nebraska	-	3.5%	\$39,988

Source: Various sources including State Departments of Labor

For calendar year 2014, the national unemployment rate was at 6.2%. All of the regional entities reviewed had an unemployment rate that was well below the national average. The State of Minnesota, with an unemployment rate of 4.3%, was the highest of the jurisdictions examined.

The average annual wage data is from the Quarterly Census of Employment and Wages (QCEW) and represents the average pay for all employed workers within the jurisdiction. It does not represent any estimate of the pay that is being offered for available jobs. However, it does provide some perspective on the overall wage conditions that exist.

The average annual wage in Davison County in 2013 was below the Statewide average by approximately \$2,900 annually. It was also \$2,000 or more below some of the other counties with large communities, including Aberdeen, Brookings and Pierre. However, the average annual wage was generally similar to the levels in the Huron and Watertown areas.

The average annual wage in South Dakota was the lowest of the three States examined. The highest average annual wage in 2013 was in the State of Minnesota. Both North Dakota and Minnesota had statewide average wages that were more than \$13,000 higher than the average wage in Davison County. The average annual wage in Nebraska was more than \$5,600 higher than in Davison County.

Major Employers in Mitchell

The Mitchell Area Development Corporation identified the following major employers in Mitchell in 2014, based on full-time equivalent employees.

- ▶ Avera Health Care System
- ▶ Trail King Industries
- ▶ Wal-Mart
- ▶ Graphic Packaging
- ▶ AKG North America
- ▶ City of Mitchell
- ▶ Twin City Fan
- ▶ Firesteel Healthcare
- ▶ Innovative Systems
- ▶ LifeQuest
- ▶ Vantage Point Solutions
- ▶ Toshiba America
- ▶ Boyd's Gunstocks
- ▶ Hendrickson Trailer

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

Commuting Patterns of Area Workers

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

Table 14 Commuting Times for Mitchell Residents - 2013		
Travel Time	Number	Percent
Less than 15 minutes	5,871	75.7%
15 to 24 minutes	947	12.2%
25 to 34 minutes	347	4.5%
35 minutes +	588	7.6%
Total	7,753	100%

Source: 2013 American Community Survey

The large majority of Mitchell residents were commuting less than 15 minutes to work in 2013. Overall, nearly 88% of residents commuted less than 15 minutes to work. Nearly 8% of the City's residents did commute 35 minutes or more for employment.

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

Table 15 Commuting Times for Mitchell-based Employees - 2013		
Travel Time	Number	Percent
Less than 15 minutes	6,238	61.8%
15 to 24 minutes	1,958	19.4%
25 to 34 minutes	961	9.5%
35 minutes +	936	9.3%
Total	10,093	100%

Source: 2013 American Community Survey

For people that worked in Mitchell, approximately 38% traveled 15 minutes or more, and presumably lived outside the city limits. However, most workers lived within the immediate vicinity, with fewer than 19% of all employees traveling 25 minutes or more, and fewer than 10% traveling 35 minutes or more to Mitchell.

Census On the Map

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

According to the report for Mitchell, there were 9,771 people that were employed within the City in 2011. Approximately 49% of these City-based employees also lived in Mitchell. The remaining 51% of employees lived outside the City and commuted in.

On the Map can also be used to track worker outflow patterns from Mitchell. Overall, there were 7,212 residents that were employed. Most of these City residents worked inside the community, but 33.5% traveled to other locations.

The standardized **On the Map** reports allow for between comparisons between other large communities in the State. The following table looks at the percentage of people in each community that both live and work in their home city, as well as the percentage of workers that come from outside of each city.

Table 16 Employee Inflow/Outflow Analysis - 2011			
City	Number of People Employed in the City	Percent of City Employees that also Reside in the City	Percent of City Employees that Live Outside of the City
Mitchell	9,771	49.1%	50.9%
Aberdeen	16,262	58.8%	41.2%
Brookings	13,809	38.7%	61.3%
Huron	6,134	55.5%	44.5%
Pierre	8,457	52.1%	47.9%
Watertown	13,120	56.4%	43.6%
Yankton	8,707	44.8%	55.2%
Sioux Falls	104,289	61.8%	38.2%

Source: Census Bureau, Center for Economic Studies

Excluding Sioux Falls, the percentage of Mitchell employees that also lived within the City was fairly comparable to the other large cities in the State. In Mitchell, Aberdeen, Huron, Pierre and Watertown, between 49% and 59% of the city-based jobs filled by city residents. Among this group, Aberdeen had the highest rate of local jobs filled by residents.

The percentage of local residents working with their home community was lower in Brookings and Yankton.

Among all of the large cities examined, Sioux Falls had the highest percentage of jobs filled by residents, with nearly 62% of city-based jobs filled by people that lived in Sioux Falls.

Summary of Updated Growth Trends

The Demographic section of this report has presented new information including the most recent population and household estimates for the City and the surrounding area. They show that Mitchell has continued to grow.

This 2015 Update has obtained estimates from ESRI, a private data reporting service that is used by the Governor's Office of Economic Development for demographic data. ESRI shows that Mitchell added 201 people and 188 households from 2010 to 2014. While ESRI shows relatively strong growth for the City, these estimates are probably conservative, as other available sources, such as the Census Bureau's annual population estimates, show even stronger growth for the community.

Since 2010, a large number of new housing units have been built in Mitchell. The timing of construction for these units would directly impact the actual number of residents and households, as reflected in the recent estimates. By the summer of 2015, it is probable that as many as 500 housing units will have been added to the overall inventory in Mitchell when compared to the housing stock that was present when the 2010 Census was conducted. Although occupancy in all of these units cannot be assured, it is very probable that the net gain in households living in Mitchell should be substantially greater than the level contained in ESRI's estimated increase through the year 2014.

The most recent estimates also show some additional growth outside of the City, but more than 72% of the net household increase for the entire two-county Micropolitan Statistical Area (MiSA) in recent years has been within Mitchell, and most of the remaining growth was elsewhere in Davison County. While ESRI's 2014 estimate for the City of Mitchell is probably conservative, there would be less evidence of an undercount elsewhere in Davison County, as the level of housing unit construction outside of Mitchell actually appears to be lower than the level of household growth as estimated by ESRI. This would imply that some of the Davison County growth was due to the availability of formerly vacant housing. As these vacant units are occupied, there is less potential for additional growth, unless new construction occurs.

Updated Growth Projections Overview

This Update has used a projected range for annual growth of approximately 47 to 63 household per year within the City of Mitchell. Although there is strong evidence that Mitchell has been growing at an even faster rate in the past few years, the projections for future growth, when viewed on an annual incremental basis, may prove to be accurate.

In 2013 and 2014, the City added more than 350 new housing units, primarily in multifamily rental projects. As these units are occupied, substantial household growth will occur, especially between 2013 and 2015. However, after the bulk of these new units are occupied, it is probable that annual growth will moderate to a more consistent level, similar to the projected range of 47 to 63 households per year.

Most of the recent housing unit construction was permitted in 2013. If the 2013 activity is removed, the average annual unit production for nine of the past ten years would be 48 housing units, a number that is very consistent with the lower end of the annual projected growth range going forward.

Growth forecasts for the remainder of the two-county MiSA are generally consistent. The ESRI forecast would expect annual average growth of nearly 18 households per year in the portions of the MiSA excluding Mitchell. The 2012 Study had projected annual growth of up to 14 households per year in the remainder of the MiSA. A projected range of 14 to 18 households per year still appears to be reasonably accurate.

Both projection sources have continued to forecast modest household losses in the four remaining counties that form the Mitchell Region, once Davison and Hanson Counties are removed from the aggregation.

Although this Update has used an annual average for projected growth, past patterns would document that future growth will not necessarily occur in a linear fashion. For example, in both 2011 and 2014, fewer than 30 units were added to the local housing inventory, and new unit availability would not have supported growth within the projected range. However, unit production above the projected range occurred in 2010, 2012 and 2013, so in other years, significant growth capacity has been present.

Going forward, there will be years that deviate above or below the projected range, but when viewed over a multi-year period, the average of 47 to 63 households per year is viewed as realistic when planning for housing needs.

Updated Growth Projections by Age Group

The 2012 Study had tracked the aging patterns of area residents. The 2015 Update has included the latest age-based forecasts for area households. This information can be informative in determining the housing changes that may be needed due to age patterns of the area population.

The following summary shows the expected net change in the number of MiSA households in each 10-year age cohort between 2014 and 2019. The MiSA includes all of Davison and Hanson Counties. These forecasts were obtained from ESRI.

<u>Age Range</u>	<u>Projected Change in Households 2014 to 2019</u>
24 and younger	-60
25 to 34	+55
35 to 44	+16
45 to 54	-148
55 to 64	+47
65 to 74	+228
75 and older	+141

The large majority of the projected net growth to the year 2019 will occur among households 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 2019, the projections used for this Update indicate that nearly 49% of all MiSA households will have a householder age 55 or older.

Within the older adult groups, the largest age-based changes through the year 2019 will occur in the specific 10-year age cohort between 65 and 74 years old. This would largely reflect the leading edge of the "baby boomers".

The ESRI projections show solid growth in the number of older senior households (age 75+). This older group is not more clearly defined in the ESRI household data, but based on population projections by age, most of the projected household growth among older seniors will occur within the 75 to 84 year old age range, with less growth from households 85 and older.

While some growth is projected within certain younger age ranges, most notably among households age 25 to 34, overall there may be fewer households in the MiSA that have a householder that is age 54 or younger.

Summary of Housing Unit Demand and Tenure Projections

As the largest City in a six-county region, Mitchell has developed a diverse range of housing options for area residents. This is most evident in rental housing, as the City contained 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 at the time of the 2010 Census. Since 2010, these percentages have grown even larger, as substantial rental unit construction has recently been occurring in the City.

At the time of the 2010 Census, Mitchell's rental tenure rate was already high by comparative standards, with 44.1% of all households renting their housing. If an assumption is made that all of the single family-style construction since 2010 will eventually be owner-occupied, and all of the multifamily units will be renter-occupied, then the potential tenure rate could be above 46% for rental use in 2015.

Looking forward at future housing production, there are different methods available for converting projected household growth into expected tenure preference. In Mitchell, this will be directly impacted by any potential recovery in home ownership demand, which has lagged well behind rental demand for several years.

In the 2012 Study, the tenure-based demand projections had assumed that approximately 46% to 49% of the growth generated demand would be for rental housing and 51% to 54% of demand for owner housing in Mitchell. Those percentages were largely consistent with the overall tenure patterns for existing housing in the community.

Actual unit construction, and the probable tenure use of new units, have been much more heavily oriented to renters than owners since that time. In 2013 and 2014, an average of fewer than 30 single family units were built per year, while more than 250 total multifamily units were added in 2013.

Since rental production generally proceeds in larger construction phases, the actual number of units from year to year will vary greatly. After permitting more than 250 rental units in larger projects in 2013, no larger multifamily projects proceeded in 2014. It is possible that multifamily production will remain low until most of the recent units are absorbed, and a stable occupancy pattern develops. While a near-term return to the unit level achieved in 2013 would be unlikely, ongoing growth will continue to create rental demand.

If the same basic tenure percentages used in 2012 are applied to the latest growth forecasts, annual demand for housing should be in a range of 22 to 31 units per year for rental use and 25 to 32 units per year for owner-occupants. The middle to higher ends of these projected ranges would be considered the most reliable predictor of growth-generated demand.

While household growth will continue to be the primary demand-generator for new construction, other factors will also contribute to the need for more housing. In the 2012 Study, pent-up demand was cited as another factor that needed to be addressed. At that time, a housing shortage, especially in rental units, had resulted in very low rates of vacancy in multiple market segments. Housing replacement, due to losses of older housing, was another factor that was driving some annual unit demand.

For owner-occupancy housing, demand-generators other than household growth have not necessarily materialized in the past few years, as the number of homes being built appears to be generally consistent with demand from household growth. Based on this pattern, the forecast of 25 to 32 owner-occupancy units per year represents a reasonable projection of demand. If overall home ownership market conditions improve, it would not be surprising to see production exceed this level later in the five-year projection period.

For rental housing, there was strong evidence of pent-up demand present in 2012. However, with a higher level of vacancy in 2015, pent-up demand only applies within certain specific market segments. There will always be some necessary allowance for unit replacement, as there are some rental units that are removed each year due to condition and quality. However, only a minor upward adjustment has been applied, and overall demand for approximately 30 to 40 rental units in an average year represents a reasonable projection through the end of the current decade.

It is important to note that we have estimated potential demand in Mitchell. Some additional demand for units will exist in the remaining jurisdictions that form the primary 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 nearly all of the rental demand will likely be served by housing constructed in Mitchell.

Updated Summary of Employment and Economic Conditions

At the time of the 2012 Study, the strong local economy in Mitchell was one of the primary factors driving household growth potential. A review of the most recent economic data continues to show strong conditions.

The unemployment rate for Mitchell residents has gradually reduced, from an annual rate of 3.4% in 2012 to only 3.0% in 2014. The City's unemployment rate has continued to be less than one-half of the national rate, and has remained lower than the Statewide average.

Other statistical items that can be examined, including the number of city-based workers that are covered by unemployment insurance, and annual average wage rates, have also shown ongoing improvement since the 2012 Study was completed.

At the time of the 2012 research, a worker shortage for area businesses was blamed in part on the lack of available housing options, needed to attract new residents. In early 2015, some level of unused housing capacity exists, due to substantial new construction activity, especially in 2013. While the pricing of new units may still serve as a barrier for some potential residents of the City, the overall supply of housing is less of an issue than in the recent past.

Rental Housing Recommendations

Overview: The primary goal of this 2015 Update is to review market conditions and demand for rental housing in Mitchell. Over the past five years, between 370 and 400 total rental units have been added to the City's inventory, based on building permit reports. Although some other positive or negative changes could have occurred in the overall supply, due to demolition or tenure conversion, there has been a substantial net gain in rental unit availability. Even with some allowance for vacancy, it is probable that approximately 3,300 occupied rental housing units will exist in Mitchell in 2015.

Most of this new housing actually started construction in 2013, and became available for occupancy at various points in 2014. By early 2015, most of the newly built units had been successfully absorbed, but there were more vacant rental units in Mitchell than had existed in the recent past.

While the community-wide rental vacancy rate is not overly high, estimated at approximately 7.5% in the conventional market, the vacancies are not uniformly distributed. Many of the newer rental projects are still in their initial occupancy phases, not yet having achieved full occupancy. While some have only a few remaining units, others still have a larger vacant inventory.

Looking forward, the new projections contained in this Update expect renter household demand for between 30 and 40 units in an average year for the remainder of the decade. In the near-term, this expected demand can largely be served by unoccupied units that exist in the community. However, sustained demand would indicate that additional rental construction may be needed as early as 2016.

The rental demand projections continue to assume some degree of softness in the home ownership segment, as fewer households purchase a home than in the past. With traditional movement from rental housing to home ownership suppressed, there has been greater than expected near-term demand for rental units.

In the specific analyses that follow, different segments of the rental market have been examined, and findings and recommendations have been provided based on the 2015 research.

1. High Quality Town House Rental Units Have Generally Achieved Market Success and Have a Lower Vacancy Rate

Findings: Over the five-year period from 2010 through 2014, there were approximately 372 rental units created in multifamily projects in Mitchell, based on building permit reports. There were also as many as 36 housing units constructed in buildings that had two or four-unit configurations. Most of these were listed in building permit reports as “duplex” structures, which would generally imply that one or both of the units were intended for renter-occupancy. With an assumption that at least half of the units in duplex to quad configurations were intended for renters, it is probable that as many as 390 total rental units were created in Mitchell over the past five years. All of these units were on-line and available for occupancy by the fall of 2014.

In addition to the duplex units, at least three of the multifamily projects created single family-style rental housing by building rental town houses with an attached garage. The new town house rentals exist in Copperleaf with 12 units, South Point Village with 52 units, and The Landings with 31 units. However, most of the units in The Landings are income and rent-restricted, and only four units are in the conventional, market rate inventory.

Including the duplex/quad units, and the four conventional units in The Landings, Copperleaf and South Point Village, this single family-style segment of the market has probably grown by as many as 80 to 90 total units since the year 2010. This represents approximately 22% of the total unit construction activity over the five-year period.

The occupancy information that was obtained in this segment was from the larger multifamily projects. No information was collected from the newer duplexes. In the larger properties, only four units were identified as vacant in the January 2015 survey, for an estimated vacancy rate of 5.9%.

This segment of the conventional rental market has achieved greater success than most of the new construction apartment projects. All three of the multifamily developments offering town house rentals opened for initial occupancy in 2014, and by January 2015, each project had only one or two unoccupied units. Even these vacancies may be partly due to the difficulty of filling vacant units during the winter months.

The owners/managers of the multifamily projects generally reported a broad mix of tenant households. This included some families with children as well as senior citizens. Some younger households were presumed to be looking to purchase a house, and were renting in the interim. Others had previously owned a home and were choosing to rent for lifestyle reasons.

Although all three of the recent town house projects were constructed over a two-year period and opened for occupancy in 2013 or 2014, they tended to enter the market in smaller phases, which probably assisted with unit absorption. The largest single project, South Point Village, proceeded in four separate 13-unit construction phases. Copperleaf created 12 units, and only four conventional units were included in The Landings, which were free of income and occupancy restrictions.

Most of the town houses offer two-level living. However, in Copperleaf all the units are one-level. A two-bedroom in Copperleaf does have less square footage as a result of the one-level design.

The new town house rental projects tend to have the highest rental rates in the community, especially when tenant-paid utilities are added to the monthly contract rent. However, these units also tend to have large floor plans, and amenities associated with single family living, including an attached garage, private entrances and in-unit laundry.

The two-bedroom and three-bedroom town house options have been able to achieve a gross rental rate of approximately \$0.95 to \$1.05 per square foot of living space. Copperleaf represents the upper end of this range, and South Point Village the lower end. The price per square foot is lower in The Landings, but this probably results from the fact that this project primarily offers income-restricted housing that received development assistance, and only four conventional units are offered.

Recommendation: Given the initial lease-up success in this segment, an expansion of additional town house rental units would be the most appropriate near-term development option. If the recent market share is sustained, the new demand projections would indicate that seven to 10 additional units could be absorbed per year going forward. Over the five-year projection period, between 35 and 50 additional units would be needed. Based on past construction patterns, these units could be introduced in smaller development phases every one to two years.

In addition to renter household growth, the development of high-amenity town house units can be supported by the income projections obtained from ESRI, which show strong growth through 2019 in the number of households with an annual income in the moderate to higher income ranges, especially households above \$50,000.

In the past, more than 35% of all area renter households could afford a monthly rent of \$900 or more, generally well-matched to prices for newer rental housing. Continued improvement in the moderate to higher income ranges should result in increasing demand for high quality rental units.

One consideration for additional town house-style construction relates to unit design. Most of the recent units have been two-level structures. As documented previously, most of the net household growth through the remainder of this decade will come from households age 55 and older, and by the year 2020, nearly half of all households will be in these older adult age ranges.

As people age they will increasingly look for age-appropriate housing, such as one-level living options. Although two-level units can generally offer larger floor plans and lower gross rents per square foot, they are not as well-matched to older renter households. In the opinion of the analysts, one-level rental town house units should continue to gain market share through the remainder of the decade.

It should also be noted that additional town house-style units should include some three-bedrooms. While some level of vacancy does exist in conventional rental housing, there were few vacancies identified in units with three or more bedrooms, which are limited in overall supply. Most of the area's renter households only have one or two members, but larger families looking for a rental unit do not generally have readily available options that are vacant.

2. Conventional Market Rate Apartments Have Current Unused Capacity

Findings: The two largest rental projects constructed in Mitchell over the past five years are traditional, multi-story apartment buildings. These projects have represented nearly one-third of all the rental units constructed in Mitchell from 2010 to 2014. These two projects are the first traditional apartment construction of market rate units since the early 2000's, when the last phase of Wheatridge Apartments was built.

Both Edgerton Place, 65 units, and Pheasant Ridge Village, 64 units, started construction in 2013 and opened for occupancy in 2014. Edgerton's initial occupancy began in March, and Pheasant Ridge in July. By January 2015, neither project had reached full initial occupancy, although only four vacant units remained in Edgerton Place. Pheasant Ridge still had 24 open units.

The introduction of a substantial number of new rental units in the past few years also had an impact on the occupancy patterns in older conventional rental properties. Excluding the newly constructed projects the conventional vacancy rate dropped, but was still between 5% and 6%, based on the multifamily surveys that were completed.

Both of the new projects offer conventional apartments, with approximately 95% of the combined units having either one or two-bedrooms and one bathroom. In both projects, the typical one-bedroom apartment has approximately 620 square feet and the typical two-bedroom has about 910 square feet. Both projects offer attractive modern features such as in-unit laundry, a dishwasher, microwave and air conditioning. In both projects, garage parking is optional for an additional fee.

Rental rates in both of these projects are reasonably similar. If viewed on a price per square foot, a premium is generally paid for a one-bedroom option, due in large part to a relatively small floor plan in these apartments. With the inclusion of optional garage parking and tenant-paid utilities, the estimated gross rent per square foot is approximately \$1.18 to \$1.26.

Rates are lower in two-bedroom options, when based on a gross rent per square foot. With the inclusion of optional garage parking and tenant-paid utilities, the estimated gross rent per square foot is approximately \$1.02 to \$1.05.

Although the total amount paid each month for the newest apartment options in Mitchell is generally lower than the total gross rent in the town house options, the actual rent per square foot is often higher. Most of the new one and two-bedroom town house options have a gross rent per square foot that is below \$1.00, compared to rents above \$1.00 in the newest apartments.

While Edgerton Place and Pheasant Ridge are the first conventional apartment complexes built in many years, there have been some other recent developments that also compete in similar market segments. Most notable are Campus Tech I and II, constructed near the MTI campus. The Campus Tech projects are oriented to students, but they also offer apartment living. Students that might otherwise have looked at conventional apartment buildings in Mitchell now have an option adjacent to MTI facilities. The 102 total apartments added in the two Campus Tech projects have also impacted occupancy rates within conventional apartment buildings. However, Campus Tech has also been impacted, as unused capacity existed at the start of the last academic year.

One additional project, the Whittier Lofts, also created apartment units in 2014. This project involved the restoration and conversion of a historic building. Due to the unique units created, it is less directly comparable to traditional apartments, but it did absorb some of the demand from renter households in the past year. At the time of the rental survey, two of the 19 units in Whittier were also unoccupied.

Recommendation: Based on the occupancy rates and lease-up patterns in the newest apartment buildings, this specific segment of the rental market is well-served in 2015. While occupancy rates should continue to improve during the coming year, much of the expected growth in demand for rental housing in Mitchell can be met by units that are unoccupied at the start of the year.

Given the growth potential through the remainder of the decade, additional rental housing construction will be required. However, we would not recommend any additional conventional rental apartment projects until after a stable occupancy period has been sustained in the City's newest apartment complexes.

All of the recent multifamily projects have been designated for general occupancy. This has served various parts of the local rental demand, including students, working-age residents and senior citizens. By the year 2019, nearly half of all households living in the area will have a head of household that is age 55 or older. Future projects could consider age-designating the units for senior occupancy (age 55+).

3. Moderate Rent/Tax Credit Rental Housing Projects Have Current Unused Capacity

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 sometimes be served.

A number of rental projects in Mitchell have received tax credits over the past 30 years, but most of these created subsidized housing by combining tax credits with other federal programs. As a result, these projects can offer very low rents for lower income households.

Tax credits have also been used for preservation of older housing, without actually adding new units to the local housing stock.

Some of the first tax credit projects constructed in the late 1980s have met all the affordable housing compliance requirements and now offer conventional housing.

At the time of the 2012 Study, only one project, East Woods Apartments was operating as a moderate rent tax credit project, without any form of project-based rent subsidy. At that time, East Woods was at full occupancy and maintained a short waiting list. With 45 income-restricted units, East Woods represented only a small percentage of Mitchell's total rental inventory. However, a relatively large portion of Mitchell's rental housing had similar income limits that applied to tenants, as a result of the federal subsidies that were used.

In 2011, a new tax credit project had applied for credits but did not receive an award. The application appears to have been rewritten and submitted again after the 2012 Study was written. The revised project was selected to receive tax credits. In 2014, The Landings opened for occupancy with 27 moderate rent tax credit units, and four conventional market rate units. The 27 tax credit units serve households at or below 60% of the median income level, and have maximum rent caps that apply.

The application that was unsuccessful in 2011 had proposed to construct apartment-style units. The revised application was changed and units in The Landings are town house-style, and offer 2-level floor plans, except for the accessible options. The town houses have an attached garage, in-unit laundry and features of single family living.

The project completed construction in phases and units became available for occupancy in July of 2014. By January 2015, four of the moderate rent tax credit units and one conventional unit were still unoccupied.

The Landings has worked with the Mitchell Housing Authority and 11 rent assistance Vouchers will be become project-based in the near future. Some of the current tenants in The Landings have been offered a special reduced rent, as they await the availability of a future Voucher. The Landings has also reduced the gross rental rates to a lower level to comply with the Payment Standard that is used for the Voucher Program.

The opening of The Landings has impacted some of the other income-restricted properties in Mitchell. East Woods reported three vacant units in January 2015, and no waiting list. According to the manager, nearly half of the units had turned over in 2014, often due to tenants moving to other rental projects.

Between East Woods and The Landings, there were seven moderate rent tax credit units that were unoccupied, for a vacancy rate of 9.2%. There were five vacant two-bedroom units, for a vacancy rate of 9.6%. There were two vacant three-bedroom units, for a vacancy rate of 10%. Neither project reported a waiting list in 2015.

Recommendation: In the 2012 Study, we had recommended the development of 40 to 60 additional moderate rent tax credit units over a five-year period. The Landings, with 27 income-restricted units, addressed the near-term need for an expansion in this specific segment.

While the vacancy rate in moderate rent tax credit units was higher than most other market segments, there were only seven vacancies in January 2015. With 11 project-based Vouchers soon becoming available in The Landings, it is likely that this project will reach full initial occupancy.

In the opinion of the analysts, the relatively slow lease-up of units in The Landings has been due to the rent structure for units at 60% of median. In the 2012 Study we had stated that tax credit projects without project-based rent subsidies must generally maintain a lower rent structure to be competitive with the prevailing rates for older market rate units in community. Although the federal limits can be as high as 60% of the median income level, most tax credit projects Statewide have rent structures that are below the maximum limits, and often closer to the rent limits set at 50% of median income.

As reported to the rental survey, most of the units in The Landings were at the maximum allowable 60% rent limits. With income limits for tenants also in place, it can be difficult to find applicants that are income-eligible, yet that can still afford to pay the maximum rents. In response, rent levels have been lowered for some units to meet the Payment Standards that will apply to the project-based rent assistance Vouchers, which have recently been dedicated to the project.

We would still support the construction of a future tax credit project, oriented to moderate income households. A new project could be advanced later in the five-year projection period, provided occupancy levels stabilize in East Woods and The Landings.

According to the 2013 American Community Survey, the median income level for all rental households was \$29,741 in 2013. Overall, approximately 62% of all MiSA renter households had an annual income below \$35,000. The maximum allowable tax credit income in 2014 for a family of four people in Davison County is \$37,140. With a large number of moderate income renters, tax credits represent an appropriate funding source for the creation of affordable housing.

We would continue to recommend that future projects target a lower rent structure, which would generally be closer to the rent limits at 50% of median income. This would probably require additional financial resources.

It is important to note that any future tax credit proposal will require a very specific market analysis that examines detailed information, including the project site, features and floor plans. A project-specific study would therefore be a more reliable indicator of potential demand and success for any additional development.

4. Continue to Promote the Development of Subsidized Rental Housing Units as Resources Allow

Findings: The term subsidized rental housing, as used in this Update, refers to rental units that have been constructed to serve low and moderate income people. In nearly all cases, subsidized housing has utilized federal resources that provide a “deep subsidy”, allowing very low income people access to the housing at an affordable price. Most of the subsidized housing in 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 inventory of subsidized rental projects in Mitchell is unchanged from 2012. There have been almost no federal resources for new unit construction in recent decades. However, no units have left their subsidy program either in the past few years. Mitchell still has 23 subsidized projects with 623 units.

In 2012, the vacancy rate in subsidized housing was very low. Any units reported as unoccupied were in the process of being filled from an existing waiting list. As a result, the subsidized vacancy rate was estimated to be below 1%.

In the 2015 survey, there were at least 10 unoccupied units that were identified in the subsidized projects. Six of these units were in projects designated for general occupancy, for a vacancy rate of approximately 2%. Four vacant units were in senior/disabled projects, for a vacancy rate of approximately 1.5%.

Although there were some unoccupied units on the date of the 2015 survey, most of the projects also reported waiting lists, especially for units that had project-based rent assistance and could charge rent based on 30% of income. The income certification process can sometimes result in delays in filling units that turn over.

Some owners/managers contacted by the survey did indicate that an increased supply of units in Mitchell, including projects such as The Landings which could offer income-restricted housing, was having an impact on overall demand. A unit without project-based rent assistance in an older subsidized project can often have a basic rent structure that is similar to other forms of moderate rent housing.

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 January 2015, there were approximately 50 households on this waiting list. This waiting list is smaller than the list reported in 2012, but it had recently been purged to remove names that had applied on time ago and no longer needed a Voucher. With as many as 50 households waiting for a Voucher, unmet need for deep subsidy housing is still evident.

Recommendation: Based on the research for this Update, we would continue to recommend that the City look to expand the supply of deep subsidy rental housing for lower income renters, earning less than \$20,000 per year. With limited resources, any incremental growth that can be achieved would benefit low income renters.

In 2015, the Mitchell Housing Commission will commit 11 rent assistance Vouchers to The Landings, the new affordable town house project. However, these will not be new Vouchers, but a redistribution of the existing resources. As a result, no actual net gain of subsidized housing will occur.

There are some potential benefits from using Vouchers in a dedicated project. First, some South Dakota communities have seen their tenant-based Vouchers leave when a participant elects to move out of the city. Project-based Vouchers cannot be ported to a different community.

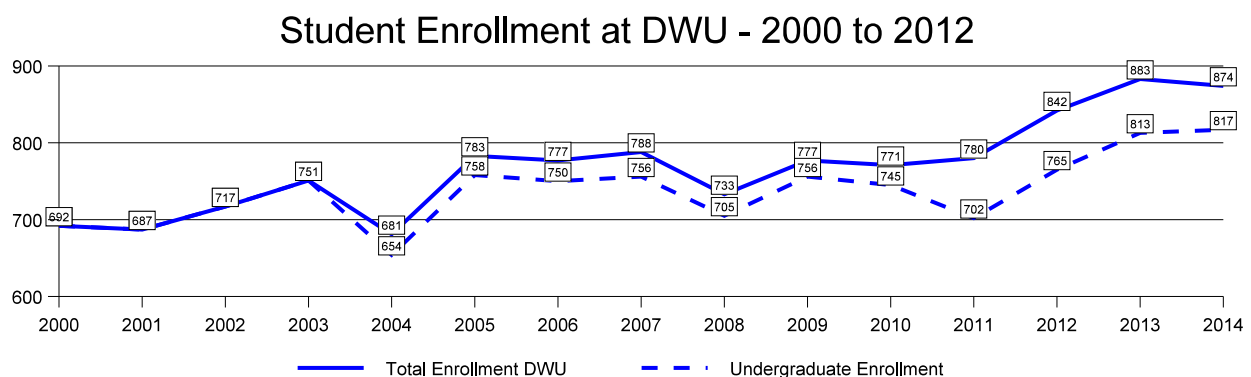
In 2012, when rental vacancy rates in Mitchell were very low, it was often difficult for a household with a newly issued Voucher to find a suitable, vacant rental unit. As a result, some Vouchers were unused while the household shopped for a unit. By project-basing some Vouchers, these units will always be available even if the area's vacancy rates drop again.

5. Student-Oriented Housing has Unused Capacity

Findings: At the time of the 2012 Study, one of the reasons that rental housing occupancy was so high in Mitchell was due to student demand. Both Mitchell Technical Institute (MTI) and Dakota Wesleyan University (DWU) had been experiencing growth in enrollment over time, and student renters were common in the conventional rental market.

DWU did have on-campus housing, but the number of students was greater than the capacity. After 2012, some on-campus unit additions have occurred, but more rooms are also being used for single occupancy, so the total capacity remains at approximately 400 beds.

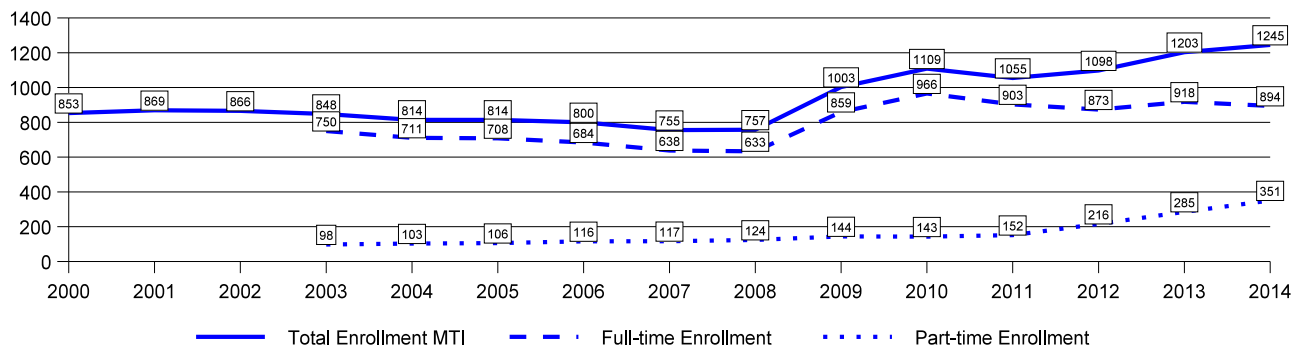
In 2010, a collaborative effort between a private development group and the MTI Foundation resulted in the construction of units on Foundation-owned property. This project, known as Campus Tech I created 96 bedrooms for single occupancy. In 2013, the second phase of Campus Tech was constructed, and was available for occupancy at the start of the fall 2013/14 academic year. Campus Tech II added 102 bedrooms for students.



Enrollment information from Dakota Wesleyan University shows above-average enrollment for the last three academic years. Since the 2012/13 year, total enrollment has been above 840 people. Prior to 2012, enrollment had been 780 students per year, or less.

Although the number of graduate students began to increase starting in 2010, the undergraduate enrollment has also been growing. Over the last two academic years, the number of undergraduate students has been above 810 people. However, most recently, comparing the 2013 and 2014 academic years, limited growth occurred among undergraduates, and the number of graduate students declined. No projected enrollment information could be obtained from DWU.

Student Enrollment at MTI - 2000 to 2014



As reflected in the chart above, MTI has experienced an increase in overall enrollment over the past four years. However, this has not been due to full-time students. According to officials at MTI there has been recent growth in part-time students due to the state's recent initiative to supplement the cost of dual enrollment for high school students. Many of the part-time students are enrolled in high school, but taking one or two classes from MTI. There has also been an increase in online enrollment, and in the Center for Farm/Business Management, which is a part-time program for agricultural producers.

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. This would include the high school students who elect to take some classes at MTI. On the other hand, full-time students are more likely to be coming from more distant locations, and they will generally be living in the Mitchell area for one or two years, depending on their academic program.

According to MTI staff, the demographic profile of students has not changed significantly from what was reported in 2012. For the 2014/15 academic year, approximately 83% of students were in the "traditional" age range between 18 and 24 years old. Approximately 94% of students were single, and 69% were males. Many single students will look for roommate living arrangements to share housing costs.

Consistent with the reported information in 2012, most students will also work part-time and have some earned annual income. According to MTI, 88% of students work part-time, primarily in Mitchell.

No official enrollment projections could be obtained from MTI. However, there is a general belief among MTI staff that enrollment has the potential to grow in the near-future. This is due in part to a State economic development focus on technically skilled jobs. As a result, additional financial resources have been made available, including a fund for full-ride scholarships to students who attend a tech school and make a commitment to work in the state for three years after graduation. MTI will have \$1 million in scholarship funds to award each year for the next five years.

MTI also remains connected to the labor market to identify emerging occupations and/or worker shortages. They are adding an Industrial Maintenance program to the curriculum in 2015/16 and will be looking at some health careers for 2016/17.

With a substantial expansion in potential private-market housing options for students, including Campus Tech II, there was some unused capacity that existed for the 2014/15 academic year. Campus Tech had approximately 23 unoccupied bedrooms at the start of the last academic year. Vacant apartments also existed in the conventional market, and remain available in early 2015.

Campus Tech reported that the occupancy rate for the 2014/15 academic term was actually lower than in the 2013/14 term. This was attributed to the substantial expansion of conventional rental housing that was added in Mitchell in 2013 and 2014. Many students opt to live in conventional rental units, competing with the Campus Tech option.

While the 23 vacant bedrooms in Campus Tech at the start of the last term is not an overly large number, especially if future enrollment growth occurs, it is important to note that Campus Tech only tends to house a portion of the student population. Based on full time enrollment at MTI in the last year, Campus Tech only captured approximately 20% of the school's full-time enrollment. This would imply that enrollment may need to increase by more than 100 students to potentially absorb the unused bedrooms that existed last year.

Recommendation: In 2015, there is unused capacity for students in Mitchell, in both the conventional rental market rental housing and student-oriented projects. Officials from post-secondary institutions in Mitchell did not see student housing as a barrier to enrollment efforts in 2015.

As documented above, the enrollment of full-time students at MTI decreased slightly between the start of the 2013 and 2014 academic years. Total enrollment at DWU also decreased slightly, although this was due to fewer graduate students as undergraduate enrollment remained stable.

Neither school was able to provide any projected enrollment information. As a result, it is difficult to make any meaningful recommendations about future supply and demand for student units. For the past few years, enrollment for full-time students has not changed significantly, unlike the years after 2008, when more students were coming to the community.

There was information provided by MTI that points to potential growth in the future, as additional scholarship financial resources and a renewed State effort to promote work force training could bring more people into the Mitchell campus. However, enrollment growth may not always yield increased housing demand, depending on the location the student comes from and whether or not they are young and single, or older students with families.

In the near term, the enrollment patterns and vacancy rates should be monitored. Based on current availability, there should be adequate options when the fall term begins in 2015.

Campus Tech has a master plan for a third phase in their complex. When adequate demand becomes evident, this building is likely to proceed to construction. The leasing experience from the first two phases should help to design a plan for the third phase that is based on practical experience.

6. Observations on Senior Housing with Services

Findings: The purpose of this 2015 Update was to specifically examine the impact of recent rental housing development activity in Mitchell that is oriented to independent living. The scope did not include new research into the specialized care segments of the senior market. Despite to specific analysis of senior housing with services, the following observations are offered, based on general market findings in 2015.

This 2015 Update did examine building permit issuance back to 2012. Since that time, no new specialized senior housing has been built in Mitchell. The last specialized senior project that can be identified dates to 2010, when the most recent phase of Countryside Living started construction.

As part of the research in 2015, the analysts contacted the City of Mitchell in an attempt to identify any pending development projects. No specific projects were identified. City planning staff did indicate that one possible project was in the early planning stages, but no summary information could yet be released. It is possible that this may be a project for seniors.

The demographic section of this Update utilized information from ESRI, a private data reporting service. According to ESRI, there has been almost no growth in the number of senior citizens, age 75 and older, that reside in the two-county MiSA. Between 2010 and 2014, this older senior group has only increased by 34 people, or approximately 1.7% in recent years.

These older seniors, in the age ranges 75 and older, are more likely to use specialized senior housing, offering some level of care. While past growth has been limited, there will be some growth in the future, according to ESRI. From 2014 to 2019, ESRI expects the older senior age groups to increase by more than 10%, as the leading edge of the baby boomer age range begins to enter the older senior groups by the year 2019.

Recommendation: No specific recommendations are made concerning senior housing with services. This segment of the market was not included within the scope of work for the 2015 Update. However, the importance of construction age-appropriate independent housing has been included in the prior recommendations, in recognition of the growing area demographic that is age 55 and older.