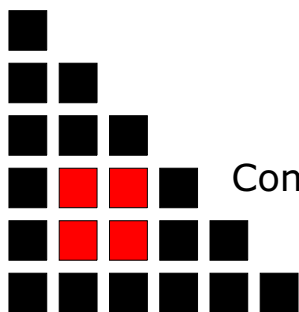


City of Hartford HOUSING STUDY UPDATE

November 2019

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



Community Partners Research, Inc.

Faribault, MN 55021

List of Sections

	<u>Page</u>
Introduction	2
Demographic and Projection Data	4
Existing Housing Data	28
Rental Housing Inventory	36
Regional Housing Data	49
Employment and Local Economic Trends Analysis	57
Findings and Recommendations	63
Agencies and Resources	111

Introduction

Overview

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

Community Partners Research, Inc., was initially hired by the Hartford Area Development Foundation (HADDF) in 2013 to conduct a study of the housing needs and conditions in the City. In 2016, Community Partners Research, Inc. was hired to update to the 2013 document. In 2019, Community Partners Research, Inc. was hired to update to the 2016 document.

Goals

The multiple goals of the study include:

- ▶ Provide updated demographic data from the 2016 Study
- ▶ Provide an analysis of the current housing stock and inventory
- ▶ Determine gaps or unmet housing needs
- ▶ Examine future housing trends that the area can expect to address in the coming years
- ▶ Provide a market analysis for housing development
- ▶ Provide housing recommendations and findings

Methodology

A variety of resources were utilized to obtain information for the Housing Study. Community Partners Research, Inc., collected and analyzed data from July to October, 2019. Data sources included:

- U.S. Census Bureau
- American Community Survey
- Applied Geographic Solutions, Inc., a private data reporting service
- Esri, Inc., a private data reporting service
- Records and data from the City
- Records and data maintained by Minnehaha County
- South Dakota State Data Center

- Interviews with City officials and staff
- Area and State housing agencies
- Interviews with developers and housing stakeholders
- Rental property surveys
- Housing condition survey

Limitations

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

This study was prepared by:

Community Partners Research, Inc.
Faribault, MN
(507) 838-5992
cpartners@charter.net

Section Table of Contents

	Page
Demographic Data Overview	5
Population Data and Trends	6
Population by Age Trends: 2010 to 2019	8
Population Projections	10
Household Data and Trends	11
Household by Age Trends: 2010 to 2019	12
Average Household Size	14
Household Projections	16
Household Projections by Age	17
Housing Tenure	19
Tenure by Age	20
2017 Income Data	21
Household Income Distribution	23
Hartford Income Distribution by Tenure	24
2017 Estimated Income and Housing Costs - Renters	26
2017 Estimated Income and Housing Costs - Owners	27

Demographic Data Overview

Sources of Data

The following pages contain demographic data obtained from a variety of local, state and national sources for the City of Hartford and Minnehaha County. A primary data source is the U.S. Census Bureau, through the decennial census, the annual American Community Survey, and the annual population estimates program.

To supplement the decennial Census, the Census Bureau has created the American Community Survey, an annual sampling of households. This provides detailed demographic characteristics, replacing information once collected by the decennial Census. However, because the American Survey is based on sampling data, there is a margin of error that exists for each estimate. Some of the following tables incorporate the 2017 American Community Survey data, when viewed as reliable.

The Governor's Office of Economic Development provides demographic profile information for cities and counties supplied by Applied Geographic Solutions (AGS), a private company. Prior to using AGS, the State had utilized a similar provider, Esri, Inc., for demographic data. The analysts have examined both of these sources in some of the tables that follow for current-year (2019) estimates and future projections.

In addition to providing demographic information for Hartford, comparative information has often been provided for all of Minnehaha County.

Population Data and Trends

Table 1 Population Trends - 1990 to 2019						
	1990 Census	2000 Census	% Change 1990-2000	2010 Census	% Change 2000-2010	2019 AGS Estimate
Hartford	1,262	1,844	46.1%	2,534	37.4%	3,306
Minnehaha Co.	123,809	148,281	19.8%	169,468	14.3%	192,038

Source: U.S. Census; Applied Geographic Solutions

- ▶ Two estimates exist for population levels in 2019. According to Applied Geographic Solutions, the City’s population was at 3,306 people, which is an increase of 772 people from 2010 to 2019. According to Esri, Hartford had 3,468 people in 2019, which is a gain of 934 people from 2010 to 2019. These estimates show the City’s population increasing by more than 30% since 2010.
- ▶ An estimate for 2018 is available from the Census Bureau’s annual population estimates program. According to this source, there were 3,364 people living in Hartford. The Census Bureau’s estimate is between the AGS and Esri estimates.
- ▶ Despite some differences that exist in the recent estimates for Hartford, all three of the sources do show strong recent growth in City’s population, continuing a long-term pattern. From 2000 to 2010, Hartford’s population increased by nearly 700 people, for a population gain of 37.4%.
- ▶ The recent estimates also show continued growth for all of Minnehaha County. According to Applied Geographic Solutions, the County’s population was 192,038 people in 2019. Esri estimated that there were 198,150 people living in the County in 2019, a higher level than AGS.
- ▶ Census Bureau estimates exist at the county-level for 2018. For all of Minnehaha County, the Census Bureau showed 192,876 people in 2018, a slightly higher estimate than AGS but lower than the Esri estimate.
- ▶ The 2019 estimates also continue the long-term pattern of population growth Countywide. Minnehaha County’s population was 169,468 in 2010. This was a 21,187-person increase from 2000, which was a gain of 14.3%.

Population Characteristics

- ▶ The most reliable information about racial and ethnic groups in Hartford exists in the 2010 Census. At that time, Hartford's population was primarily White and non-Hispanic/Latino. According to the 2010 Census, 96.5% of the City's residents identified their race as White, with the Native American population representing 1.2% of the City total, and the Asian population representing 0.2% of the City's total population. Also, 1.5% of the City's residents were listed as Other Race or Two or More Races.
- ▶ Fewer than 1% of Hartford's residents were identified as Hispanic/Latino.

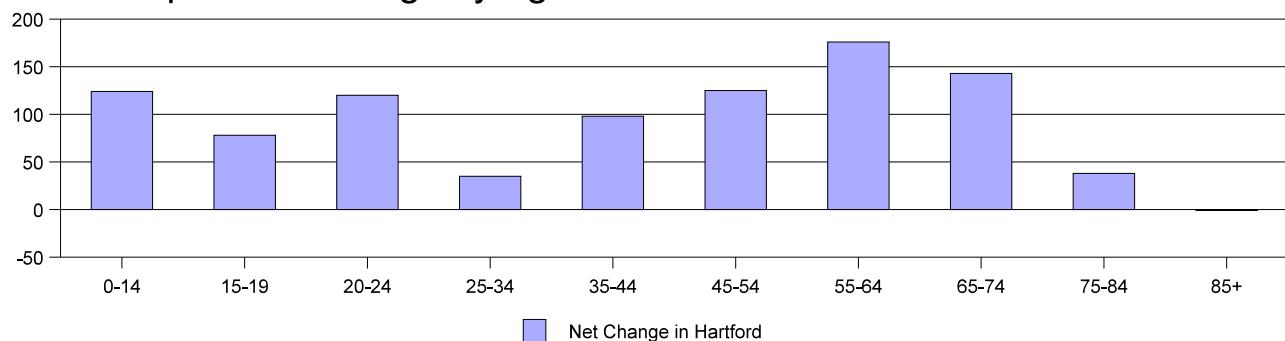
Population by Age Trends: 2010 to 2019

The 2019 population estimates from Esri include information on the age distribution of residents in Hartford and Minnehaha County. The following table compares population by age in 2010 and 2019, along with the numeric changes.

Table 2 Population by Age - 2010 to 2019						
Age	Hartford			Minnehaha County		
	2010	2019	Change	2010	2019	Change
0-14	713	837	124	35,727	40,356	4,629
15-19	180	258	78	11,425	12,595	1,170
20-24	93	213	120	12,443	13,489	1,046
25-34	382	417	35	26,300	28,994	2,694
35-44	384	482	98	21,810	26,623	4,813
45-54	340	465	125	24,535	23,582	-953
55-64	231	407	176	18,385	24,068	5,683
65-74	120	263	143	9,540	16,476	6,936
75-84	57	95	38	6,337	8,023	1,686
85+	34	33	-1	2,966	3,944	978
Total	2,534	3,470	936	169,468	198,150	28,682

Source: U.S. Census, Esri

Population Change by Age in Hartford Between 2010 and 2019



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

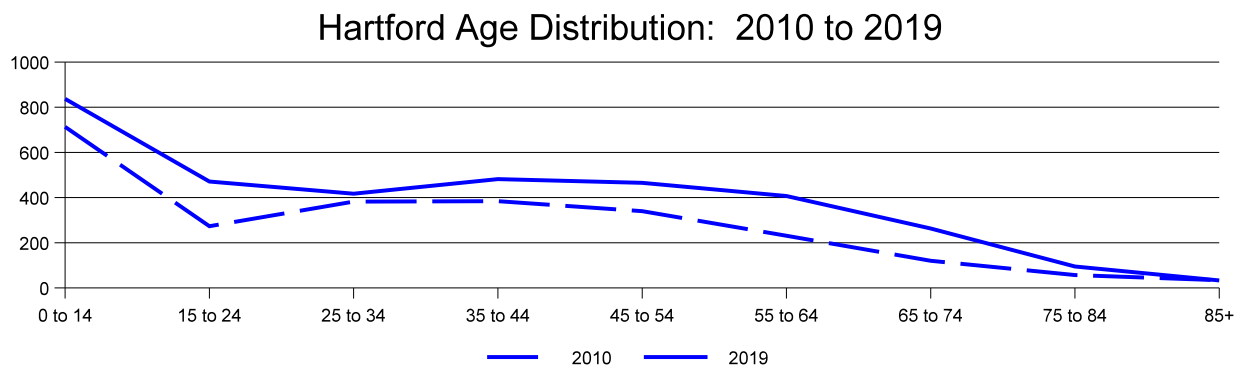
Between 2010 and 2019, Hartford had a gain of 319 people and Minnehaha County had a gain of 12,619 people in the age ranges between 55 and 74 years old. In 2019, nearly all of the baby boomers were within these age ranges.

The City of Hartford also had an increase of 580 people in the 54 and younger age ranges and a gain of 38 people in the 75 to 84 age range. Hartford had a loss of one person in the 85 and older age range.

In addition to the population increase in the 55 to 74 age ranges from 2010 to 2019, Minnehaha County had an increase of 14,352 people in the 44 and younger age ranges and an increase of 2,664 people in the 75 and older age ranges.

Minnehaha County had a loss of 953 people in the 45 to 54 age range.

The aging trends present in 2019 can be traced back over the decade to see the movement of the baby boom generation in Hartford.



Population Projections

The following table presents population projections to the year 2024. Projections for Hartford and Minnehaha County exist from both Applied Geographic Solutions and Esri, and span the five-year period from 2019 to 2024.

Table 3 Population Projections Through 2024						
	Applied Geographic Solutions			Esri		
	2019 Estimate	2024 Projection	Change 2019-2024	2019 Estimate	2024 Projection	Change 2019-2024
Hartford	3,306	3,456	150	3,468	3,922	454
Minnehaha Co.	192,038	204,730	12,692	198,150	214,098	15,948

Source: Applied Geographic Solutions; Esri

- ▶ The Applied Geographic Solutions projection expects the City to add 150 people by 2024, or an annual average of 30 people per year. This average annual numeric growth would be well below the level of the recent past, as the available estimates show the City adding between 85 and 100 people per year after 2010.
- ▶ The Esri projection for Hartford is forecasting that 454 residents will be added by 2024, or an annual average of 91 people per year.
- ▶ The differences between the projection sources also exist at the County level. Applied Geographic Solutions expects the County, including Hartford, to add nearly 12,700 people over the five-year time period, or an annual average of approximately 2,540 people per year.
- ▶ Esri is once again more optimistic and is forecasting that Minnehaha County will add 15,948 residents by 2024, or an annual average of 3,190 people per year.

Household Data and Trends

Table 4 Household Trends - 1990 to 2019						
	1990 Census	2000 Census	% Change 1990-2000	2010 Census	% Change 2000-2010	2019 AGS Estimate
Hartford	450	661	46.9%	913	38.1%	1,264
Minnehaha Co.	46,805	57,996	23.9%	67,028	15.6%	80,401

Source: U.S. Census; AGS

- ▶ Household estimates for 2019 exist from both Applied Geographic Solutions and Esri. The Census Bureau does not issue annual household estimates.
- ▶ The AGS estimate showed 1,264 resident households in Hartford, up by 351 households, or 38.4%, from the level reported in the 2010 Census.
- ▶ Esri’s estimate showed 1,251 households in Hartford, up by 338 households, or 37.0% from the level reported in the 2010 Census.
- ▶ If reduced to an annual average, AGS shows the City adding 39 households per year during the current decade, while Esri shows an almost identical average of approximately 38 households per year.
- ▶ For all of Minnehaha County, AGS showed an increase of 13,373 households since 2010, or a gain of nearly 20%. Esri showed 78,419 total households in 2019, for an increase of 11,391 households from 2010, for an increase of 17%.
- ▶ Although some difference exists between these sources, both show strong growth since 2010, continuing a long-term pattern of household growth in Hartford and Minnehaha County.

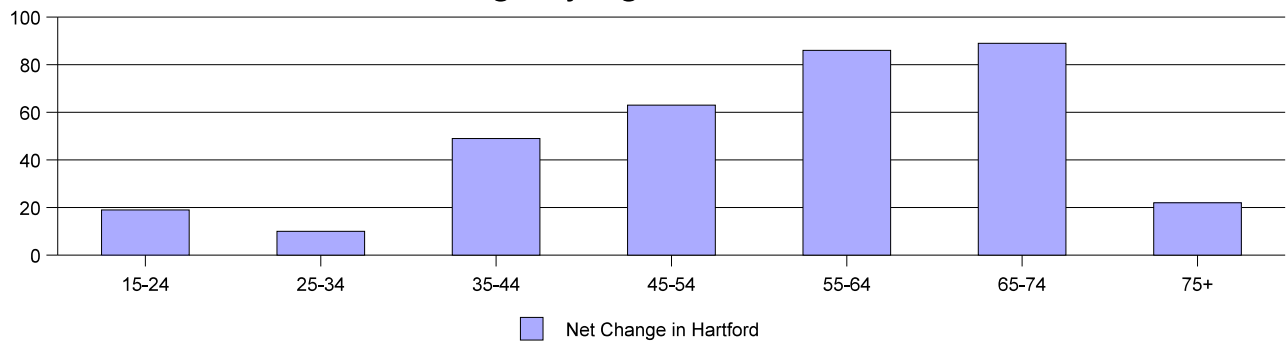
Household by Age Trends: 2010 to 2019

The demographic data profile that is available from AGS does not provide information on households by age. However, age-based estimates are available from Esri. The following table compares households by age in 2010 and 2019, along with the numeric changes. It is important to note that Esri’s total household count for Hartford in 2019 was slightly lower than the estimate from AGS.

Table 5 Households by Age - 2010 to 2019						
Age	Hartford			Sioux Falls MSA		
	2010	2019	Change	2010	2019	Change
15-24	37	56	19	4,310	4,258	-52
25-34	199	209	10	13,252	14,300	1,048
35-44	204	253	49	11,928	14,403	2,475
45-54	197	260	63	14,134	13,279	-855
55-64	127	213	86	11,092	14,094	3,002
65-74	76	165	89	6,012	10,102	4,090
75+	73	95	22	6,300	7,983	1,683
Total	913	1,251	338	67,028	78,419	11,391

Source: U.S. Census; Esri

Household Change by Age Between 2010 and 2019



Consistent with the population by age data presented earlier, the household patterns show much of the change occurring in the baby boomer age groups. For all of Minnehaha County there was an increase of 7,092 households in the 55 to 74 year age ranges, and in Hartford there was a gain of 175 households in the 55 to 74 year old age ranges.

Hartford also had an increase of 141 households in the 54 and younger age ranges and an increase of 22 households in the 75 and older age range. All of Hartford's age ranges gained households from 2010 to 2019. In addition to the 55 to 74 age ranges, Minnehaha County had a gain of 3,523 households in the 25 to 44 age ranges and a gain of 1,683 households in the 75 and older age range. From 2010 to 2019, Minnehaha County had a loss of 52 households in the 15 to 24 age range and a loss of 855 households in the 45 to 54 age range.

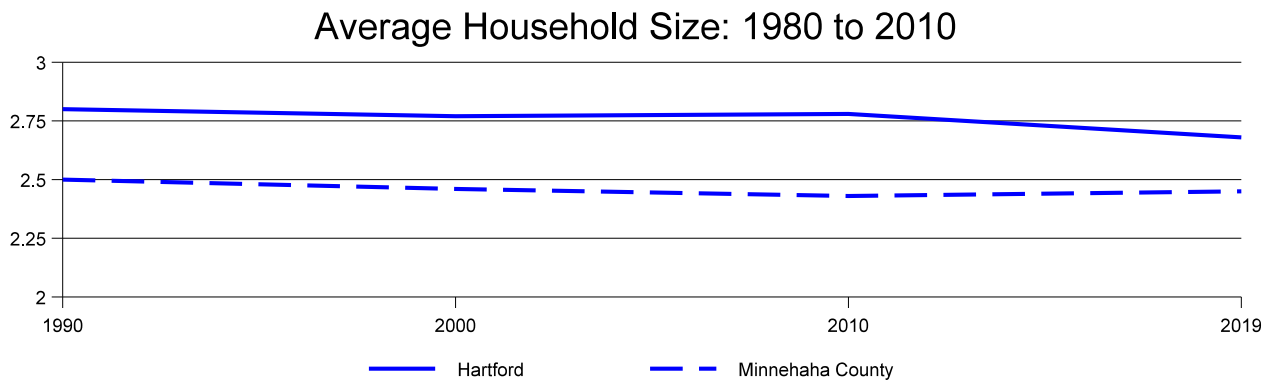
Average Household Size

The following table provides decennial Census information on average household size, along with the 2019 estimate from Esri.

Table 6 Average Number of Persons Per Household: 1990 to 2019				
	1990 Census	2000 Census	2010 Census	2019 Esri
Hartford	2.80	2.77	2.78	2.68
Minnehaha Co.	2.50	2.46	2.43	2.45

Source: U.S. Census; Esri

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



The average household size in Hartford decreased from 1990 to 2019. Hartford’s average household size was 2.80 persons in 1990 and has decreased to 2.68 persons in 2019, according to Esri.

Minnehaha County’s average household size decreased slightly from 2.50 in 1990 to 2.45 in 2019.

Although Hartford’s average household size has decreased over time, the City’s average household size in 2019 is large in comparison to most similarly sized cities.

Although the Applied Geographic Solutions reports do not include an estimate on the group quarters population in the area, it would appear that this source shows a smaller average household size than Esri. Assuming no group quarters residents in Hartford, AGS would show an average household size of 2.62 persons in Hartford in 2019.

Household Projections

Household projections for the five-year time period spanning the years 2019 through 2024 are available from both AGS and Esri. Household projections directly impact the demand for housing.

Table 7 Household Projections Through 2024						
	AGS			Esri		
	2019 Estimate	2024 Projection	Change	2019 Estimate	2024 Projection	Change
Hartford	1,264	1,350	86	1,251	1,415	164
Minnehaha Co.	80,401	87,749	7,348	78,419	84,789	6,370

Source: AGS, Esri

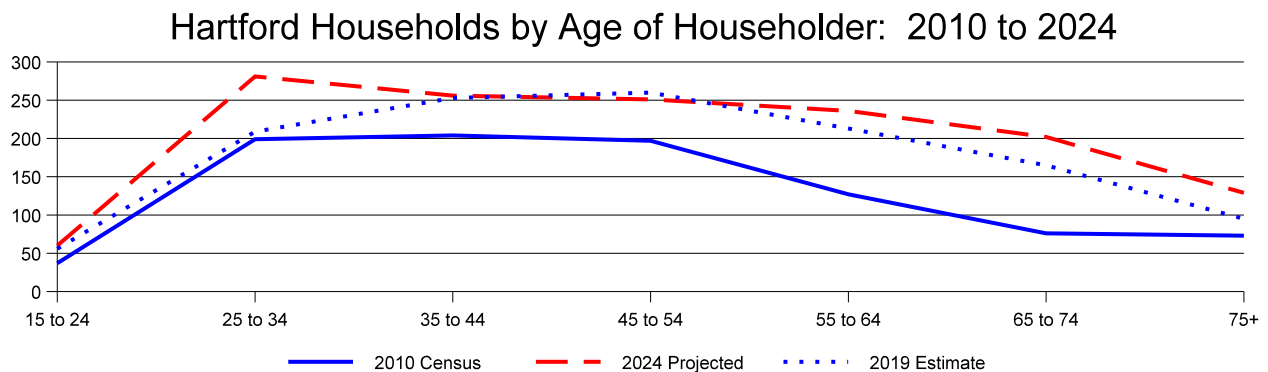
- ▶ AGS is expecting growth of only 86 households over the five-year projection period from 2019 to 2024 while Esri is forecasting that 164 households will be added. If viewed as an annual average, a range of between 17 and 33 households per year is projected.
- ▶ For all of Minnehaha County, AGS is projecting a gain of 7,348 households, while Esri is showing that 6,370 households will be added. If viewed as an annual average, a range of between 1,274 and 1,470 households per year is projected.

Household by Age Projections: 2019 to 2024

In addition to overall household forecasts, Esri has also generated age-based projections for households to the year 2024. These projections can be compared to the data contained in the 2019 Esri estimate to examine the change projected over the next few years. Age-based forecasts are provided for both Hartford and for all of Minnehaha County.

Table 8 Households by Age - 2019 to 2024						
Age	Hartford			Minnehaha County		
	2019	2024	Change	2019	2024	Change
15-24	56	60	4	4,258	4,724	466
25-34	209	281	72	14,300	15,007	707
35-44	253	256	3	14,403	15,863	1,460
45-54	260	251	-9	13,279	13,603	324
55-64	213	236	23	14,094	13,892	-202
65-74	165	202	37	10,102	11,858	1,756
75+	95	129	34	7,983	9,842	1,859
Total	1,251	1,415	164	78,419	84,789	6,370

Source: Esri



From 2019 to 2024, Hartford is projected to gain 79 households in the 44 and younger age ranges and 94 households in the 55 and older age ranges. Hartford is projected to lose nine households in the 45 to 54 age range.

Somewhat similar patterns are also projected for all of Minnehaha County. According to Esri, from 2019 to 2024, Minnehaha County will gain 2,957 households in the 54 and younger age ranges and will gain 3,615 households in the 65 and older age ranges. Minnehaha County is projected to lose 202 households in the 55 to 64 age range.

Housing Tenure

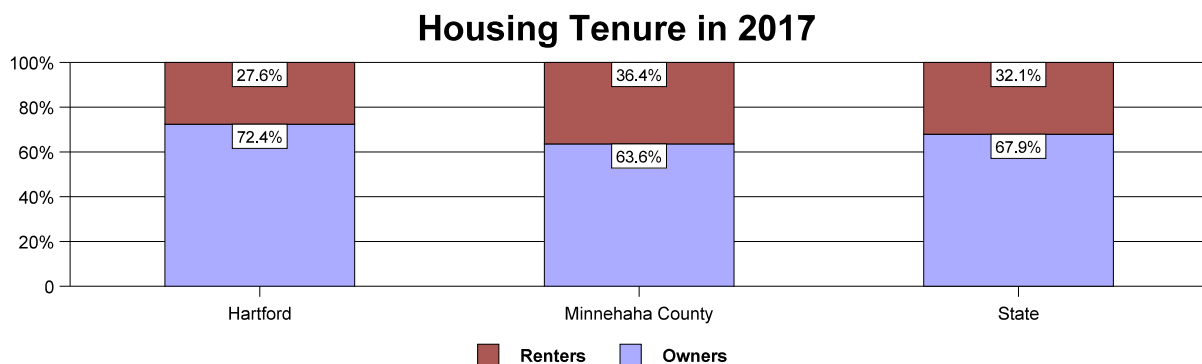
The 2017 American Community Survey has provided data on housing tenure patterns. The following table examines overall 2017 tenure rates for the City of Hartford, Minnehaha County and the State of South Dakota.

Table 9 Household Tenure - 2017				
	Number of Owners	Percent of all Households	Number of Renters	Percent of all Households
Hartford	759	72.4%	289	27.6%
Minnehaha Co.	46,899	63.6%	26,863	36.4%
State	230,657	67.9%	108,801	32.1%

Source: U.S. Census, ACS

According to the 2017 American Community Survey, the ownership tenure rate in Hartford was 72.4% and Minnehaha County’s ownership rate was 63.6%. In 2010, the City of Hartford’s ownership rate was 77.5%. Hartford’s rental rate was 27.6% in 2017, which was below the Statewide rental rate of 32.1%.

Based on 2019 ESRI and AGS data, the American Community Survey has underestimated the number of households in Hartford and Minnehaha County. However, it is still a good indicator of housing tenure in the jurisdictions.



Tenure by Age of Householder

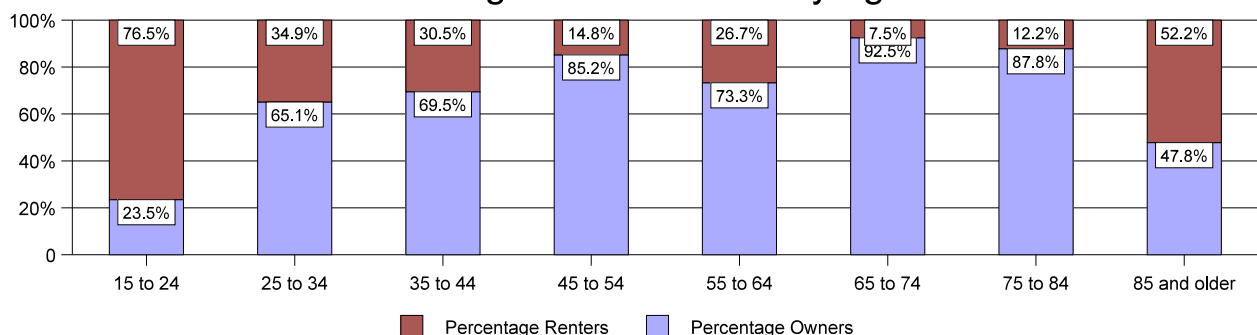
The 2017 American Community Survey provided information on the tenure distribution of households by age range. This table examines the number and percentage of renters and owners in each age group in Hartford.

Table 10 Hartford Tenure by Age of Householder - 2017				
Age	Owners		Renters	
	Number	Percent within age	Number	Percent within age
15-24	8	23.5%	26	76.5%
25-34	192	65.1%	103	34.9%
35-44	162	69.5%	71	30.5%
45-54	173	85.2%	30	14.8%
55-64	96	73.3%	35	26.7%
65-74	74	92.5%	6	7.5%
75-84	43	87.8%	6	12.2%
85+	11	47.8%	12	52.2%
Total	759	72.4%	289	27.6%

Source: American Community Survey

Within the defined age ranges, households in youngest and oldest age range showed a greater preference for rental housing, while all of the other households were primarily home owners. Approximately 77% of the households in the 15 to 24 age range and 52% of the households in the 85 and older age range rented their unit. Ownership rates for each of the 10-year age cohorts between 25 and 84 were above 65%.

Hartford Housing Tenure Patterns by Age in 2017



2017 Income Data

Median income estimates are available for cities and counties through the American Community Survey. The 2016 Study had presented estimates for the year 2014. In the following table, the 2017 estimates have been compared to the 2014 data to examine the changes over the past few years.

Household income represents all independent households, including people living alone and unrelated individuals together in a housing unit. Families are two or more related individuals living in a household. Family incomes tend to be higher than the overall household median, as families have at least two household members, and potentially more income-earners.

Table 11 Median Income - 2014 to 2017			
	2014 Median	2017 Median	% Change
Households			
Hartford	\$65,766	\$69,337	5.4%
Minnehaha County	\$53,391	\$57,322	7.4%
South Dakota	\$50,338	\$54,126	7.5%
Families			
Hartford	\$81,719	\$72,426	-11.4%
Minnehaha County	\$68,663	\$74,413	8.4%
South Dakota	\$64,636	\$69,425	10.3%

Source: American Community Survey

Information contained in the American Community Survey shows Hartford has had some increase in the median household income level in recent years, but that the median family income level has decreased. With the margin of error that can exist in the American Community Survey estimates, it is possible that the family estimate from 2014 was too high, and that the median in the City has not actually been decreasing.

In 2017, the median household income level for Hartford, at \$69,337, was well above the comparable County or Statewide levels. The City’s median family income of \$72,426 was below the median for Minnehaha County but above the Statewide level.

For all of Minnehaha County, household and family incomes have been increasing from 2014 to 2017. The County’s median income levels are higher than the remainder of the State.

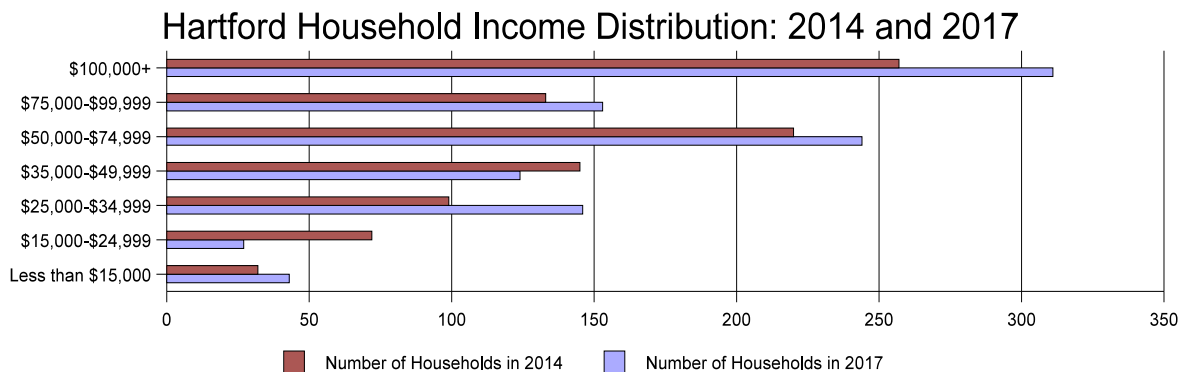
Using the commonly accepted standard that up to 30% of gross income can be applied to housing expenses without experiencing a cost burden, a median income household in Hartford could afford approximately \$1,735 per month for ownership or rental housing in 2017. A median income family could afford approximately \$1,810 per month for housing. However, as will be detailed later in this section, renter households tend to be below the overall median, while owner households tend to be above the overall median income level.

Hartford Household Income Distribution

The 2017 American Community Survey household income estimates for the City of Hartford can be compared to the same distribution information from 2014 to examine changes that have occurred over the previous few years.

Table 12 Hartford Household Income Distribution - 2014 to 2017			
Household Income	Number of Households 2014	Number of Households in 2017	Change 2014 to 2017
\$0 - \$14,999	32	43	11
\$15,000 - \$24,999	72	27	-45
\$25,000 - \$34,999	99	146	47
\$35,000 - \$49,999	145	124	-21
\$50,000 - \$74,999	220	244	24
\$75,000 - \$99,999	133	153	20
\$100,000+	257	311	54
Total	958	1,048	90

Source: ACS



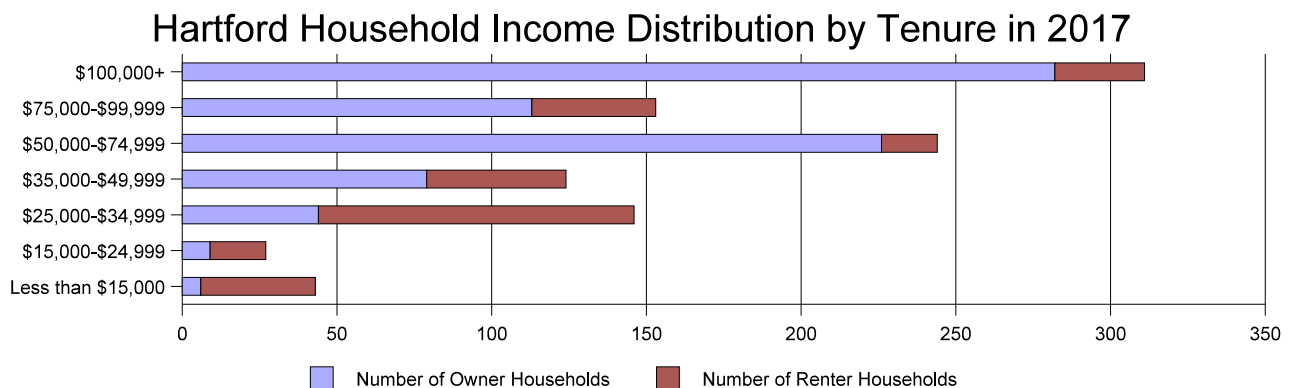
According to income estimates contained in the 2017 American Community Survey, household incomes have improved in Hartford. When compared to the City’s 2014 annual income, the number of households with an income of \$50,000, or more, increased by 98 households. Conversely, there was a net decrease of 8 households with incomes less than \$50,000. However, there are still 70 households in Hartford that have an annual income below \$25,000, which is approximately 7% of the households in Hartford.

Hartford Income Distribution by Housing Tenure

The 2017 American Community Survey provides an income estimate by owner and renter status. The following table examines income distribution within the City of Hartford. The American Community Survey is an estimate, based on limited sampling data, and it appears that the American Community Survey has underestimated the number of owner and renter households that were present in Hartford in 2017. However, this still represents the best data source on income by housing tenure.

Table 13 Income Distribution by Tenure - 2017			
Household Income	Number of Owner Households	Number of Renter Households	Total Households
\$0 - \$14,999	6/14.0%	37/86.0%	43
\$15,000 - \$24,999	9/33.3%	18/66.7%	27
\$25,000 - \$34,999	44/30.1%	102/69.9%	146
\$35,000 - \$49,999	79/63.7%	45/36.3%	124
\$50,000 - \$74,999	226/92.6%	18/7.4%	244
\$75,000 - \$99,999	113/73.9%	40/26.1%	153
\$100,000+	282/90.7%	29/9.3%	311
Total	759/72.4%	289/27.6%	1,048

Source: American Community Survey



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

In 2017, approximately 54% of all renter households in Hartford had an annual income below \$35,000. At 30% of income, these households would have \$875, or less, that could be applied to monthly housing costs.

Conversely, a majority of the owner households had a substantially higher income level. Approximately 82% of all owner households had an annual income of \$50,000 or more. At 30% of income, these owners could afford \$1,250 or more per month for housing costs.

The American Community Survey also included an estimate of the median income level by housing tenure. For renter households in Hartford in 2017, the estimated median household income was \$31,442. For home owners in Hartford, the estimated median was \$78,203.

2017 Estimated Income and Housing Costs - Renters

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

Percent of Income for Housing	Households Age 64 and Younger	Households Age 65 and Older	Total
Less than 20%	110 / 43.1%	0 / 0%	110 / 40.2%
20% to 29.9%	63 / 24.7%	5 / 26.3%	68 / 24.8%
30% to 34.9%	37 / 14.5%	0 / 0%	37 / 13.5%
35% or more	45 / 17.7%	14 / 73.7%	59 / 21.5%
Not Computed	0 / 0%	0 / 0%	0 / 0%
Total	255 / 100%	19 / 100%	274 / 100%

Source: American Community Survey

According to the 2017 American Community Survey, approximately 35% of all renters in the City were paying 30% or more of their income for rent. A majority of these households were actually paying 35% or more of their income for housing. Federal standards for rent subsidy programs generally identify 30% of household income as the maximum household contribution. When more than 30% of income is required, this is often called a “rent burden”. When more than 35% is required, this can be considered a “severe rent burden”.

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

The American Community Survey only reported on 19 senior citizen renters (age 65 and older), which may have been an undercount in these age ranges. As a result, most of the households with a rental cost burden were age 64 or younger.

2017 Estimated Income and Housing Costs - Owners

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

Table 15 Ownership Costs as a Percentage of Income - Hartford		
Percentage of Household Income for Housing Costs	Number of Owner Households 2017	Percent of All Owner Households 2017
0% to 19.9%	481	63.4%
20% to 29.9%	206	27.1%
30% to 34.9%	38	5.0%
35% or more	34	4.5%
Not Computed	0	0%
Total	759	100%

Source: American Community Survey

Based on the 2017 American Community Survey, most owner-occupants, which would include households with or without a mortgage, reported paying less than 30% of their income for housing. However, approximately 9.5% of all home owners reported that they paid more than 30% of their income for housing.

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

Building Permit Trends

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

Table 16 Hartford Housing Unit Construction Activity: 2000 to 2019*					
Year	Single Family Detached	Single Family Attached	3 and 4 Unit Structures	5+ Unit Structures	Total Units
2019*	12	4	0	0	16
2018	15	6	0	0	21
2017	17	8	28	0	53
2016	21	4	4	32	61
2015	21	4	8	21	54
2014	16	0	4	6	26
2013	17	2	8	0	27
2012	14	2	0	16	32
2011	5	4	0	12	21
2010	8	6	3	32	49
2009	10	2	0	0	12
2008	16	8	0	0	24
2007	22	0	3	40	65
2006	17	4	0	16	37
2005	25	4	0	0	29
2004	28	0	0	0	28
2003	14	0	1	0	15
2002	19	2	0	4	25
2001	19	2	1	0	22
2000	17	0	0	0	17
TOTAL	333	62	60	179	634

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

*2019 is through September

Over the past 20 years, 634 new housing units have been constructed in Hartford, based on building permit issuance. There were 395 units identified as single family homes or twin homes, and 239 units have been added in multifamily development projects that created rental housing.

The City has averaged approximately 32 new housing units annually over the past 20 years. Over the past four years, since the 2016 Hartford Housing Study from 2016 to 2019 (partial-year) the City has averaged nearly 38 new housing units annually.

Unlike most smaller communities in South Dakota, Hartford has had ongoing production of multifamily rental units. From 2011 through July 2019, approximately 139 multi-family rental units have been constructed in Hartford.

Existing Home Sales

This section examines houses that were sold in Hartford from 2016 through 2018, the last full year of data. The sales records were obtained from the SD Department of Revenue website, presenting information supplied by the Minnehaha County Equalization Office.

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

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

The County and State reject sales that show significant variation from the assessed value. Known as the "150% rule" these sales may be open market transactions but are not useful in the County's sales ratio analysis.

The County's sales ratio year differs slightly from the calendar year. It begins on November 1st and ends the following October 31st.

Table 17 Hartford Residential Sales Activity - 2016 to 2018				
Sales Year	Number of Sales	Median Sale Price	Highest Sale	Lowest Sale
2018	61	\$189,900	\$420,500	\$42,444
2017	61	\$179,000	\$439,659	\$40,000
2016	54	\$177,000	\$395,000	\$31,000

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

In 2018, the last full year of data, there were 61 good sales in the City. The median sales price was \$189,900, up by more than \$10,000 from 2017.

In each of the years reviewed, at least one house has been sold for \$395,000 or more each year. There has also been at least one home sold for less than \$43,000.

An alternate estimate of home values exists in the American Community Survey. The most recent estimate is for 2017, and places the midpoint values for owner-occupied houses at \$174,400, similar to the median sales prices from 2016 and 2017.

Home Sales by Price Range

The following table looks at single family houses that sold within defined price ranges in the 2018 sales period. There were 61 good “arms length” sales over this period.

Table 18 Hartford Home Sales by Price Range: 2018		
Sale Price	Number of Sales	Percent of Sales
Less than \$50,000	1	1.6%
\$50,000 - \$99,999	5	8.3%
\$100,000 - \$124,999	3	4.9%
\$125,000 - \$149,999	4	6.6%
\$150,000 - \$174,999	7	11.5%
\$175,000 - \$199,999	15	24.6%
\$200,000 - \$224,999	3	4.9%
\$225,000 - \$249,999	10	16.4%
\$250,000 - \$299,999	2	3.3%
\$300,000+	11	18.0%
Total	61	100%

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

Recent home sales in Hartford have been distributed in different price ranges. In 2018, more than 57% of the sales were in a range between \$150,000 and \$249,999.

Overall, fewer than 10% of the sales were for less than \$100,000. More than 21% sold for \$250,000 or more, including 11 houses that sold for \$300,000 or more.

Hartford Housing Condition

As part of the 2019 Update, Community Partners Research, Inc., representatives conducted a visual 'windshield' survey of 219 single family/duplex houses in two Hartford neighborhoods. The survey of the two neighborhoods was also conducted in 2013, but was not updated as part of the 2016 research.

The boundaries of the two neighborhoods are:

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

Neighborhood No. 2: South - 2nd St., North - 5th St.,
East - Vandemark Ave., West - Western Ave.

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

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

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

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

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

Table 19 Windshield Survey Condition Estimate - 2019

	Sound	Minor Repair	Major Repair	Dilapidated	Total
Neighborhood #1	11/19.3%	28/49.1%	14/24.6%	4/7.0%	57
Neighborhood #2	64/39.5%	75/46.3%	22/13.6%	1/0.6%	162
Total	75/34.3%	103/47.0%	36/16.4%	5/2.3%	219

Source: Community Partners Research, Inc.

- ▶ Based on the visual housing condition completed as part of the 2019 Study, the existing housing stock in Hartford's two oldest neighborhoods was in good condition. Approximately 47% of the houses in the two neighborhoods needed minor repair and 16% needed major repair at that time. Approximately 34% were sound, with no required improvements.
- ▶ Approximately five houses in the two neighborhoods are dilapidated in 2019 and possibly beyond repair.

Hartford Mobile Home Housing Condition

Community Partners Research, Inc. representatives conducted a visual 'windshield' survey of 34 mobile homes located in the Mobile Home Park in the City of Hartford. The survey was conducted in September 2019.

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

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

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

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

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

Table 20 Windshield Survey Condition Estimate - 2019					
	Sound	Minor Repair	Major Repair	Dilapidated	Total
Mobile Homes	6/17.6%	14/41.2%	8/23.6%	6/17.6%	34

Source: Community Partners Research, Inc.

- ▶ The mobile homes in Hartford are in fair condition. Approximately 41% of the mobile homes need minor repair and 24% need major repair. Approximately 18% are sound, with no required improvements.
- ▶ Six mobile homes were dilapidated and possibly beyond repair.

Rental Housing Data

Census Bureau Rental Inventory - Hartford

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

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

Estimated Rental Inventory in Hartford in 2019

As reported in the 2013 Hartford Housing Study, from 2010 to April 2013, Hartford continued to add rental housing units through new construction. Approximately 60 rental units were added in the Deer Hollow Phase II, Pinecrest and Fifth Street Apartment projects.

From April 2013 through December 2015, an additional 25 rental units were constructed. All 25 units are conventional market rate. The new units included four additional units at Pinecrest Estates, Vista Crossing (20 units), and one unit at 300 E. 2nd St.

From 2016 to 2019, the following 84 rental units have been constructed:

- ▶ Kellenberger Properties - four three-bedroom twin home units
- ▶ Howling Plains - 24 units in two 12-plexes
- ▶ Freedom Place Apartments - 12 three-bedroom units in three 4-plexes
- ▶ Hendrickson Western Meadows Apartments - eight two-bedroom town home units
- ▶ Barker Properties - 24 three-bedroom units in six 4-plexes
- ▶ Bernadine Place - 12 two-bedroom units in six twin homes

With the units constructed after the 2010 Census, the estimated rental unit inventory has increased to approximately 386 units in 2019.

Pending Rental Projects

We are not aware of any new projects in the planning phase in 2019 in Hartford. However, several local developers and rental property owners have stated that they may construct additional rental units in the future.

Rental Housing Survey

As part of this housing study, a telephone survey was conducted of multifamily projects in the City of Hartford, including the rental projects that are currently under construction. The survey was conducted during the months of August and September, 2019.

Emphasis was placed on contacting properties that have four or more units. For the purpose of planning additional projects in the future, multifamily properties represent the best comparison of market potential.

Multiple attempts were made to contact each building. Information was tallied separately for different types of rental housing, including conventional market rate units, tax credit/moderate rent units, subsidized housing, and senior housing. All of the tax credit/moderate rent, subsidized and senior with services projects were surveyed. Also, we attempted to survey all of the market rate rental projects and information was obtained on a high percentage of these projects.

There were 316 rental units of all types that were contacted in the survey. This total would represent approximately 81% of the estimated total inventory of rental housing units in 2019. The units that were successfully contacted include:

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

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

Market Rate Summary

Usable information was obtained from 15 different market rate rental projects. Combined, these projects have 211 conventional rental units. All of the units in the survey were multifamily buildings, with the exception of one unit in a duplex.

Unit Mix

We obtained unit size information on the 211 units from property owners/managers. The bedroom mix breakdown of the 211 units is as follows:

- ▶ Efficiency/Studio - 4 units (1.9%)
- ▶ One-bedroom - 27 units (12.8%)
- ▶ Two-bedroom - 99 units (46.9%)
- ▶ Three-bedroom - 81 units (38.4%)

No units with four or more bedrooms were surveyed, however, some single family houses in the community that provide rental housing, may have four or more bedrooms which would accommodate large families.

Occupancy / Vacancy

Within the market rate multifamily segment there were 12 vacant units in the 211 market rate rental units that were surveyed. This represents an overall vacancy rate of 5.7%. The property owners/managers generally reported good occupancy rates, however, there are occasional vacancies. At the time of the 2016 Hartford Housing Study, the vacancy rate for market rate units was 1.5%.

Rental Rates

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

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

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

<u>Unit Type</u>	<u>Lowest/Highest Gross Rents</u>
Efficiency/Studio	\$525
One-bedroom	\$625-\$1,040
Two-bedroom	\$770-\$1,425
Three-bedroom	\$1,300-\$1,450

The efficiency/studio rent is based on only one project.

Tax Credit/Moderate Rent Summary

There are three rental projects in Hartford with a total 68 units that have either received an allocation of low income housing tax credits or federal HOME Program funding and provide options for more affordable rental housing.

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

Another rental project, Whispering Pines, used federal HOME Program funds. Ten of the 12 units in Whispering Pines are income-restricted, at either 50% or 80% of the median income level. The remaining two units do not have income restrictions.

Unit Mix

The following unit breakdown of the 68 units is based on the specific information obtained from property owners/managers:

- ▶ Two-bedroom - 40 units (58.8%)
- ▶ Three-bedroom - 28 units (41.2%)

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

Occupancy / Vacancy

At the time of the survey, there were no vacant units in the 68 tax credit/moderate rent units. The property managers reported high occupancy rates on an ongoing basis and high demand for the units. The 2016 Housing Study reported one vacant unit.

Rental Rates

The tax credit and HOME programs have maximum rent limits that are set as part of the financial assistance package. The rents in Deer Hollow are \$531 to \$677 for a two-bedroom unit and \$620 to \$804 for a three-bedroom unit. The two-bedroom rents in Whispering Pines are \$408 to \$610.

Subsidized Summary

The research completed for this Study identified only one subsidized project in Hartford that provides rental opportunities for lower income households. Royal Apartments is a 16-unit general occupancy subsidized USDA Rural Development project. The 16 units include two one-bedroom units and 14 two-bedroom units.

The units in Royal Apartments have access to project-based rent assistance. Tenants pay 30% of their household income for rent up to the unit's market rent. The manager reported no vacancies at the time of the survey. The units were also fully occupied at the time of the Housing Study.

Subsidized Housing Gains/Losses

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

Tenant-Based Housing Choice Vouchers

There are also tenant-based rent assistance Housing Choice Vouchers available for Hartford tenants. The Voucher Program is administered by the Sioux Falls Housing and Redevelopment Commission. Housing Choice Voucher assistance is issued to income-eligible households for use in suitable, private market rental housing units. With the assistance, a household pays approximately 30% to 40% their income for their rent, with the program subsidy paying any additional rent amounts.

In September 2019, there were several renter households receiving Voucher assistance in Hartford. Since this rent assistance is tenant-based, and moves with the household, the actual number of participating households within the City can vary from month to month.

The waiting list for the Housing Choice Voucher is approximately 2 ½ years.

Senior Housing with Services Summary

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

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

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

At the time of the rental survey, there were four vacancies in the residential lighter services rooms. However, housing for older seniors can have a high rate of turnover and the number of vacancies fluctuates.

The rent and fees are based on the type of room and the level of services provided.

Table 21 Hartford Multifamily Rental Housing Inventory

Name	Number of Units / Bedroom Mix	Rent	Vacancy/ Wait List	Tenant Mix	Comments
Market Rate					
Fifth Street Apartments & Townhomes	3 - 2 Bedroom <u>15 - 3 Bedroom</u> 18 Total Units	\$895 \$945-\$1095	No vacancies	General occupancy	Fifth Street Apartments and Townhomes includes two two-level apartment buildings with four units in one building and eight units in one building that opened for occupancy in 2012. All of the apartment units have three bedrooms. There are also three two-bedroom townhomes and three three-bedroom townhomes. The apartments rent is \$995 to \$1,050. Rent includes water, sewer and garbage, with tenants paying other utilities. Amenities include in-unit laundry, dishwasher, garage parking, and patio/deck. Units have 1,206 sq. ft. and two bathrooms. The rent on the two-bedroom townhomes is \$895 and the three-bedroom rents are \$1,095. Tenants also pay utilities. Manager reports no vacancies.
Hartford Manor	4 - Efficiencies <u>8 - 1 Bedroom</u> 12 Total Units	\$525 \$625	Two vacancies	General occupancy	Hartford Manor includes two rental buildings constructed in 1970 and originally HUD-subsidized, but the contract expired in 2011 and the units converted to conventional housing. Rent includes utilities. The owner reported no vacancies at the time of the survey.
Heather Gardens Apartments	<u>4 - 2 Bedroom</u> 4 Total Units	\$580 +heat, electric	No vacancies	General occupancy	Hartford Gardens Apartment is a four-plex constructed in 1978. Tenants pay gas and electric in addition to rent. Amenities include coin laundry and garage. The owner reported no vacancies at the time of the survey. The owner also reports that most tenants are long-term with limited turnover.
Pinecrest Estates	<u>20 - 3 Bedroom</u> 20 Total Units	\$1050-\$1100 +heat, electric	Two vacancies	General occupancy	Pinecrest Estates includes five 4-plexes that were constructed in 2012 and 2013. Tenants pay gas and electric in addition to rent. Amenities include attached garage and in-unit laundry. The units have 1,240 sq. ft. and two bathrooms. The manager reported no vacancies at the time of the survey.

Table 21 Hartford Multifamily Rental Housing Inventory

Name	Number of Units / Bedroom Mix	Rent	Vacancy/ Wait List	Tenant Mix	Comments
Market Rate					
300 E 2 nd St	<u>1 - 2 Bedroom</u> 1 Total Unit	\$850 +utilities	No vacancies	General occupancy	The unit is a duplex. The other unit is owner occupied. Rent is \$850 plus utilities. The duplex is approximately three years old. The unit was occupied at the time of the survey.
Thompson Apartments	2 - 1 Bedroom <u>14 - 2 Bedroom</u> 16 Total Units	\$610 \$710 +electric	1 vacancy	General occupancy	Thompson Apartments includes two eight-unit apartment buildings constructed in 1971 and 1973. Rent includes water and sewer. Tenants pay electric. Amenities include off-street parking and coin laundry. The owner reported no vacancies at time of survey, however, one unit is not being rented at this time due to renovation.
West Oaks Estates	4 - 1 Bedroom 26 - 2 Bedroom <u>2 - 3 Bedroom</u> 32 Total Units	\$750 \$875 \$1100 +heat, electric	2 vacancies	General occupancy	West Oaks Estates includes two two-level apartment buildings constructed in 2006 and 2007. Rent includes water, sewer and garbage, with tenants paying heat and electricity. Garages available for extra fee. Amenities include in-unit laundry, patio/deck and community room. One-bedrooms have 925 sq ft and one bathroom, two-bedrooms have 1,080 sq. ft. and two bathrooms and three-bedrooms have 1,200 sq. ft. and two bathrooms. The manager reported two vacancies at the time of the survey.
Vista Crossing	8 - 1 Bedroom <u>12 - 2 Bedroom</u> 20 Total Units	\$825-\$840 \$995	No vacancies	General occupancy	Vista Crossing is a 20-unit market rate rental project constructed in 2015. The project also includes commercial space. The 20 units include eight one-bedroom and 12 two-bedroom units. The one bedroom units have one bath and the two-bedroom units have two baths. Rent includes water, sewer, garbage and one garage stall. The project and the units have 'state of the art' amenities. The owner reported no vacancies at the time of the survey.

Table 21 Hartford Multifamily Rental Housing Inventory

Name	Number of Units /Bedroom Mix	Rent	Vacancy/ Wait List	Tenant Mix	Comments
Market Rate					
Hendrickson Apartments	<u>4 - 2 Bedroom</u> 4 Total Units	\$675-\$825	No vacancies	General occupancy	Hendrickson Apartments includes four market rate rental units. The project was constructed in 2003. All four units are two-bedroom. The owner reported no vacancies at the time of the survey.
Kellenberger Properties	<u>4 - 3 Bedroom</u> 4 Total Units	\$1150 + utilities	1 vacancy	General occupancy	Kellenberger Properties is a four-unit general occupancy market rate rental project constructed in 2014. All four units have three bedrooms and high quality amenities. Rent is \$1,100 plus utilities. The owner reported one vacancy at the time of the survey.
Howling Plains	4 - 1 Bedroom 16 - 2 Bedroom <u>4 - 3 Bedroom</u> 24 Total Units	\$650 \$795 \$1,150	2 vacancies	General occupancy	Howling Plains includes two 12-unit buildings. One building has four one-bedroom, four two-bedroom and four three-bedroom units. The second building has all two bedroom units. Tenants will also pay heat and electricity. Each unit will have a one-car garage. The manager reported two two-bedroom vacancies at the time of the survey.
Freedom Place Apartments	<u>12 - 3 Bedroom</u> 12 Total Units	\$1150 + plus gas & electricity	No vacancies	General occupancy	Freedom Place Apartments is a 12-unit market rate general occupancy project. The 12 units are in three 4-plexes. The units were constructed in 2016 and 2017. The units have two baths and double garages. Rent is \$1,150 plus gas and electricity. There were no vacancies at the time of the survey.
Hendrickson Western Meadows Apartments	<u>8 - 2 Bedroom</u> 8 Total Units	\$785-\$935 + utilities	No vacancies	General occupancy	Hendrickson Western Meadows Apartments includes eight two-bedroom units. The units were constructed in 2016. Rents range from \$785 to \$935 plus utilities. The owner reported no vacancies at the time of the survey.

Table 21 Hartford Multifamily Rental Housing Inventory					
Name	Number of Units /Bedroom Mix	Rent	Vacancy/ Wait List	Tenant Mix	Comments
Market Rate					
Bernadine Place	<u>12 - 2 Bedroom</u> 12 Total Units	\$1200 + utilities	No vacancies	General occupancy	Bernadine Place includes 12 two-bedroom units in six twinhomes. Five twinhomes have been recently constructed and one twinhome is currently under construction. Rent is \$1,200 plus utilities. The units have attached garages. The owner reported no vacancies at the time of the survey.
Barker Properties	<u>24 - 3 Bedroom</u> 24 Total Units	\$1000 + heat, electric	Two vacancies	General occupancy	Barker Properties includes 24 three-bedroom units in six 4-plexes. The units were constructed in 2017. Rents are \$1,100 plus heat and electricity. The units are \$1,200 sq. ft. with attached double garages, attached 2.5 stall garages, and in-unit laundry. The manager reported two vacancies at the time of the survey.
Tax Credit/Moderate Rent					
Deer Hollow Apartments	12 - 2 Bedroom <u>12 - 3 Bedroom</u> 24 Total Units	\$531-\$677 \$620-\$804 + heat, electric	No vacancies	All units serve households below 40%, 50% or 60% of median income	Deer Hollow is a tax credit rental project constructed in two phases with phase 1 opening in 2008. There are three buildings with eight town house-style units per building. Rent includes water, sewer and garbage, with tenants paying other utilities. Amenities include garage, in-unit laundry, play ground and community room. Two-bedroom units have 1,026 to 1,058 sq. ft. with either one or two bathrooms and three-bedroom units have 1,344 to 1,497 sq. ft. with two bathrooms. The manager reported no vacancies at the time of the survey.

Table 21 Hartford Multifamily Rental Housing Inventory

Name	Number of Units /Bedroom Mix	Rent	Vacancy/ Wait List	Tenant Mix	Comments
Tax Credit/Moderate Rent					
Deer Hollow II Apartments	16 - 2 Bedroom <u>16 - 3 Bedroom</u> 32 Total Units	\$531-\$677 \$620-\$804 + heat, electric	No vacancies	All units serve households below 40%, 50% or 60% of median income	Deer Hollow II is a tax credit rental project constructed in two phases with phase 2 opening in 2011. There are four buildings with eight town house-style units per building. Rent includes water, sewer and garbage, with tenants paying other utilities. Amenities include garage, in-unit laundry, playground and community room. Two-bedroom units have 1,026 to 1,058 sq. ft. with either one or two bathrooms and three-bedroom units have 1,344 to 1,497 sq. ft. with two bathrooms. The manager reported no vacancies at the time of the survey.
Whispering Pines Apartments	2 - 2 Bdrm 50% 8 - 2 Bdrm 80% <u>2 - 2 Bdrm market</u> 12 Total Units	\$408 \$522 \$610 + heat, electric	No vacancies	2 units @ 50% of median, 8 units @ 80% of median and 2 units market rate	Whispering Pines is a mixed-income rental project constructed with HOME funds. Two units serve households at or below 50% of median, and eight units at 80% of median, with two units having no income limits. The manager reported no vacancies at the time of the survey.
Subsidized					
Royal Apartments 507 N Oaks Ave	2 - 1 Bedroom <u>14 - 2 Bedroom</u> 16 Total Units	\$505 \$565 30% of income	No vacancies	General occupancy	Royal Apartments two two-level apartment buildings with eight units each that are subsidized through USDA Rural Development and were constructed in mid-1970s. The project offers general occupancy housing and tenants have access to project-based rent assistance that allows rent based on 30% of income, up to market rents listed. No vacancies were reported at the time of the survey.

Table 21 Hartford Multifamily Rental Housing Inventory					
Name	Number of Units /Bedroom Mix	Rent	Vacancy/ Wait List	Tenant Mix	Comments
Senior Housing with Services					
Leisure Living II	21 beds in 21 units, 10 licensed assisted living and 11 are registered as residential living	Varies based on level of services	4 vacant residential units	Senior Assisted Living Center/ Residential Living Center	Leisure Living II is a senior housing project with 21 rooms that are registered as a Residential Living Center, but 10 of the rooms are also licensed as an Assisted Living Center. The project approximately 19 years old. All tenants receive a basic services package that includes three meals, housekeeping and laundry, and then more intensive services are available to assisted living residents. Rooms have private bathrooms. The administrator reported that the facility has four vacant residential units. The facility accepts Medicaid for up to five assisted living residents.

Source: Community Partners Research, Inc.

Net Household Growth in the Sioux Falls MSA

Over the last few decades, the entire Sioux Falls MSA has grown at a rapid rate. Between the 2010 Census and the 2019 estimate from Applied Geographic Solutions, a substantial number of households were added in Sioux Falls and in many of the smaller cities in Minnehaha and Lincoln Counties. The following table examines growth in numeric and percentage terms. The listed cities have been ordered by the numeric household growth that occurred over the 9-year period.

City	2010 Census	2019 AGS Estimate	Numeric Growth	Percentage Growth
Sioux Falls	61,707	75,664	13,957	22.6%
Brandon	3,118	3,804	686	22.0%
Tea	1,254	1,936	682	54.4%
Harrisburg	1,423	2,049	626	44.0%
Hartford	913	1,264	351	38.4%
Dell Rapids	1,388	1,439	50	3.6%
Crooks	431	472	41	9.5%
Worthing	325	353	28	8.6%
MSA	83,677	107,207	23,530	28.1%

Source: US Census; Applied Geographic Solutions

Between the Census in 2010 and 2019, Brandon captured the largest numeric share of household growth for any single jurisdiction outside of Sioux Falls, and added 686 households according to Applied Geographic Solutions. Tea and Harrisburg, both located in Lincoln County, had a similar level of numeric growth, adding 682 and 626 households, respectively. Hartford's addition of 351 households was the next highest gain.

In percentage terms, Tea has had the largest increase in households so far this decade, with growth of more than 54%. Harrisburg at 44% and Hartford at more than 38% also grew at a faster rate than the entire MSA. Although Brandon had the largest numeric household growth of the smaller cities around Sioux Falls, the percentage increase of 22% trailed the rate for the entire MSA.

MSA Housing Unit Construction Activity: 2004 to 2018

The U.S. Census Bureau collects building permit issuance information from individual cities, towns and townships. Annual housing construction summary information is available for the combined jurisdictions that form the Sioux Falls MSA. This represents a four-county area of Minnehaha, Lincoln, McCook and Turner Counties.

It is important to note that the Census Bureau's annual totals may differ from other information provided within this section, which was collected directly from individual cities. However, the Census Bureau reports do provide some perspective on housing construction within the larger MSA. Census Bureau annual totals for the City of Hartford are also provided for comparison.

Housing construction activity in Hartford has represented a relatively small share of all activity in the Sioux Falls MSA in recent years. However, from 2010 through 2018, unit construction in Hartford represented 1.8% of all MSA activity.

From 2010 to 2018, multifamily projects with three or more units in Hartford accounted for approximately 2.0% of the new multifamily unit construction in the MSA. For one and two family housing units, Hartford represented nearly 1.6% of all construction in the MSA.

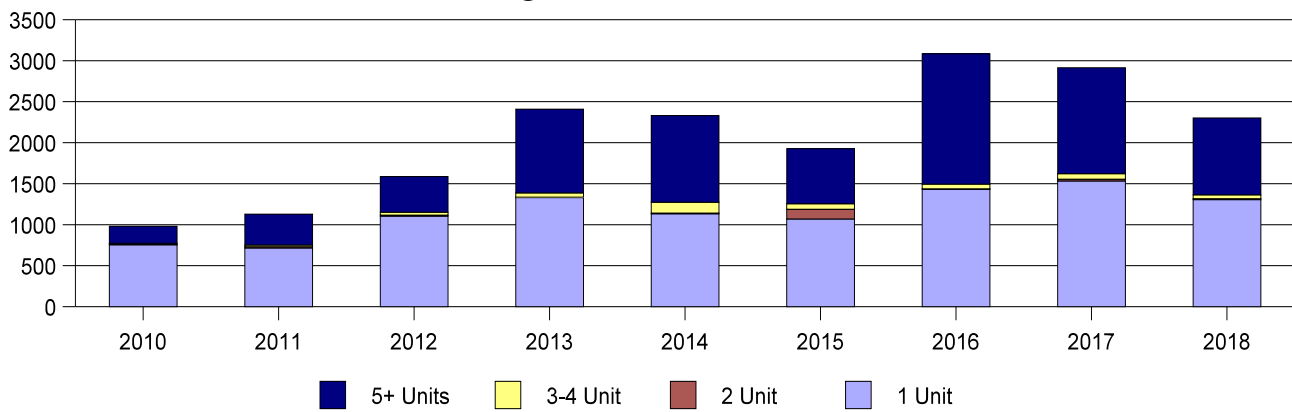
Although multifamily unit construction could represent different types of housing, including condominiums or cooperatively owned housing, it is assumed that the large majority of multifamily units are intended for renter-occupancy. Conversely, it is assumed that most of the single family and two-unit construction would represent owner-occupancy housing.

Table 23 Hartford and MSA Housing Unit Construction Activity - 2004 to 2018

Year	City of Hartford					Sioux Falls MSA				
	Single Family	Two Family	3 to 4 Family	Multifamily	Total	Single Family	Two Family	3 to 4 Family	Multifamily	Total
2018	15	6	0	0	21	1,306	12	46	938	2,302
2017	17	8	28	0	53	1,533	22	67	1,292	2,914
2016	21	4	4	32	61	1,431	6	58	1,589	3,084
2015	21	4	8	21	54	1,069	120	67	670	1,926
2014	16	0	4	6	26	1,134	8	131	1,057	2,330
2013	17	2	8	0	27	1,330	6	52	1,021	2,409
2012	14	2	0	16	32	1,104	12	36	435	1,587
2011	5	4	0	12	21	716	16	19	378	1,129
2010	8	6	3	32	49	755	8	111	207	1,081
2009	10	2	0	0	12	962	24	99	492	1,577
2008	16	8	0	0	24	940	84	143	699	1,866
2007	22	0	3	40	65	1,517	96	148	621	2,382
2006	17	4	0	16	37	1,646	38	175	464	2,323
2005	25	4	0	0	29	1,869	22	95	309	2,295
2004	28	0	0	0	28	1,909	20	52	467	2,448
Total	252	54	58	175	539	19,221	494	1,299	10,639	31,653

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

MSA Annual Housing Unit Construction: 2010 to 2018

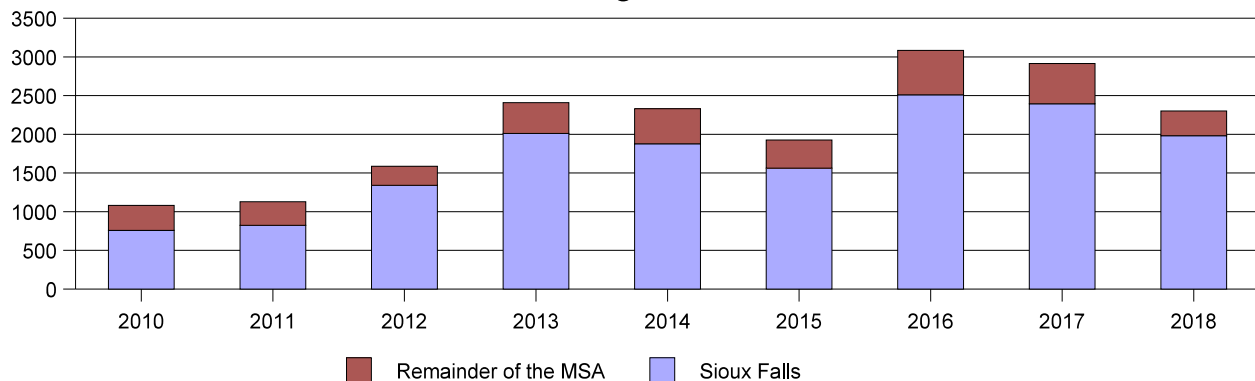


According to Census Bureau reports, the year 2016 represented the highest year for new housing unit production in the MSA over the nine-year period reviewed. The total production in 2017, was only slightly lower, as both years had more than 2,900 total units that were permitted in the entire MSA.

The total unit production identified in 2018 was lower than in the previous two years. However, the Census Bureau totals were still considered to be preliminary for that year, and it is possible that the unit count may still be revised.

As the primary jurisdiction in the MSA, the City of Sioux Falls accounts for a large majority of the units constructed annually. Over the time period reviewed, Sioux Falls has represented between 70% and 86% of the annual MSA construction activity, and in most recent years, the City’s share has been 80% or higher, according to the Census Bureau.

Sioux Falls/MSA Annual Housing Unit Construction: 2010 to 2018

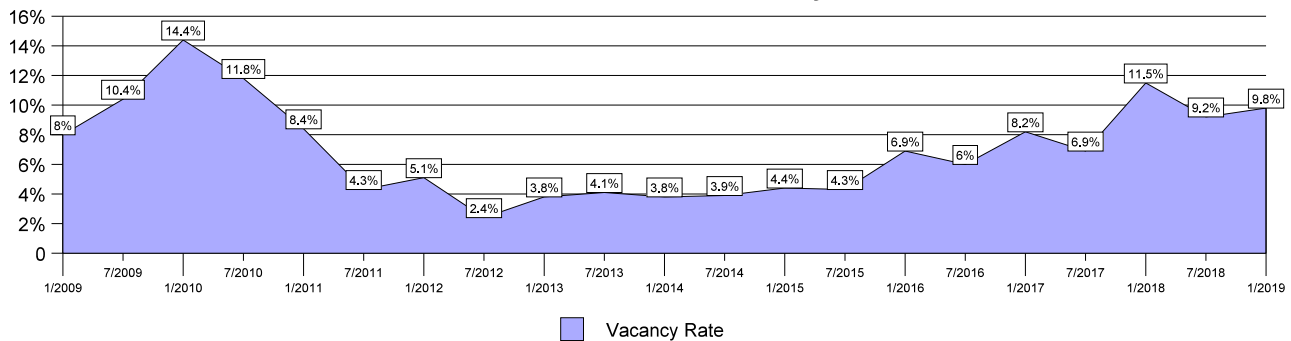


Regional Rental Vacancy Rates

The South Dakota Multi-Housing Association has tracked rental housing vacancy information for the Sioux Falls area for many years through a semiannual survey. This information provides an excellent source of information that not only provides a current picture of rental housing occupancy, but also a perspective on longer-term trends. The following chart presents the Multi-Housing Association vacancy calculations dating back to the year 2009 to provide a 10-year history.

The most recently completed vacancy survey was from January 2019. This survey found a 9.8% vacancy rate in conventional market rate housing. The survey included more than 14,100 conventional units and found 1,388 vacancies. Although this was an area-wide survey, including communities that are within a 20-mile radius of Sioux Falls, more than 92% of the reporting units

Conventional Rental Vacancy Trends



were located within the City of Sioux Falls.

The last three rental surveys have all recorded vacancy rates that are well above-average within the conventional housing segment. The January 2019 survey found a vacancy rate of 9.8%. While this was lower than the rate of 11.5% in January 2018, it was up from the 9.2% in July 2018.

A general standard for rental housing vacancy is that a rate up to 5% is considered acceptable. A modest level of vacancy is desirable to allow tenant movement in the market by providing choices for prospective renters. It also allows a community the chance to grow, as new households moving into the area can locate a living unit. In Sioux Falls, a vacancy rate above 5% would not be surprising for individual surveys, as large-scale unit construction can occur which can temporarily cause an oversupply of units.

However, since 2016 the conventional vacancy rate has been sustained at 6% or higher. In the January 2018 survey, the vacancy rate had reached a recent peak of 11.5%, the third highest level in the past 10 years.

People interviewed in past studies in the area have cited the cyclical nature of rental production, especially in Sioux Falls. As the vacancy rate has risen, construction activity in subsequent years tends to diminish. As vacancy rates begin to fall, it has been typical to see an above-average level of construction.

Although the vacancy rates since 2016 have risen above a desired level, past history shows that the market has had the ability to “self-correct” rather quickly, as was evident between 2010 and 2011. The City of Sioux Falls and the entire MSA have continued to add households at a very rapid rate, creating annual demand for rental units.

While past history would suggest that rental unit construction could slow as vacancy rates rise, the past few years have witnessed above-average multifamily construction in the MSA. The building permit reporting presented earlier in this section showed that the number of multifamily units permitted in 2016 and 2017 were well above the annual average, and were the highest two years over the 15-year time period reviewed.

After reaching a single year peak of nearly 1,600 multifamily units permitted in 2016, this level did drop to fewer than 950 units in 2018. However, despite this reduction, the production in 2018 was still well above the 15-year average of approximately 710 multifamily units per year between 2004 and 2018.

Income-Based Housing Vacancy Rates

The large majority of the units in the Multi-Housing survey are conventional rentals. However, in most surveys, 2,000 or more units of income-based housing are also included. The income-based units include moderate rent properties constructed through the tax credit program and federally subsidized low income housing.

Since the start of 2016, the vacancy rate in moderate rent tax credit housing has generally been below the conventional rate. In the January 2019 survey, tax credit units had a vacancy rate of 8.5%, compared to the conventional housing vacancy rate of 9.8%.

Federally-subsidized housing, listed in the reports as “HUD units”, have tended to maintain a low rate of vacancy over time. In the most recent report, the vacancy rate for HUD units was 4.6%, the only specific market sector with a vacancy rate below 5%.

Vacancy Rates Outside of Sioux Falls

The Multi-Housing Survey does typically collect some rental data from units that are outside of the City of Sioux Falls, but within a 20-mile radius. Recent surveys have provided specific data for the Cities of Brandon and Harrisburg, and then groups the remaining small communities together.

Including Brandon, Harrisburg and other outlying areas within a 20-mile radius of Sioux Falls, the January 2019 survey collected information from 1,054 conventional market rate units, and found a vacancy rate of 11%, higher than the 9.8% rate for the entire Sioux Falls area.

There were 473 moderate rent tax credit units surveyed outside of Sioux Falls and the vacancy rate was 5.5%, lower than the 8.5% rate for the larger area. There were only 36 HUD units surveyed outside of Sioux Falls, with a vacancy rate of 2.8%.

Rental Rates

Information on rental rates is also available from the Multi-Housing Association’s semiannual survey. The most recent information was collected in January 2019.

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

Table 24 Conventional Housing Average Rental Rates - January 2019		
Unit Type	Conventional Rentals	
	Outlying Areas	Sioux Falls Region
Studio	\$675	\$765
1-Bedroom	\$726	\$866
2-Bedroom	\$854	\$1,063
3-Bedroom	\$1,042	\$1,253
4-Bedroom	\$1,275	\$1,795

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

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

In general, the rental rates outside of Sioux Falls are lower than for the entire region. For units with one to three bedrooms, the rates for the communities outside Sioux Falls tend to range from approximately 80% to 85% of the regionwide rates.

Employment and Local Economic Trends

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

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

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

Source: Governor's Office of Economic Development

Work Force and Unemployment Rates

Employment information is available for the Sioux Falls MSA. Information has been reviewed back to the year 2010. Data in the tables that follow have been obtained from the South Dakota Department of Labor.

Table 25 Sioux Falls MSA Annual Labor Statistics: 2010 to 2018						
Year	Labor Force	Employed	Unemployed	Unemployment Rate - MSA	Unemployment Rate - SD	Unemployment Rate - US
2010	133,585	127,238	6,347	4.8%	5.0%	9.6%
2011	134,281	128,513	5,768	4.3%	4.7%	8.9%
2012	136,615	131,430	5,185	3.8%	4.3%	8.1%
2013	138,817	134,408	4,409	3.2%	3.8%	7.4%
2014	141,705	137,621	4,084	2.9%	3.4%	6.2%
2015	144,405	140,656	3,749	2.6%	3.1%	5.3%
2016	146,944	143,303	3,641	2.5%	3.0%	4.9%
2017	149,980	145,965	4,015	2.7%	3.2%	4.4%
2018	152,130	148,267	3,863	2.5%	3.0%	3.9%

Source: South Dakota Department of Labor

The Sioux Falls MSA continues to be strong for labor force and job growth. Over the time period from 2010 through 2018, the size of the resident labor force increased by more than 18,500 people, or an increase of 13.9%. The employed resident work force increased by more than 21,000 people during this same time, for an increase of 16.5%. The MSA’s unemployment rate has generally decreased over this longer time period and by 2018 was at 2.5%.

Employment and Wages by Industry

The following table shows the annual employment and average annual wages in 2018, the last full year of data. This information is for all of the MSA.

Table 26 MSA Average Annual Wages - 2018		
Industry	2018 Employment	Average Annual Wage
Total All Industry	153,130	\$48,736

Source: South Dakota Department of Labor

The average annual wage for all industry in 2018 was \$48,736 for the Sioux Falls MSA.

Commuting Patterns of Hartford Residents

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

Table 27 Commuting Times for Residents - 2017		
	Hartford	
Travel Time	Number	Percent
Less than 10 minutes	217	13.9%
10 to 19 minutes	316	20.3%
20 to 34 minutes	895	57.5%
35 minutes +	129	8.3%
Total	1,557	100%

Source: American Community Survey

The large majority of Hartford’s residents were leaving the City for their primary employment. Fewer than 14% of residents were traveling less than 10 minutes, the time typically required for a locally-based job. Nearly 58% were traveling between 20 and 34 minutes, consistent with employment in Sioux Falls. Only 8.3% of City residents were traveling 35 minutes or more.

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

Table 28 Commuting Times for Hartford Workers - 2017		
	Hartford	
Travel Time	Number	Percent
Less than 10 minutes	196	30.2%
10 to 19 minutes	251	38.7%
20 to 29 minutes	92	14.2%
30 minutes +	110	16.9%
Total	649	100%

Source: American Community Survey

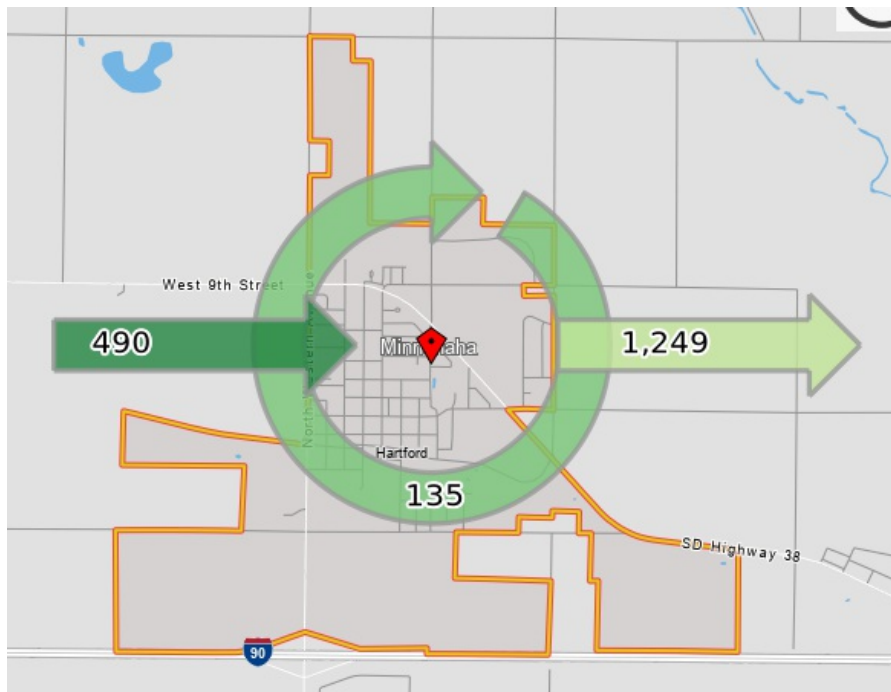
Most of the people that were employed within the City of Hartford in 2017 lived either within the community, or within the immediate area. Overall, approximately 69% of city-based workers had a travel time of 19 minutes or less to their primary job. However, nearly 17% of workers did commute for 30 minutes or more to work in Hartford.

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 2015 and provides a further breakdown of worker movement.

According to the report for Hartford, there were 625 people that were employed within the City in 2015. Fewer than 22% of these city-based employees also lived in Hartford. The remaining 78% of employees lived outside the City and commuted in for their job. The primary jurisdictions supplying workers to Hartford were Sioux Falls, Wall Lake Township, Hartford Township and Humboldt.

On the Map can also be used to track worker outflow patterns from the City. Overall, there were 1,384 Hartford residents that were employed. Only 135 of these City residents worked inside the community, while 1,249 traveled to other locations. Fewer than 10% of the City's employed residents both lived and worked in Hartford. The primary identified destination for employment was Sioux Falls. Overall, nearly 63% of Hartford's residents that left the City were commuting to Sioux Falls.



Findings on Growth Trends

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

Esri estimates that from 2010 to 2019, Hartford gained 934 people, and Applied Geographic Solutions (AGS) estimates that Hartford gained 772 people. AGS estimates that Minnehaha County gained 22,570 people and Esri estimates that Minnehaha County gained 28,682 people from 2010 to 2019. This has continued a long-term pattern of population growth that dates back to at least 1990, the demographic time period reviewed in this Study.

AGS estimates that from 2010 to 2019, Hartford gained 351 households, and Esri estimates that the City added 338 households. AGS estimates that Minnehaha County gained 13,373 households and Esri shows the County gaining 11,391 households.

Findings on Projected Growth

Projections for Hartford and Minnehaha County reflect the patterns of recent decades. AGS projects that from 2019 to 2024, Hartford will gain 150 people and 86 households. Esri projects that from 2019 to 2024 Hartford will gain 454 people and 164 households.

AGS is forecasting Minnehaha County will gain 12,692 people and 7,348 households. Esri projects that Minnehaha County will add 15,948 people and 6,370 households.

Strengths for Housing Development

The following strengths for Hartford were identified by reviewing the 2013 and 2016 Comprehensive Housing Studies and through additional statistical data and local interviews that have been undertaken as part of the 2019 Housing Study Update.

- ▶ **Hartford is located near Sioux Falls, which is a regional center for the area** - Hartford is approximately 10 miles from Sioux Falls. Sioux Falls provides employment opportunities, retail/service options, government services, health and professional services, and cultural amenities to a large surrounding trade area. Many households prefer to live near, but not in a regional center.
- ▶ **Increasingly diverse housing stock** - The City has a good mix of housing options, including rental housing units for lower income, moderate income and market rate households. The City also has town houses, twin homes, and a senior with services facility.
- ▶ **Median home price** - Hartford's median priced home, based on 2018 sales activity, is approximately \$189,900. This matches well with new homes, which is an incentive for new home construction.
- ▶ **Adequate land for development** - The City has adequate land available for residential development.
- ▶ **Population and household growth for the City** - Since 1990, the City has sustained strong population and household growth and the City is projected to continue to grow in the future.
- ▶ **Sioux Falls MSA market** - The MSA has had substantial population growth, household growth and new housing construction for many years. Hartford continues to capture a portion of this market.
- ▶ **Active housing developers in the City** - Hartford has housing developers that are willing to invest in housing projects in the community. Developers have been active in subdivision development, rental housing, attached ownership housing and single family development.
- ▶ **School system** - The City has an excellent public K-12 school system.

- ▶ **Infrastructure** - The City's public utilities and infrastructure are in good condition and can facilitate future expansion.
- ▶ **Park/trail system** - The City has developed attractive parks and recreational opportunities that make the community a desirable place to live.
- ▶ **Commercial development** - Hartford's commercial districts are adequate to meet daily needs and new commercial development is ongoing.
- ▶ **Available lots and lot development** - The City currently has available lots for housing of all types. Also, subdivision and lot development is ongoing.
- ▶ **Hartford Area Development Foundation** - The Hartford Area Development Foundation is very active in promoting industrial, commercial and housing development.
- ▶ **Hartford Chamber of Commerce** - A Chamber of Commerce has been established in Hartford and began operations in January of 2013.
- ▶ **Sioux Falls Growth Pattern** - Several large commercial and industrial projects are in the planning or construction phases in northwest Sioux Falls. Growth to the northwest of Sioux Falls benefits residential development in Hartford.
- ▶ **Commuters** - Approximately 490 people are commuting into Hartford daily for employment. These commuters are a potential market for future housing construction.

Barriers or Limitations to Housing Activities

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

- ▶ **Proximity to Sioux Falls** - Although it is a strength to be located in close proximity to Sioux Falls, it is also a barrier as Hartford must compete with Sioux Falls, which offers attractive residential opportunities and other amenities and services.
- ▶ **Age and condition of the housing stock** - While some of the existing stock is affordable, these units may be in need of improvements to meet expectations of potential buyers.
- ▶ **Staff capacity limitations** - Although the City has access to several housing agencies, it is very difficult to develop and implement housing initiatives with limited staff resources.
- ▶ **Limited commercial options** - Hartford has commercial and retail options to meet daily needs, however, it has limited other retail and commercial opportunities.

Recommendations, Strategies and Housing Market Opportunities

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

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

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

Summary of Hartford Growth Projections by Age

The Demographic section of this Study presented Hartford projection information on anticipated changes by age group from 2019 to 2024. This information can be informative in determining new housing that may be needed due to age patterns of the area population. The projections were provided by Esri.

Growth is projected in all but one age range. The largest growth to the year 2024 will occur among people in the 25 to 34 age range. From 2019 to 2024, Hartford is projected to gain 79 households in the 44 and younger age groups, and 94 households in the age ranges 55 and older.

The 45 to 54 age range is projected to lose nine households. This is the only age range expected to lose households.

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

<u>Age Range</u>	<u>Projected Change in Households 2019 to 2024</u>
15 to 24	4
25 to 34	72
35 to 44	3
45 to 54	-9
55 to 64	23
65 to 74	37
75 and older	34
Total	164

Findings on Unit Demand by Type of Housing

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

Age 24 and Younger - The projections used for this Study expect an increase of four households in the 15 to 24 age range through the year 2024. Past tenure patterns indicate that as many as 77% of these households in Hartford will rent their housing. A small gain of households in this age range should mean that rental demand from younger households will increase slightly during the projection period.

25 to 34 Years Old - The projections show a substantial increase in this age cohort of 72 households by 2024. Within this age range households often move from rental to ownership housing. The ownership rate among these households in Hartford was approximately 65% in 2017. An increase in the number of households within this age range will mean additional demand for both first-time home buyer and rental opportunities.

35 to 44 Years Old - This 10-year age cohort has a projected gain of three households between 2019 and 2024 in Hartford. In the past, this age group has had a rate of home ownership in Hartford, at approximately 70%. Households within this range often represent both first-time buyers and households looking to trade-up in housing, selling their starter home for a more expensive house.

45 to 54 Years Old - This age group represents a much smaller segment of the population than the baby boom age group. For Hartford, the projections show a loss of nine households in this range. This age group historically has had a high rate of home ownership, approximately 85% in Hartford in 2017, and will often look for trade-up housing opportunities. With marginal household losses in this age group, the demand for trade-up housing from this age range will decrease slightly.

55 to 64 Years Old - This age range is part of the baby boom generation. The projections show an expected increase of 23 additional households in this 10-year age range by the year 2024. This age range has traditionally had a rate of home ownership in Hartford, at approximately 73% in 2024. Age-appropriate housing, such as town house or twin home units, is often well suited to the life-cycle preferences of this age group, as no maintenance/low maintenance housing has become a popular option for empty-nesters.

65 to 74 Years Old - Relatively strong household growth is expected in Hartford within this age range, with the projections showing an increase of 37 households by the year 2024. While this group will begin moving to life-cycle housing options as they age, the younger seniors are still predominantly home owners. In 2017, approximately 93% of households in this age range owned their housing in Hartford. Once again, preferences for age-appropriate units should increase from household growth within this age cohort.

75 Years and Older - A gain of 34 households is projected among seniors. Historic home ownership rates in this age group vary from 88% for younger seniors age 75 to 84 to approximately 48% for older seniors over the age of 85. Seniors in this age range often seek senior housing with services options.

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

Summary of Findings/Recommendations

The findings/recommendations for the City of Hartford have been formulated through the analysis of the information provided in the previous sections and review of the 2016 Housing Study. The 2019 Hartford Housing Study includes a total of 21 recommendations divided into the following five categories:

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

The findings/recommendations for each category are as follows:

Findings and Recommendations for the City of Hartford	
Rental Housing Development	
1.	Develop 35 to 45 market rate rental units
2.	Consider the development of 20 to 24 additional tax credit units
3.	Develop 12 to 14 additional subsidized rental housing units
4.	Monitor the need for additional senior housing with services units
5.	Develop 16 to 19 senior independent/light services market rate units
6.	Develop a second mixed-use commercial/housing project
7.	Continue to utilize the Housing Choice Voucher Program
Home Ownership	
8.	Utilize and promote all programs that assist with home ownership
9.	Monitor the need to develop a purchase/rehabilitation program
New Construction	
10.	Lot availability and development
11.	Promote townhouse and twin home development
12.	Strategies to encourage continued residential lot sales and new home construction in Hartford
13.	Coordinate with agencies/nonprofits that develop affordable housing

Findings and Recommendations for the City of Hartford	
Housing Rehabilitation	
14.	Promote rental housing rehabilitation programs
15.	Promote owner-occupied housing rehabilitation programs
Other Housing Initiatives	
16.	Encourage employer involvement in housing programs
17.	Acquire and demolish dilapidated structures
18.	Develop mobile home park improvement programs
19.	Create a plan and continue coordination among housing agencies
20.	Strategies for Downtown Redevelopment and Commercial Development
21.	Develop home ownership and new construction marketing programs

Hartford - Recommendations Rental Housing Development

Rental Housing Development

Overview

The City of Hartford has been successful in attracting new rental housing construction activity from 2010 to 2019. Many comparably-sized communities in South Dakota have had limited rental housing development over the past decade.

From 2010 to 2019, approximately 169 rental units have been constructed or are under construction in Hartford. Of the total 169 rental units constructed since 2010, 137 units are conventional market rate housing and 32 units are moderate rent tax credit units.

Hartford's share of multi-family rental projects with three or more units for the entire Sioux Falls MSA from 2010 to 2018 is approximately 2.0%.

With the rental housing construction in Hartford from 2010 to 2019, the City's rental tenure rate has been increasing during the current decade, and is higher than the rate of 22.5% rental at the time of the 2010 Census.

Demand for new rental housing in Hartford is generated from three factors:

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

Household projections for Hartford expect significant household growth, although a majority of this growth will result in demand for owner-occupied housing. From 2019 to 2024, it is projected that there will be approximately a 164-household gain in Hartford. Approximately 31% of these households will be rental households, thus, there will be growth-generated demand for 51 additional rental units over the next five years.

Demand created by replacement of lost units is more difficult to determine, but the best available evidence suggests that the City will lose only one to two rental units per year from 2020 to 2025. As a result, approximately five to 10 additional units will be needed over the next five years to replace lost units. In some cases, this unit replacement will be necessary as existing units are removed from the inventory through demolition or conversion. However, in most cases, the unit replacement will be due to single family rental houses converting to owner-occupancy.

Pent-up demand also exists. As part of this study, a rental survey was conducted. There were 316 rental units that were contacted and surveyed. The survey found a 5.7% vacancy rate in general occupancy market rate units, no vacancies in the moderate rent tax credit units, and no vacancies in the City's only subsidized project. The senior with services project reported four vacancies in the residential living units. Based on low rates of vacancy in certain segments, we identified pent-up demand for market rate units, tax credit/moderate rent units, subsidized units and senior independent/light services units in Hartford.

These three demand generators, after factoring current vacancy rates, show a need for 83 to 102 rental units in Hartford over the next five years. Based on the factors stated above, we recommend the development of the following new rental units from 2020 to 2025.

▶ General Occupancy Market Rate	35-45 units
▶ Tax Credit/Moderate Rent	20-24 units
▶ Subsidized	12-14 units
▶ Senior (Independent/Light Services)	<u>16-19 units</u>
Total	83-102 units

The 83 to 102 rental units are projected to be 1.5% to 1.9% of the total rental units that will potentially be constructed in the Sioux Falls MSA from 2020 to 2025.

For 83 to 102 additional rental units to be developed over the next five years, affordable land and infrastructure must be available for multi-family construction. Additionally, the City of Hartford must continue to develop amenities that make Hartford an attractive residential option for households.

1. Develop 35 to 45 general occupancy market rate rental units

Findings: Approximately 77% of the rental housing in the City of Hartford can be classified as general occupancy market rate housing. These units are free of any specific occupancy restrictions such as financial status, age, or student enrollment. Market rate housing does not have any form of rent controls, other than those imposed by the competitive marketplace. Compared to other similar sized cities, Hartford's percentage of market rate rental housing is relatively low.

The entire rental inventory in the City included approximately 386 total units in 2019. We believe that approximately 281 of these units are best described as market rate rental housing.

Of the 211 market rate rental units we surveyed, we found 12 vacancies for a vacancy rate of 5.7%, which is slightly above the healthy market range of 3% to 5%. The rental property owners and managers generally reported high occupancy rates and good demand for market rate housing. At the time of the 2016 Housing Study, the vacancy rate for market rate units was 1.5%.

There is a wide variation in rental rates in the market rate segment in the City of Hartford. The prevailing gross rent range is \$625 to \$1,040 for a one-bedroom unit, \$770 to \$1,425 for a two-bedroom unit and \$1,300 to \$1,450 for a three-bedroom unit.

From 2016 to the present, 84 market rate rental units have been constructed. In 2016, the Hartford Housing Study recommended the construction of 70 to 80 market rate rental units, which included rental units that were under construction or in the planning phase.

Recommendation: As stated earlier in this section, rental housing demand is based on household growth, pent-up demand and replacement of housing units that have been demolished or converted. Based on this combination of demand generators, we believe that it is reasonable to plan for the production of 35 to 45 market rate rental units over the next five years from 2020 to 2025.

Based on our research, there is a need for all sizes of rental units, thus, the new units constructed over the next five years should be one, two and three-bedroom units. A significant number of three-bedroom market rate units have been constructed since the 2016 Housing Study.

Townhome style units or high quality apartment buildings are both options in addressing the need for market rate units. The projects, to be successful, should have 'state of the art' amenities. It may be advantageous for new units to be constructed in smaller project phases. This strategy allows the new units to be absorbed into the market. The market rate units constructed since the 2016 Housing Study have been primarily townhome-style and twinhome units that have been constructed in phases.

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

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

There are developers that have constructed or are constructing rental units in Hartford and may have an interest in continuing to develop rental housing in Hartford.

We recommend the development of 35 to 45 rental units over the next five years, with a unit mix and rent levels as follows:

Recommended unit mix, sizes and rents for the Hartford Market Rate Housing Units:

<u>Unit Type</u>	<u>No. of Units</u>	<u>Size/Sq. Ft.</u>	<u>Rent</u>
One Bedroom	6-8	650 - 800	\$800 - \$1,050
Two Bedroom	21-27	850 - 1,050	\$900 - \$1,400
Three Bedroom	8-10	1,100 - 1,250	\$1,100 - \$1,500
Total	35-45		

Note: The recommended rents are gross rents including all utilities. The rents are quoted in 2019 dollars.

If possible, it would be advantageous to keep the rent structure at or below the rent limits for the Housing Choice Voucher Program. This would allow renter households to participate in the Housing Voucher Program and expand the number of households that could afford the proposed rents. In 2019, the rent limits that apply to the Voucher Program are:

- ▶ 1 bedroom - \$750
- ▶ 2 bedroom - \$910
- ▶ 3 bedroom - \$1,263
- ▶ 4 bedroom - \$1,458

2. Consider the development of 20 to 24 tax credit/moderate rent housing units

Findings: Hartford has a 56-unit tax credit project, Deer Hollow and Deer Hollow II, and a 12-unit moderate rent project funded through HOME funds, Whispering Pines. However, we continue to see unmet need for more affordable/moderate rent units. Federal low income housing tax credits are the most available development financing resource that is available for more affordable rental housing development. Over the past two decades, a number of affordable rental projects in the Sioux Falls MSA have utilized tax credits. No tax credit projects have been constructed in Hartford since 2011.

Tax credit rental housing cannot serve all renter households. There are occupancy restrictions concerning household composition. There are also income limits that apply to all tax credit-assisted units. Households earning more than 60% of the HUD median income level, as adjusted by family size, cannot reside in a tax credit unit.

Since nearly all tax credit units have a more moderate gross rent, there is also a lower effective income limit, as households below 30% of the HUD median may not be able to afford the monthly rent. This lower limit can be eliminated if the household has a rent assistance Housing Choice Voucher or some form of project-based rent assistance. A Housing Choice Voucher enables rental households to pay 30% to 40% of their income for rent.

Tax credit assistance has been widely used to construct new rental units in the Sioux Falls MSA. Tax credit units have also been constructed outside Sioux Falls, including projects in Hartford, Brandon, Tea, and Harrisburg.

Due in part to the ongoing production of tax credit housing in the Sioux Falls MSA, there has been some level of unit vacancy. In the January 2019, survey completed by the Multi-Housing Association, the vacancy rate in tax credit housing in the MSA Cities excluding Sioux Falls was at 5.5%, down from 5.69% in January 2016. However, our 2019 rental survey found no vacancies in Hartford's tax credit projects.

Most of the renter households currently residing in Hartford are in the moderate to lower income ranges. Although some of Hartford's renter households had a very low income, and could not afford a moderate rent unit without rent assistance, a significant percentage of all renters have an annual income between \$20,000 and \$45,000. These basic income ranges are typically targeted by tax credit projects.

The growth projections provided earlier expect the City to add as many as 51 renter households over the next five years. Over half of these households would potentially be income-qualified for a tax credit unit. However, this growth-generated demand will gradually be added over the five-year period. Additional demand would be generated from existing households and from households in the Sioux Falls MSA that would look to move into a newly constructed affordable unit and from the pent-up demand that currently exists for moderate income rental housing in Hartford.

Recommendation: We recommend the development of 20 to 24 tax credit units in Hartford during the next five years based on the following:

- ▶ The 2016 Hartford Housing Study recommended the development of 16 to 20 additional tax credit/moderate rent units in Hartford. No tax credit/moderate rent units have been constructed since the 2016 Study.
- ▶ The City of Hartford currently has 68 tax credit/moderate rent units. There were no vacant units at the time of the survey and the managers reported that the units are usually fully occupied. At the time of the 2013 Housing Study survey, there was only one vacant unit.
- ▶ Hartford is projected to add approximately 51 new renter households from 2019 to 2024. Past history indicates that most of these will be in a moderate to lower income range.
- ▶ The median income for all renter households is approximately \$35,000. Approximately 50% of all renter households are within the income range from approximately \$20,000 to \$40,000. These households will generally be income-qualified for a moderate rent tax credit unit. Some of these moderate income renter households cannot afford a market rate unit, but also do not qualify to live in a subsidized unit.
- ▶ Approximately 35% of the renter households in Hartford are paying more than 30% of their income for rent. A majority of these households are actually paying over 35% of their income for rent.
- ▶ Hartford is experiencing industrial and commercial growth and adding employees. Some of these employees have moderate incomes and a tax credit rental project would address their housing needs.
- ▶ The north and west Sioux Falls area is experiencing substantial commercial and industrial growth. This growth is creating jobs and a demand for housing. Hartford is located within commuting distance of this growth and has the opportunity to address some of the demand for housing.

The 20 to 24 tax credit/moderate units should be primarily two and three-bedroom units and serve families. It should be noted that if a local developer received financial assistance such as tax increment financing, tax abatement and /or land at a reduced price, rental units could potentially be developed with a rent that serves some moderate income households without utilizing tax credits.

The State of South Dakota awards tax credits based on a point system. Therefore, it would be necessary for the City to work with a developer to successfully develop a competitive tax credit project.

3. Develop 12 to 14 additional subsidized rental housing units

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

The research completed for this Study found only one project, Royal Apartments, that offers subsidized housing with rent based on income. Royal Apartments has 16 total units, with two one-bedroom and 14 two-bedroom apartments. This project reported full occupancy at the time of the rental survey.

There had been another federally subsidized project in Hartford but its subsidy contract ended. In 2011 the compliance contract for Hartford Manor expired, and the 12 units in this project converted to conventional market rate housing. Even though this project now provides market rate housing, the rent structure still remains very low, with one-bedroom rents at \$525 per month and two-bedroom rents at \$625, including utilities.

There are additional “deep subsidy” resources available to Hartford residents through the tenant-based Housing Choice Voucher Program, however, the Voucher Program has a long waiting list. The Vouchers allow tenants to pay 30% to 40% of income for housing in suitable private-market rental units. The Voucher Program for the MSA is administered by the Sioux Falls Housing and Redevelopment Commission. Several Hartford households were using a Voucher in 2019.

Approximately 4.1% of the City of Hartford's rental housing stock is in the subsidized category. While the percentage of subsidized housing is very small in Hartford, the City still does have a large inventory of income-based housing if the tax credit units and the deep subsidy units are combined. Overall, approximately 22% of the City's total rental stock has some form of income limits and/or rent restrictions in place in 2019.

Despite the number of income-based rental options that do exist, the 2017 American Community survey estimated that approximately 35% of all renters in the City were paying 30% or more of their income for rent. The large majority of these households were actually paying 35% or more of their income for housing. Most of the households with a severe rent burden had low annual incomes, and would be under the income limits for subsidized housing. Older adult households, age 65 and above, accounted for 15% of the households with a rental cost burden, so working-age households were the group that was experiencing the greatest housing cost burden.

Recommendation: Based on the cost burden data contained in the American Community Survey, we would recommend that the City look to expand the supply of deep subsidy rental housing for lower income renters. Over the next five years, we recommend that the City attempt to construct 12 to 14 units that achieve a rent level that would be affordable to very low income households earning less than \$25,000 per year. The 2013 Housing Study recommended the development of 10 to 15 subsidized rental units and the 2016 Housing Study recommended the development of 12 to 14 subsidized rental units. No subsidized units have been constructed since Royal Apartments, which was constructed in the mid-1970s.

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

In the opinion of the analysts, the highest priority would be to create general occupancy units for families and younger households. The rent burden statistics cited above show that 85% of the cost burdened households are age 64 and younger.

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

Expanded promotion of Housing Choice Vouchers may also be appropriate. Although Vouchers are tenant-based, and may not remain in the City if the tenant moves, the Voucher can eliminate a severe rent burden by allowing the household to apply only 30% of income for gross rent. However, the Voucher Program has a 2 ½-year waiting list.

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

Findings: Senior housing that also provides some level of services for residents can exist in a wide range of different options. Under South Dakota law, the Department of Health is required to license the more service-intensive forms of senior housing, including Skilled Nursing Facilities and Assisted Living Centers. Lower-service forms of senior housing, referred to as Residential Living Centers by the State, are required to register with the Department of Health, but are not licensed and subject to the more stringent requirements, such as inspections, that apply to more service-intensive housing.

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

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

At the time of the research for this Study, there were four unoccupied rooms in Hartford. Staff indicated that they are fully occupied at times. Projects catering to older seniors can experience high rates of turnover.

In 2019, there are 128 older senior citizens, age 75 and above, that are living in Hartford. By the year 2024, the number of Hartford seniors over the age of 75, is projected to increase to 174, an increase of approximately 46 seniors. After the year 2024, the number of seniors over the age of 75 in Hartford, will continue to increase substantially.

Like other housing options in Hartford, some of the residents in Leisure Living II have come from outside the City, including some older seniors that had previously lived in Sioux Falls. One of the reasons that Sioux Falls residents may move to Hartford is the acceptance of Medicaid Waivers assistance in up to five of the 10 assisted living rooms. Because of a low reimbursement rate, many assisted living projects are unwilling to accept Medicaid Waivers, or restrict the number of participating tenants. This is especially true in larger communities, such as Sioux Falls, where most assisted living units are available to private-pay residents.

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

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

It is very possible that a developer may propose additional senior assisted living or memory care units in Hartford in the future. It is not the intent of Community Partners Research, Inc., to discourage future projects.

In the following recommendation, we do recommend the development of senior independent/light services units in Hartford.

5. Develop 16 to 19 senior independent/light services market rate units

Findings: There is a limited supply of senior independent/light services market rate rental units in Hartford. Leisure II has 11 rooms for residential living, which provide basic services.

In 2019, there are approximately 260 households age 65 or older in Hartford. It is projected that there will be an additional 74 households age 65 and older in Hartford by the year 2024.

We are estimating that 5% to 6% of senior households age 65 and older in Hartford would move into a senior independent/light services rental project. Also, the project will attract tenants from the area surrounding Hartford and other Sioux Falls MSA jurisdictions.

Recommendation: We are recommending a 16 to 19-unit independent/light services senior project in Hartford. The project should be designed to allow seniors to live in a unit independently. The senior project could be a one-level apartment building or town home-style units.

The project's amenities and features should include:

- ▶ A small community room
- ▶ 24-hour call system
- ▶ A limited access security system
- ▶ Smoke alarms
- ▶ Enclosed parking
- ▶ Spacious corridor with a theme such as a street scape design

Unit features should include:

- ▶ 16 to 19 units
 - ▶ 2 to 3 one-bedroom
 - ▶ 12 to 13 two-bedroom
 - ▶ 2 to 3 three-bedroom
- ▶ Floor plans that promote accessibility
- ▶ Fully equipped kitchen
- ▶ Large storage area
- ▶ Ample closet space
- ▶ Laundry hookups
- ▶ Open floor plan
- ▶ Private patio

- ▶ Individually controlled heat and AC
- ▶ Raised outlets, lever door handles, lowered kitchen cabinets
- ▶ Expansive windows

Optional services that could be provided by community organizations or agencies could include:

- ▶ Noon meal
- ▶ Weekly housekeeping
- ▶ Home healthcare
- ▶ Social activities

Tax increment financing, tax abatement, land donations, low interest loans and/or other subsidies and incentives could be utilized to make the project financially feasible.

It is estimated that 50% of the units will be occupied when the project opens and one to two additional units will be rented each following month for an absorption period of four to five months.

The location of the project should be close to services as the project will be occupied by seniors. A high amenity location would be ideal for a senior project. If possible, the project should have land available for future project phases.

6. Develop a Second Mixed-Use Commercial/Housing Project

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

The 2013 Housing Study recommended a mixed-use project. In 2015, a mixed-use project, Vista Crossing, was developed in Hartford. The project has commercial spaces on the first floor and 20 rental units on the upper floors. The project has been successful and is an asset to the community.

The City of Hartford has three active commercial areas. A mixed-use rental housing/commercial project could complement the City's ongoing efforts to maintain vibrant commercial areas.

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

Prior to construction, a portion of the commercial space should be leased to an anchor tenant who would complement existing businesses and attract people to the commercial area. Also, there should be sensitivity to the timing of the project and type of commercial tenants the project will have, to assure the project is an asset to the commercial areas.

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

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

7. Continue to Utilize the Housing Choice Voucher Program

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

Although the federal government provides almost no funding for subsidized housing construction, it has provided new Housing Choice Voucher allocations over the last two decades.

Because of the flexibility offered through the program, eligible households often prefer the portable rent assistance to other forms of subsidized housing that are project-based, and can only be accessed by living in a specific rental development.

Currently, approximately 35% of Hartford households are paying more than 30% of their income for rent.

The Housing Choice Voucher Program is administered in Hartford by the Sioux Falls Housing and Redevelopment Commission. In October 2019, there were several renter households receiving voucher assistance in Hartford. The waiting list for the Voucher Program is approximately 2 ½ years.

Recommendation: From a practical standpoint, the Housing Choice Voucher Program is the single best way that Hartford can provide affordable housing for low income households. Although current funding is very limited, we recommend that low/moderate income renter households that are paying more than 30% of their income for rent, apply for a Housing Choice Voucher.

Hartford - Home Ownership Recommendations

Home Ownership Recommendations

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

The median owner-occupied home value of existing homes in Hartford based on 2018 sales is estimated to be \$189,900. With approximately 50% of the homes in Hartford valued less than \$189,900, Hartford has a limited market for first-time home buyers and households seeking moderately priced homes.

Our analysis of Hartford demographic trends shows projected strong population growth from 2019 to 2024 in the 55 and older age ranges with a gain of approximately 94 households. While most households in these age ranges already own their housing, this group represents a strong potential market for 'trade-up' housing. Increasingly, the older age ranges within this group look for lower maintenance housing options, such as twin homes or town house developments.

The number of Hartford households in the 25 to 44 age ranges is expected to increase by 75 households from 2019 to 2024. While some of these households already own their housing, those households that have not been able to achieve the goal of home ownership, may need the assistance of special programs to help them purchase their first home and will be seeking affordable homes.

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

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

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

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

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

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

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

9. Monitor the need to develop a Purchase/Rehabilitation Program

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

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

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

In the 2016 Hartford Housing Study, we recommended the development and implementation of a purchase/rehabilitation program. Since the 2016 Study, it appears that the private sector has been able to purchase, rehab and sell homes without public sector assistance.

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

Although we are not recommending the development and implementation of a purchase/rehabilitation program, we encourage households to work with area housing agencies and financial institutions to obtain rehabilitation assistance in conjunction with first-time home buyer programs. Also, USDA Rural Development provides purchase/rehabilitation loans to low and moderate income buyers.

Hartford - New Housing Construction

New Housing Construction

Findings: The City of Hartford has experienced significant single family owner-occupied housing construction. Based on city records, from 2010 to July 2019, 169 units in single family structures and twin homes have been constructed in the City of Hartford, which is an average of approximately 19 housing units per year. Since the 2016 Housing Study, from 2016 to 2018, an average of 21 single family owner-occupancy units has been constructed annually. In 2019, through September, 14 owner-occupied single family units have been constructed. Please note that some of the twin homes constructed since 2010 are renter occupied. We have estimated the number of twin homes that are owner occupied.

The attractiveness of the area, the City’s amenities, its job creation, and its proximity to Sioux Falls should result in the continued construction of new homes annually. However, there must continue to be attractive residential lot options available for new home construction.

Overall household projections for Hartford indicate good demand for owner-occupied housing construction. Hartford is projected to gain 94 households in the 55 and older age ranges from 2019 to 2024. Households in these age ranges tend to be predominantly home owners, and form a market for higher priced, trade-up housing and low maintenance housing such as town homes and twin homes. The 25 to 44 year old ranges are expected to gain 75 households through 2024. Many of the households in these age ranges are first time home buyers, trade-up buyers or new home builders.

It is our opinion that if the City, local housing agencies and developers are proactive, 30 to 36 owner-occupied housing units should be constructed in Hartford annually over the next five years from 2020 to 2025 to address demand. Our projection for single family housing starts includes homes built in new subdivisions and on infill lots, and includes single family attached housing units, such as twin homes and town houses.

The breakdown of our projection of 30 to 36 new owner-occupied housing units annually over the next five years is as follows:

▶ Higher & medium price homes	14-16 homes
▶ Affordable homes	7-8 homes
▶ Homes on infill lots	1-2 homes
▶ Twin homes/town homes	<u>8-10 units</u>
Total	30-36 homes/units

In the past few years, Hartford's market share of the new single family construction in the Sioux Falls MSA has been approximately 1.6%. To achieve the recommendation above, the City would need to capture between 2.2% and 2.6% of all projected single family housing construction in the Sioux Falls MSA.

10. Lot availability and development

Findings: As part of this Study, we attempted to identify the inventory of available residential lots for single family housing construction in the City of Hartford. Currently, there are six active residential subdivisions in Hartford.

There are six residential subdivisions that currently have buildable lots for sale or who are developing residential lots that will be available prior to the next construction season.

The six subdivisions include:

- ▶ Western Meadows Addition
- ▶ Kelly Point Second Addition
- ▶ Cresswood Estates
- ▶ South Main Addition
- ▶ Knapps Landing Addition
- ▶ Turtle Creek Highlands Addition

The six subdivisions have approximately 145 residential lots for sale that are immediately available or will be available by the next construction season for new housing development. The subdivisions include lots for single family housing and twin home development. The subdivisions also have approved preliminary plans for the future development of approximately 450 additional residential lots.

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

Recommendation: We use a standard that a 2 ½ year supply of lots should be available in the marketplace based on annual lot usage. With projections that 30 to 36 new owner-occupied housing units will be constructed per year, the City should have approximately 75 to 90 residential lots available to meet the expected demand. Part of this demand would be for attached unit construction.

The City currently has an adequate number of lots to meet near-term construction demand. There are approximately 145 lots that are available or in the development pipeline. There are also an additional 450 lots that have preliminary approval for development. Developers have shown the ability to create lots in a timely manner as dictated by demand. There are also infill lots available in the community.

It is our opinion that the existing subdivisions can accommodate the homes that will be constructed in Hartford over the next several years. However, our opinion is based on the assumption that the available lots are quality lots that are competitively-priced. Additionally, the new lots in the planning phases will provide new lot options for buyers.

We would recommend that the City and developers continue to monitor the number of lots that are available to assure there is an adequate number on an ongoing basis and that lots are available for homes in a variety of price ranges.

It appears that there could potentially be a future shortage of lots for lower priced housing options such as modular homes and governor's homes. The City and developers should assure that lots continue to be available for these housing options.

11. Promote townhouse and twin home development

Findings: Hartford has experienced limited owner-occupied attached housing development from 2010 to 2019. Many communities over the past decade have seen attached housing take an increasingly large share of new construction. In cities the size of Hartford, 20% to 25% of the housing starts are typically twin homes/townhomes. Over the past 10 years, approximately 14% of the owner-occupied housing units constructed in Hartford have been twin homes/town homes.

Attached housing provides desirable alternatives for empty nesters and seniors to move out of their single family homes, thus, making traditional single family homes available for families. It is estimated that in the 55 and older age ranges there were 473 households in Hartford in 2019. These age ranges are projected to increase by 94 households from 2019 to 2024. The Sioux Falls MSA is also projected to have large increases in these age ranges. It is important for the City to offer a range of life-cycle housing options as many of these households will be seeking to downsize into low maintenance housing options. There are also young families seeking affordable twin homes/town homes.

Recommendation: It is our projection that approximately eight to ten of Hartford's new owner single family units per year should be twin homes or town houses over the next five years, which is a total of 40 to 50 units during the five-year period. This is approximately 27% of the total projected single family owner occupied housing construction in Hartford over the next five years.

Several Hartford subdivisions have existing lots or lots in the planning phase for twin home/town home development.

For a twin home/town home development to be successful, the following should be considered:

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

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

12. Strategies to encourage continued residential lot sales and new home construction in Hartford

Findings: Over the past 10 years, Hartford has averaged 19 new single family housing units annually. To continue new single family housing construction at its current rate and to potentially increase new construction, we continue to recommend several strategies. Many of these strategies were included in the 2016 Hartford Housing Study.

Recommendation: We recommend that the City of Hartford, the Hartford Area Development Foundation, developers, builders, realtors and other housing stakeholders continue to coordinate efforts to promote lot development, lot sales and housing development.

Our recommendations to continue to promote lots sales and housing development include:

- ▶ **Continue the momentum** - There are a substantial number of housing units constructed annually in the City. There are currently an adequate number of developers, builders, buyers and buildable lots in the City. The City has a working formula for new home construction and the City should maintain its momentum.
- ▶ **Continue competitive pricing** - There are lots available in communities throughout the region. To continue to attract new home construction in Hartford, lots should remain competitively priced in comparison to other options in the area.
- ▶ **User-Friendly** - The lot purchase and home building process must be 'user friendly.' This includes the construction of spec homes, builders that are readily available to build custom homes and city regulations that are fair and reasonable. The entire process must be as 'user friendly' as possible to encourage home construction.
- ▶ **Long-term planning** - The City of Hartford and Hartford developers should continue long-term development planning to assure lots are available to meet demand for all types and pricing of new housing.
- ▶ **Continue to promote spec home construction** - Spec houses attract a buyer that is not interested in going through the home building process, but instead wants a turnkey unit. A spec home can also serve as a model, allowing potential home buyers to examine specific floor plans and features in the home before committing to buy.

- ▶ ***Lot availability for twin home/town home development*** - It is our opinion that there will be a demand for twin homes/town homes over the next five years. Lots should continue to be available for a twin home/town home development.
- ▶ ***Range of house prices*** - Lots should be available to as wide a range of home sizes and prices as possible, without compromising the subdivisions. This broadens the lot buyer market. Also, smaller infill lots with fewer amenities could be marketed for affordable homes.
- ▶ ***Marketing*** - The City of Hartford, the Hartford Area Development Foundation and the Hartford Chamber of Commerce will need to continue a comprehensive marketing strategy to sell available lots. All stakeholders including developers, realtors, financial institutions, builders, employers, etc. should to be included in marketing strategies. In addition to marketing the lots, the City of Hartford and its amenities should be marketed.
- ▶ ***Consider developing an exclusive builder(s) relationship*** - Several lots could be sold to a builder or builders. Momentum can be created when a builder has access to several lots. This allows for marketing opportunities and efficiencies in the home building process. The subdivision owners, however, should assure that the builder is obligated to construct a minimum number of homes within a defined time period. Builders are more willing to enter a market when the lots are attractive and very affordable. Several lots available to an exclusive builder or developer should be explored, even if price concessions are required.
- ▶ ***Covenants*** - Some of the subdivisions in Hartford have covenants that assure quality development. The covenants should be reviewed to assure that they protect the integrity of the subdivision, but are not a barrier to new construction.
- ▶ ***Lot Availability for affordable homes*** - Lots should be available for affordable homes including modular homes and governor's homes.
- ▶ ***Incentives*** - Many cities throughout South Dakota are offering incentives to construct new homes, including reduced lot prices, reduced water and sewer hookup fees, tax abatements, cash incentives, etc. It does not appear that incentives are needed in Hartford to promote new construction at this time. However, incentives may be needed if new construction slows in the future.

- ▶ ***Infill lot Home Development*** - Infill lots in existing neighborhoods are often affordable and have existing City services.
- ▶ ***Housing Programs*** - The South Dakota Housing Development Authority, USDA Rural Development and other housing agencies may have housing programs available to assist developers, builders and home buyers.
- ▶ ***Manufactured, Modular Homes and Governors Homes*** - Manufactured, modular and governor's homes can provide affordable opportunities for moderate income households.

13. Coordinate with agencies/nonprofits that develop affordable housing

Findings: With the difficulty of producing new housing units that are affordable to lower income people, it is important to take advantage of opportunities presented by housing agencies, nonprofit groups and organizations. Inter-Lakes Community Action Partnership has a Mutual Self Help Program. Households that participate in this program assist each other with constructing affordable new homes.

Also, Sioux Falls Habitat for Humanity will work with a Hartford group to construct homes in Hartford. Other local and regional housing agencies and nonprofits may also have the capacity to construct affordable housing in Hartford. These sources can help generate new homes for moderate income families in Hartford.

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

Hartford - Housing Rehabilitation

Housing Rehabilitation

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

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

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

14. Promote rental housing rehabilitation programs

Findings: Based on the U.S. Census data, the City of Hartford has approximately 386 rental units in 2019. These rental units are in multi-family projects, small rental buildings, duplexes, single family homes and mobile homes. Some of these rental structures are more than 30 years old and need improvements.

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

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

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

This recommendation was included in the 2013 and 2016 Comprehensive Housing Studies and Community Partners Research, Inc., continues to recommend rental housing rehabilitation in Hartford, as this is an ongoing need.

15. Promote owner-occupied housing rehabilitation programs

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

In 2019, Community Partners Research, Inc., conducted a housing condition survey and rated 219 single family homes in two of the City's oldest neighborhoods. The survey found that 103 homes needed minor repairs and 36 homes needed major repairs. Without rehabilitation assistance, there is the potential that the affordable housing stock will shrink in Hartford.

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

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

Hartford - Other Housing Initiatives

16. Encourage employer involvement in housing

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

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

Recommendation: We continue to recommend an ongoing effort to involve employers as partners in addressing Hartford's housing needs. Several funding sources have finance programs that include employers. Additionally, the funding agencies often view funding applications favorably that include employers in the problem solving process.

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

17. Acquire and demolish dilapidated structures

Findings: The 2019 housing condition survey of two of the City's oldest neighborhoods identified five homes that are dilapidated and too deteriorated to rehabilitate. The survey also identified 36 homes as needing major repair. Several of these homes may be too dilapidated to rehabilitate upon a more detailed inspection. There are also homes in other Hartford neighborhoods that may be dilapidated and beyond repair. Dilapidated houses have been demolished and spec homes have been constructed on the cleared sites.

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

We also recommend that the City of Hartford maintain an inventory of structures that may be candidates for future acquisition. An inventory of in-fill lots for future development should also be maintained.

18. Develop mobile home park improvement programs

Findings: The mobile home park in the City of Hartford has approximately 34 mobile homes. In September 2019, Community Partners Research, Inc., conducted a condition survey of the mobile homes in the park. The mobile homes were also surveyed in 2016.

The 2019 condition survey identified 14 mobile homes that need minor repair, eight mobile homes that need major repair and six mobile homes that are dilapidated and beyond repair. Six mobile homes are sound and require no repairs. The 2016 mobile home survey had similar results.

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

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

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

- ▶ **Operation Safe Mobile Home Park** - Owners of substandard mobile homes are given the option of voluntarily selling their substandard mobile home to the City or a local housing agency for a fixed minimum price. The mobile homes are then removed from the park and demolished/salvaged. The owner can then use the funds from the sale to help purchase a new home. Mobile home dealerships have sometimes participated by buying the salvaged homes.
- ▶ **Time of Sale Inspection Program** - This inspection program is designed to provide safe living conditions through the identification and elimination of basic life/safety hazards in older mobile homes. Mobile homes are subject to inspection prior to their sale. All identified safety hazards must be corrected before the unit is sold and/or occupied.

- ▶ ***Cooperative/Land Trust*** - Some mobile home parks have created a cooperative or a land trust which enables the home owners to own the mobile home park land and facilities. This ownership often creates pride which results in a clean, safe park atmosphere.
- ▶ ***Age of mobile/manufactured homes*** - Some cities have adopted regulations that mobile/manufactured homes older than a designated age cannot be moved into the City and mobile/manufactured homes that are not new must be inspected prior to being moved into the City.

19. Create a plan and continue coordination among housing agencies

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

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

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

20. Strategies for downtown redevelopment and commercial development

Findings: The City of Hartford's downtown has buildings that have been renovated and have high quality commercial space. There are also buildings that have not been maintained and are substandard. This recommendation provides an outline of actions that could be taken to continue to redevelop the downtown, to maximize the usage of downtown buildings and to promote new downtown businesses.

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

In addition to the City's downtown, Hartford has two other commercial areas. The buildings and businesses in these commercial areas are relatively new compared to the Downtown Commercial District.

Recommendation: We are recommending the initiation or continuation of the following actions for downtown Hartford:

- ▶ Interview downtown property owners to develop a database and to determine their future plans (expanding, selling, renovations, etc.)
- ▶ Develop an overall plan for the downtown (potential new businesses, address parking needs, develop an overall theme, art and cultural opportunities, etc.)
- ▶ Develop a mini-plan for each downtown property and each downtown block. This may include:
 - ▶ Commercial building rehab and renovations
 - ▶ Facade work
 - ▶ Building demolition
 - ▶ New construction
 - ▶ Recruiting new businesses

- ▶ Identify funding sources
 - ▶ Property owner funds
 - ▶ City of Hartford
 - ▶ Federal Home Loan Bank
 - ▶ Special tax districts
 - ▶ Tax increment financing
 - ▶ Tax abatement
 - ▶ Funds from South Dakota State Agencies
 - ▶ Hartford Area Development Foundation

- ▶ Work with stakeholders to identify roles, secure funding, develop and implement programs and projects
 - ▶ Property owners
 - ▶ City of Hartford
 - ▶ Hartford Area Development Foundation
 - ▶ South Eastern Council of Governments

The City of Hartford and the Hartford Development Foundation should also continue to work with the building owners, businesses and land owners to construct new commercial buildings and to encourage new businesses to locate in the City's two newer commercial areas.

21. Develop home ownership and new construction marketing programs

Findings: Cities that invest in marketing have an advantage. Opportunities to buy or construct a home are sometimes limited because of the lack of information and awareness of financing and incentive programs, homes and lots on the market, local builders, etc. This is especially evident for new households moving into the area. The home buying/home building process can be very intimidating for first-time buyers and builders. It is important for the home buying or home building process to be user-friendly.

Recommendation: The City of Hartford, the Hartford Area Development Foundation and the Hartford Chamber of Commerce have all been active in promoting and marketing housing and we recommend the continuation of the following:

- ▶ Determine the City's strengths and competitive advantages and heavily promote them
- ▶ Continue to create marketing materials that can be distributed regionally (including internet, TV, radio, etc.)
- ▶ Work closely with employers (Hartford and the Sioux Falls MSA) to provide employees (especially new employees) with housing opportunities in Hartford
- ▶ Work with housing agencies to provide down payment assistance, low interest loans, home owner education and home owner counseling programs
- ▶ Consider an annual Housing Fair that provides information on lots, builders, finance programs, etc. Developers, builders, lenders, realtors, public agencies and local businesses could participate
- ▶ Work with developers and builders to make lot development and the construction of new homes as user-friendly as possible
- ▶ Continue to work on the creation of jobs and the development of retail, service and recreational opportunities that make the City a "full service" community
- ▶ Continue to provide attractive lots at an affordable price for a variety of home sizes, styles and price ranges
- ▶ Preserve the quality of existing neighborhoods through the rehabilitation of substandard housing and the demolition of dilapidated structures that are beyond repair
- ▶ Continue to develop new housing choices that serve life-cycle housing needs, such as new rental housing, twin homes, senior with services housing, etc.
- ▶ Review the City's policies and fees to assure that they are user-friendly, fair and receptive for developers, builders and households
- ▶ Develop a coordinated housing plan with the private sector and area housing agencies

Housing Agencies and Resources

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

Hartford Area Development Foundation

125 North Main
P.O. Box 102
Hartford, SD 57033
(605) 528-3338
Contact: Jesse Fonkert
jesse.fonkert@hartfordsd.us

InterLakes Community Action Partnership

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

South Eastern Development Foundation

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

South Eastern Council of Governments

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

Habitat for Humanity Greater Sioux Falls

721 East Amidon Street
Sioux Falls, SD 57117
(605) 274-6280
Contact: Rocky Welker, Director

Sioux Falls Housing and Redevelopment Commission

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

South Dakota Housing Development Authority

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