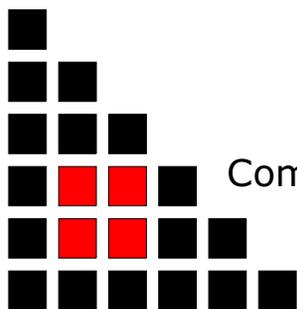


City of Centerville HOUSING STUDY

September 2013

An analysis of the overall housing needs
of the City of Centerville



Community Partners Research, Inc.

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Introduction

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

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

Goals

The multiple goals of the study include:

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

Methodology

A variety of resources were utilized to obtain information for the Housing Study. Community Partners Research, Inc., collected and analyzed data from April 2013 to August 2013. Data sources included:

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

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Demographic Data Overview

Sources of Data

The following pages contain demographic data obtained from a variety of local, state and national sources for the City of Centerville and for Turner County. At the time that research was completed for this Study, the 2010 Census information was available. However, the 2010 Census was more limited in scope than in the past. As a result, some of the demographic variables, such as income and housing cost information, were not available.

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

The frequency of American Community Survey estimates vary depending on the size of the jurisdiction. For most jurisdictions in South Dakota, the 2011 estimates were derived from sampling that was done over a five-year period, between 2007 and 2011. Unless otherwise noted, the American Community Survey estimates are based on the five-year survey data.

Population Data and Trends

Table 1 Population Trends - 1980 to 2010							
	1980 Census	1990 Census	2000 Census	% Change 1990-2000	2010 Census	% Change 2000-2010	2012 Estimates
Centerville	892	887	910	2.6%	882	-3.1%	886
Turner Co.	9,255	8,576	8,849	3.2%	8,347	-5.7%	8,308

Source: U.S. Census

- ▶ According to the 2010 U.S. Census, the City of Centerville and Turner County both lost population from 2000 to 2010. Centerville’s population was 882 in 2010. This was a 28-person decrease from 2000, or a population loss of 3.1%.
- ▶ Turner County’s population was 8,347 in 2010. This was a 502-person decrease from 2000, for a population loss of 5.7%.
- ▶ Centerville and Turner County experienced population gains in the 1990s. Centerville’s population increased by 23 people and Turner County’s population increased by 273 people from 1990 to 2000.
- ▶ The Census Bureau has released more recent information through its population estimates program. The most recent estimates for Turner County is effective July 1, 2012, and shows the County losing 39 people after the 2010 Census. The loss of the 39 people is attributed to deaths exceeding births and from out-migration. The most recent estimate for Centerville is also effective July 1, 2012, and shows the City adding four people between 2010 and 2012.
- ▶ Centerville’s population is primarily White and non-Hispanic/Latino. At the time of the 2010 Census, approximately 98% of the City’s residents were White, 0.3% were Black or African American and 0.6% were American Indian. Approximately 1% of the City’s population was identified as Hispanic/Latino.
- ▶ According to the Census Bureau, 32 Centerville residents lived in group quarters. Nearly all of these people were age 65 or older and living in a skilled nursing home facility, presumably the Centerville Good Samaritan Center.

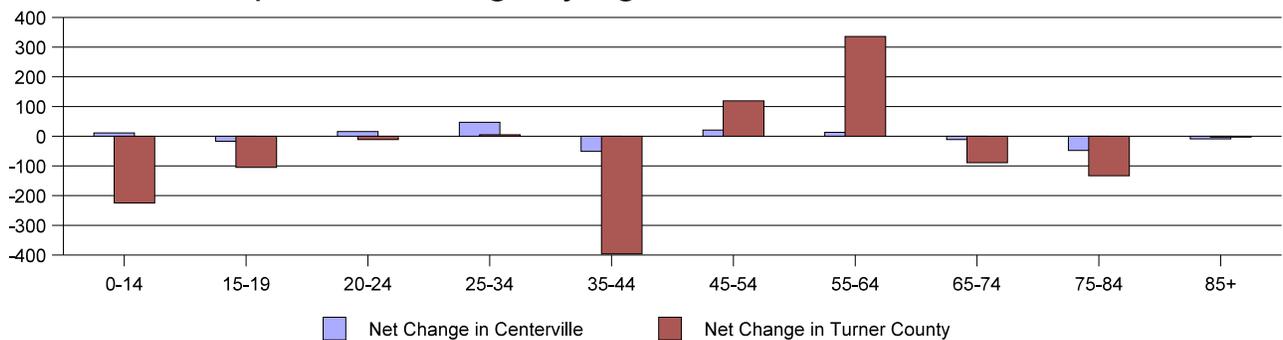
Population by Age Trends: 2000 to 2010

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

Table 2 Population by Age - 2000 to 2010						
Age	Centerville			Turner County		
	2000	2010	Change	2000	2010	Change
0-14	165	176	11	1,845	1,620	-225
15-19	72	55	-17	631	526	-105
20-24	35	51	16	349	338	-11
25-34	70	117	47	878	883	5
35-44	132	81	-51	1,320	924	-396
45-54	101	122	21	1,203	1,322	119
55-64	83	96	13	815	1,151	336
65-74	87	76	-11	801	712	-89
75-84	113	65	-48	711	578	-133
85+	52	43	-9	296	293	-3
Total	910	882	-28	8,849	8,347	-502

Source: U.S. Census

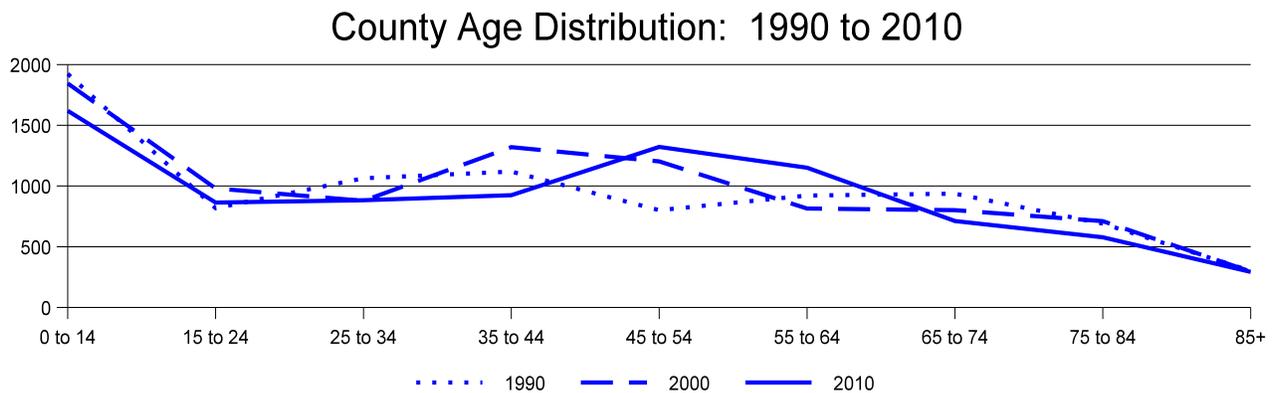
Population Change by Age Between 2000 and 2010



For many years, demographic analysts have been talking about the impact that is occurring as the large “baby boom” generation moves through the aging cycle. This trend has been evident in Centerville and Turner County, as most of the age groups that increased in size represented the baby boom generation.

Between 2000 and 2010, Centerville had a net gain of 34 people and Turner County had a gain of 455 people in the age ranges between 45 and 64 years old. In 2010, nearly all of the baby boomers were within these age ranges. The aging of the baby boomers, as reflected in the numeric net gain in the 55 to 64 year old age group, was the largest increase within any of the defined age cohorts in Turner County. Centerville also had significant gains in the 20 to 34 age ranges, with an increase of 63 people. The 0 to 14 year old age group also had a net gain of 11 children. However, Turner County had a significant net loss of 225 people in the 0 to 14 year old age groups. The County also had a loss of 11 people in the 20 to 24 year old age range and a small net gain of five people in the 25 to 34 year old groups.

Both Centerville and Turner County had significant population losses in the 65 and older age ranges from 2000 to 2010. Centerville lost 68 people and Turner County lost 225 people in these older age ranges.



The aging trends present in Centerville in 2010 can be traced back over the previous decades to see the movement of the baby boom generation over the last 20 years in Turner County.

Population Projections

The following table presents population projections using two different sources.

The South Dakota State Data Center has issued population projections to the year 2030 for Turner County. The following table shows the Data Center extrapolated projection for 2015 based on the Center’s 2010 and 2020 projections.

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

Table 3 Population Projections Through 2015				
	2010 Population Census	2015 Projection from 10-year trend	2015 Projection from 20-year trend	2015 Projection State Data Center Extrapolation
Centerville	882	868	881	N/A
Turner County	8,347	8,110	8,291	8,418

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

- ▶ The growth projections based on 10-year and 20-year growth trends show population losses from 2010 to 2015 for the City of Centerville and Turner County. The State Data Center projects population growth for Turner County.
- ▶ The 10-year and 20-year growth trend population projections for Centerville estimate a decrease of one to 14 people by 2015.
- ▶ Turner County’s population, based on 10-year and 20-year growth trends, is projected to lose between 56 and 237 people from 2010 to 2015. The State Data Center projects Turner County will gain 71 people by 2015.

Household Data and Trends

Table 4 Household Trends - 1980 to 2010						
	1980 Census	1990 Census	2000 Census	% Change 1990-2000	2010 Census	% Change 2000-2010
Centerville	376	373	387	3.8%	374	-3.4%
Turner County	3,479	3,332	3,510	5.3%	3,452	-1.7%

Source: U.S. Census

- ▶ According to the 2010 U.S. Census, Centerville and Turner County lost households from 2000 to 2010. Centerville had 374 households in 2010. This was a decrease of 13 households from 2000, or a household loss of 3.4%.
- ▶ Turner County had 3,452 households in 2010. This was a loss of 58 households from 2000, or a household decrease of 1.7%.
- ▶ Centerville gained 14 households and Turner County gained 178 households during the 1990s.

Household by Age Trends: 2000 to 2010

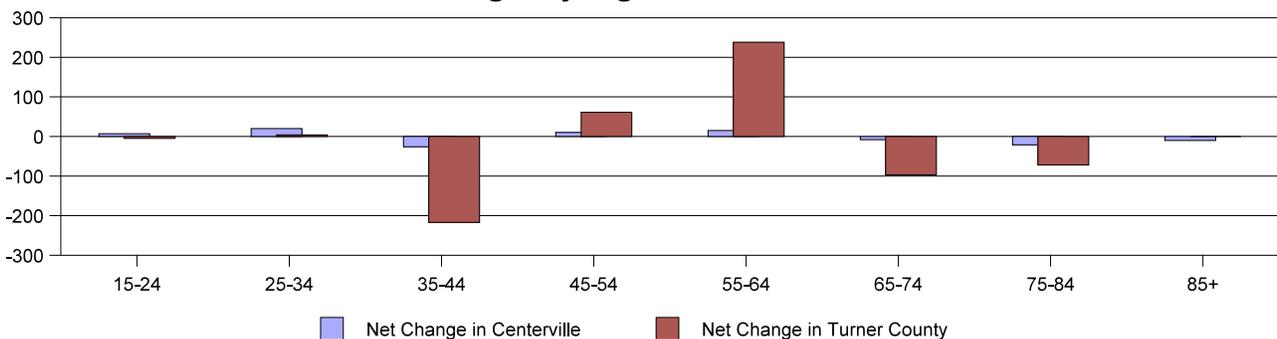
The 2010 Census allows for some analysis of Centerville and Turner County’s changing age patterns. The following table compares households by age of householder in 2000 and 2010, along with the numeric changes.

Table 5 Households by Age - 2000 to 2010						
Age	Centerville			Turner County		
	2000	2010	Change	2000	2010	Change
15-24	16	23	7	130	125	-5
25-34	41	61	20	442	446	4
35-44	73	47	-26	700	483	-217
45-54	58	68	10	681	742	61
55-64	46	61	15	432	670	238
65-74	55	47	-8	492	425	-97
75-84	65	44	-21	457	385	-72
85+	33	23	-10	176	176	0
Total	387	374	-13	3,510	3,452	-58

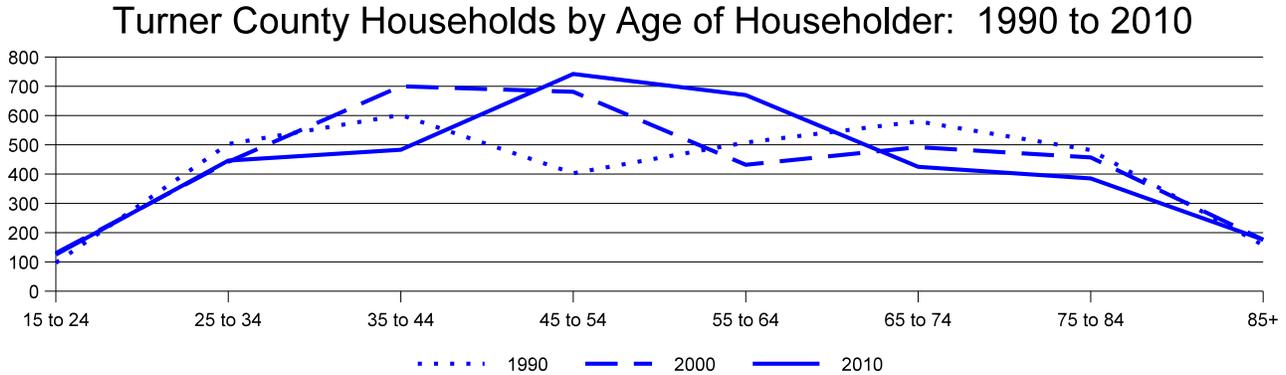
Source: U.S. Census

Centerville added 25 households and Turner County added 299 households in the 45 to 64 year old age ranges from 2000 to 2010. Centerville also added 27 households in the 15 to 34 age ranges. Turner County had a net loss of one household in the 15 to 34 year old age groups.

Household Change by Age Between 2000 and 2010



Centerville had a decrease of 26 households and Turner County had a decrease of 217 households in the 35 to 44 age range from 2000 to 2010. Also, Centerville lost 39 households and Turner County lost 169 households in the 65 and older age ranges.



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

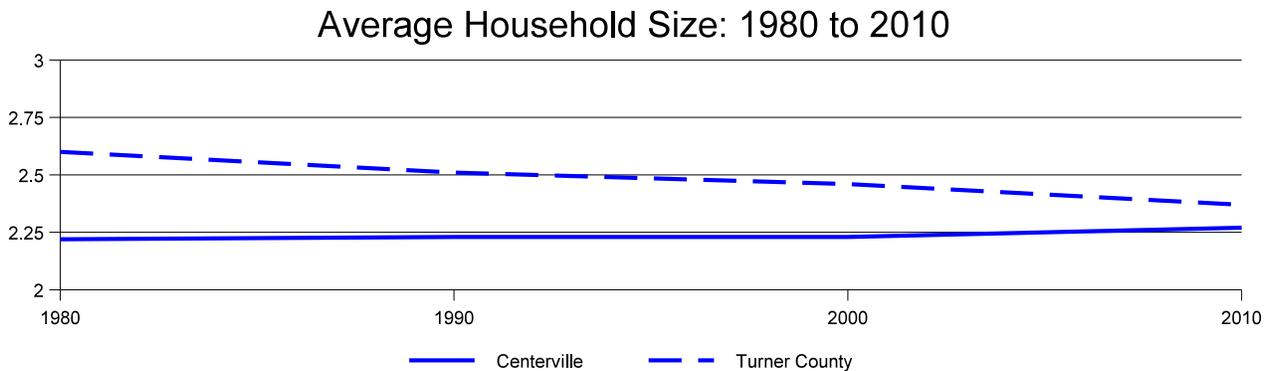
Average Household Size

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

Table 6 Average Number of Persons Per Household: 1980 to 2010				
	1980 Census	1990 Census	2000 Census	2010 Census
Centerville	2.22	2.23	2.23	2.27
Turner County	2.60	2.51	2.46	2.37

Source: U.S. Census

In most jurisdictions, 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 Centerville has remained relatively consistent over the past three decades. In Centerville, the average household size has increased from 2.22 persons per household in 1980 to 2.27 persons in 2010. Most cities in South Dakota have experienced a decrease in average household size over the past three decades. Turner County’s average household size decreased from 2.60 in 1980 to 2.37 in 2010.

Household Projections

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

Table 7 Household Projections Through 2015			
	2010 Census	2015 Projection from 10-year trend	2015 Projection from 20-year trend
Centerville	374	368	374
Turner County	3,452	3,423	3,483

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

- ▶ The growth projections based on 10-year and 20-year trends estimate that Centerville and Turner County households will remain relatively stable from 2010 to 2015.
- ▶ From 2010 to 2015, Centerville is expected to decrease by zero to six households.
- ▶ Turner County’s household projections based on past trends show a range of a loss of 29 households to a gain of 31 households.

Household by Age Projections: 2010 to 2015

With the release of the 2010 Census, a new benchmark has been established for Turner County’s age-related statistics. In the following table, the South Dakota State Data Center and Community Partners Research, Inc., have generated age-based household projections for Turner County to the year 2015.

The first set of age-based projections has been extrapolated from preliminary population forecasts that have just been issued by the South Dakota State Data Center. They have been converted into households using past calculations on the average household size that has existed within specific age ranges.

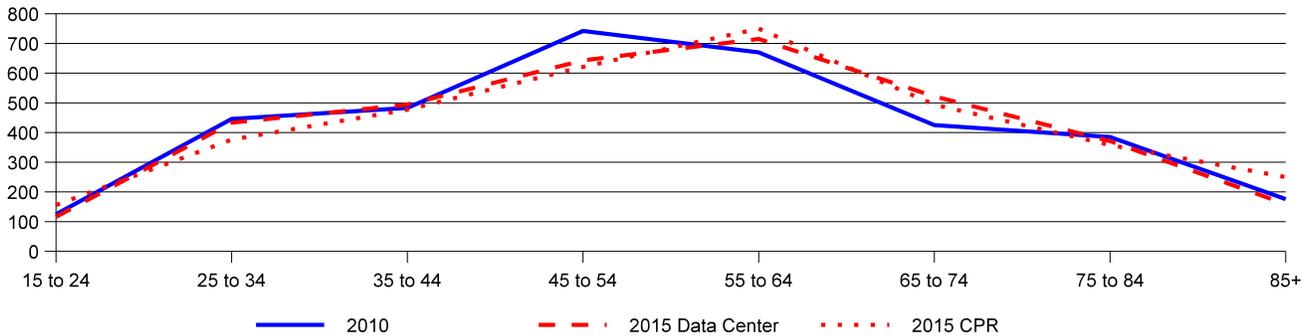
The second set of projections was created by Community Partners Research, Inc., by trending forward past retention rates within defined age cohorts, and assuming that these past patterns are reasonable predictors of future changes.

Both sets of projections assume that historical patterns will continue into the near-future, especially related to household formation and household size within specific age groups. If Turner County’s population changes at a rate that is different from past patterns, traditional age-based forecasts would be altered.

Table 8 Turner County Projected Households by Age - 2010 to 2015					
Age Range	2010 Census	Extrapolated from State Data Center		Community Partner Research	
		2015 Projection	Change from 2010	2015 Projection	Change from 2010
15-24	125	156	31	116	-9
25-34	446	376	-70	433	-13
35-44	483	477	-6	494	11
45-54	742	621	-121	643	-99
55-64	670	750	80	715	45
65-74	425	494	69	522	97
75-84	385	358	-27	371	-14
85+	176	250	74	159	-17
Total	3,452	3,482	30	3,453	1

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

Turner County Projected Households by Age: 2010 to 2015



Consistent with the age distribution data presented earlier, the movement of the “baby boom” generation through the aging cycle should generate most of Turner County’s growth in households in the age ranges between 55 and 74 years old. Community Partners Research, Inc., projects a gain of 142 households while the State Data Center projects a gain of 149 households in the 55 to 74 age ranges from 2010 to 2015.

There is a difference in the State Data Center and Community Partners Research, Inc., projections in several age ranges. The State Data Center forecasts an increase of 31 households for the 15 to 24 age range and Community Partners Research, Inc., is projecting a slight loss of nine households. Conversely, Community Partners Research, Inc., is projecting a gain of 11 households in the 35 to 44 age range, while the State Data Center is projecting a loss of six households in this age range. Also, the State Data Center is estimating that there will be a significant increase of 74 households age 85 and over, while Community Partners Research, Inc., is projecting a loss of 17 households in this older senior group.

Households by Type

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

Table 9 Centerville Household Composition - 2000 to 2010			
	2000 Census	2010 Census	Change
Family Households			
Married Couple with own children	76	69	-7
Single Parent with own children	25	32	7
Married Couple without own children	121	120	-1
Family Householder without spouse	15	10	-5
Total Families	237	231	-6
Non-Family Households			
Single Person	137	128	-9
Two or more persons	13	15	2
Total Non-Families	150	143	-7

Source: U.S. Census

Between 2000 and 2010, Centerville experienced an overall net decrease in the number of “family” households. There was a decrease of seven married couple families that had their own children in the household. The City also had a decrease of one married couple without children and an increase of seven single parent households with children.

The City of Centerville also had a decrease of seven “non-family” households. There was a decrease of nine one-person households. There was an increase of two households that had unrelated individuals living together.

Housing Tenure

The following tables examine overall tenure rates in 2010, along with the changes that have occurred since 2000.

Table 10 Household Tenure - 2010				
	Number of Owners	Percent of all Households	Number of Renters	Percent of all Households
Centerville	271	72.5%	103	27.5%
Turner County	2,692	78.0%	760	22.0%
State	-	68.1%	-	31.9%

Source: U.S. Census

According to the 2010 Census, the ownership tenure rate in Centerville was 72.5% and Turner County’s ownership rate was 78% in 2010.

Housing Tenure in 2010

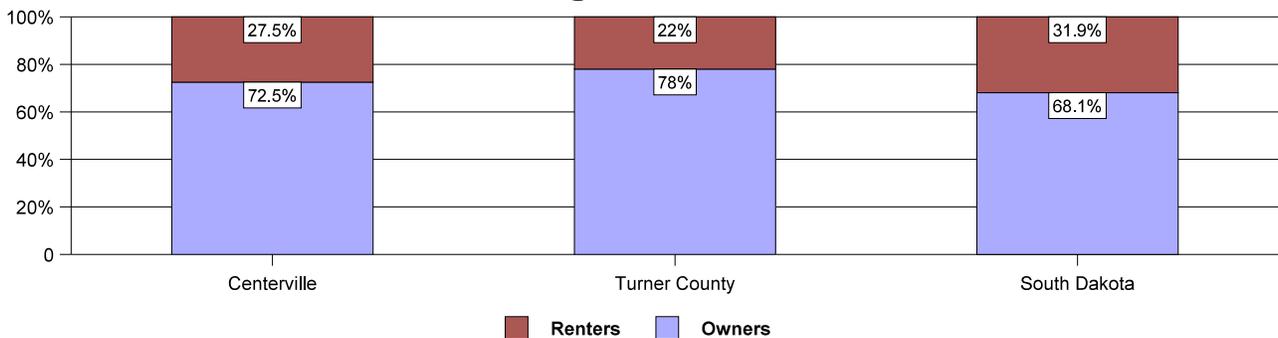


Table 11 Households by Housing Tenure - 2000 to 2010						
Tenure	Centerville			Turner County		
	2000	2010	Change	2000	2010	Change
Owners	293/75.7%	271/72.5%	-22	2,720/77.5%	2,692/78.0%	-28
Renters	94/24.3%	103/27.5%	9	790/22.5%	760/22.0%	-30
Total	387	374	-13	3,510	3,452	-58

Source: U.S. Census

The City of Centerville’s ownership tenure rate decreased over the last decade from 75.7% in 2000 to 72.5% in 2010. For Turner County, there was a slight increase in the rate of owner households between 2000 and 2010. The ownership tenure rate increased from 77.5% in 2000 to 78.0% in 2010.

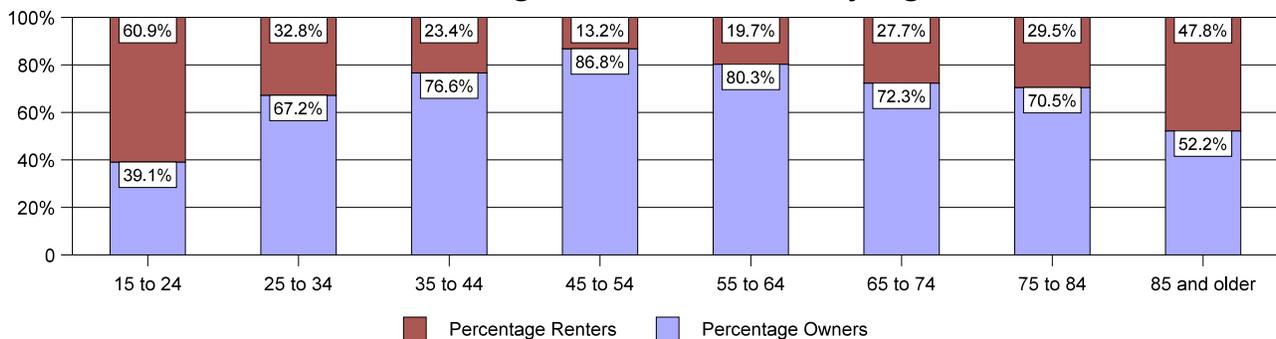
Tenure by Age of Householder

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

Table 12 Centerville Tenure by Age of Householder - 2010				
Age	Owners		Renters	
	Number	Percent within age	Number	Percent within age
15-24	9	39.1%	14	60.9%
25-34	41	67.2%	20	32.8%
35-44	36	76.6%	11	23.4%
45-54	59	86.8%	9	13.2%
55-64	49	80.3%	12	19.7%
65-74	34	72.3%	13	27.7%
75-84	31	70.5%	13	29.5%
85+	12	52.2%	11	47.8%
Total	271	72.5%	103	27.5%

Source: U.S. Census

Centerville Housing Tenure Patterns by Age in 2010



Within the defined age ranges, typical tenure patterns were present. Households at the lowest and highest ends of the age spectrum showed greater preference for rented housing, while middle-aged adult households were primarily homeowners. Approximately 61% of households age 24 and younger rented their unit, and approximately 48% of households age 85 and older were renters. Home ownership rates for each of the 10-year age cohorts between 35 and 84 years old were above 70%.

Tenure by Household Size

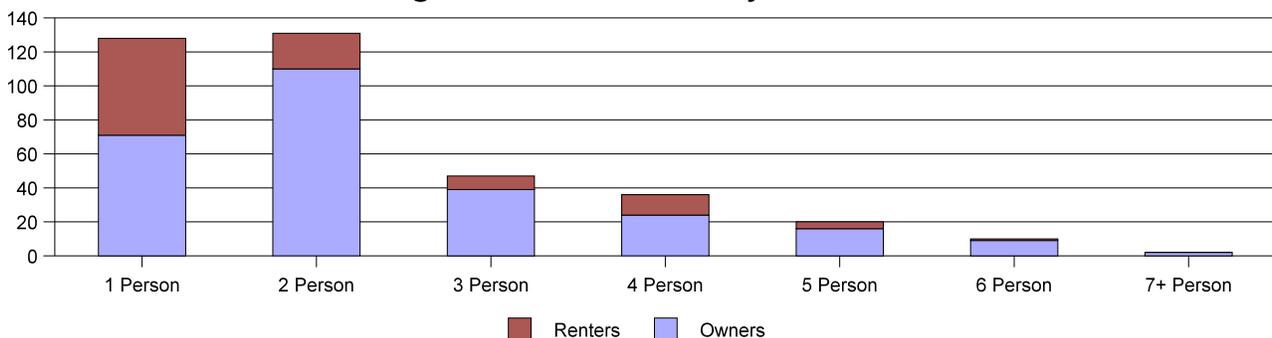
The 2010 Census did provide information on housing tenure by household size. This can be compared to 2000 Census information to better understand trends for housing unit needs. The following table provides information for the City of Centerville.

Table 13 Centerville Tenure by Household Size - 2000 to 2010						
Household Size	Owners			Renters		
	2000	2010	Change	2000	2010	Change
1-Person	82	71	-11	55	57	2
2-Person	116	110	-6	23	21	-2
3-Person	35	39	4	8	8	0
4-Person	30	24	-6	7	12	5
5-Person	17	16	-1	1	4	3
6-Person	9	9	0	0	1	1
7-Persons+	4	2	-2	0	0	0
Total	293	271	-22	94	103	9

Source: U.S. Census

From 2000 to 2010, there was a decrease in the number of owner households and an increase in renter households in Centerville. There was a net decrease of 19 owner households with four or fewer household members. There was also a decrease of one five-person and two seven or more person owner households. There was a net increase of five renter households with four or fewer household members and an increase of four renter households with five or more household members. Approximately 76% of the renter households in Centerville were one or two person households in 2010.

Centerville Housing Tenure Patterns by Household Size in 2010



2011 Income Data

The 2010 Census did not collect information on household income, however, estimates are available at the city and county level through the 2011 American Community Survey.

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

Table 14 Median Household Income - 2000 to 2011			
	2000 Median	2011 Median	% Change
Centerville	\$29,615	\$38,750	30.8%
Turner County	\$36,059	\$50,143	39.1%
South Dakota	\$35,271	\$46,369	31.5%

Source: U.S. Census; 2011 ACS 5-year survey

Table 15 Median Family Income - 2000 to 2011			
	2000 Median	2011 Median	% Change
Centerville	\$39,643	\$50,375	27.1%
Turner County	\$42,704	\$59,364	39.0%
South Dakota	\$43,237	\$58,958	36.4%

Source: U.S. Census; 2011 ACS 5-year survey

Information contained in the 2011 American Community Survey shows that Centerville and Turner County’s median household and family incomes have increased substantially from 2000 to 2011. The Centerville median incomes are below the respective median incomes for the State of South Dakota, however, the Turner County medians are above the State medians.

Generally, family household incomes tend to be much higher than the overall household median, as families have at least two household members, and potentially more income-earners.

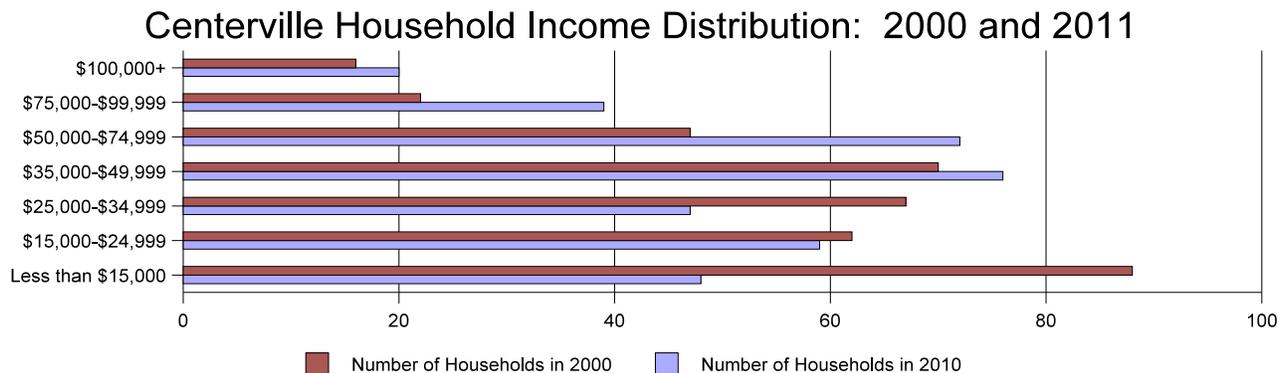
Using the commonly accepted standard that up to 30% of gross income can be applied to housing expenses without experiencing a cost burden, a median income household in Centerville could afford approximately \$969 per month and a median income family household could afford \$1,259 per month for ownership or rental housing in 2011.

Centerville Household Income Distribution

The 2011 American Community Survey household income estimates for Centerville can be compared to the same distribution information from 2000 to examine changes that have occurred over the past decade.

Table 16 Centerville Household Income Distribution - 2000 to 2011			
Household Income	Number of Households 2000	Number of Households in 2011	Change 2000 to 2010
\$0 - \$14,999	88	48	-40
\$15,000 - \$24,999	62	59	-3
\$25,000 - \$34,999	67	47	-20
\$35,000 - \$49,999	70	76	6
\$50,000 - \$74,999	47	72	25
\$75,000 - \$99,999	22	39	17
\$100,000+	16	20	4
Total	372	361	-11

Source: 2000 Census; 2011 ACS



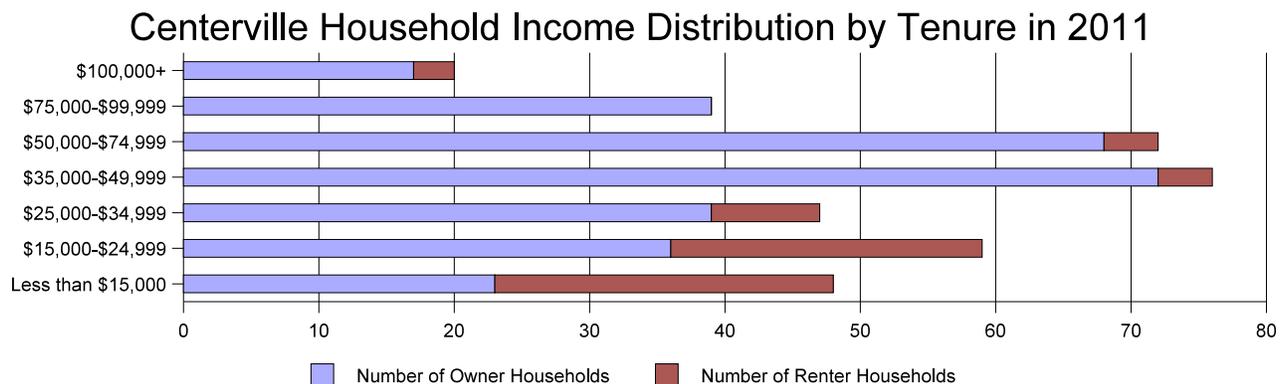
According to income estimates contained in the 2011 American Community Survey, household incomes have improved in Centerville in the highest income ranges. When compared to the 2000 Census (1999 income), the number of households with an income of \$50,000, or more, increased by 46 households. There was a decrease of 63 households in the lowest income ranges, \$34,999 and lower. However, there were still 107 households with an annual income below \$25,000 in 2011, which represented 29.6% of all households in the City.

Centerville Income Distribution by Housing Tenure

The 2011 American Community Survey provides income data by owner and renter status. The following table examines income distribution in Centerville. The American Community Survey is an estimate, based on limited sampling data, and there are some differences when compared to the 2010 Census. The American Community Survey reported income information on 361 households and the U.S. 2010 Census reported that there are 374 households in Centerville.

Household Income	Number of Owner Households	Number of Renter Households	Total Households
\$0 - \$14,999	23/47.9%	25/52.1%	48
\$15,000 - \$24,999	36/61.0%	23/39.0%	59
\$25,000 - \$34,999	39/83.0%	8/17.0%	47
\$35,000 - \$49,999	72/94.7%	4/5.3%	76
\$50,000 - \$74,999	68/94.4%	4/5.6%	72
\$75,000 - \$99,999	39/100%	0/0%	39
\$100,000+	17/85.0%	3/15.0%	20
Total	294	67	361

Source: 2011 American Community Survey



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

In 2011, approximately 84% of all renter households in Centerville had an annual income below \$35,000. At 30% of income, these households would have \$875, or less, that could be applied to monthly housing costs. The median income for all renter households was below \$17,500 in 2011. At 30% of income, a renter at the median level could afford approximately \$440 per month or less for housing costs.

Most owner households had a higher income level than rental households. Approximately 42% of all owner households had an annual income of \$50,000 or more. The estimated median household income for owners in 2011 was approximately \$40,000. At 30% of income, an owner at the median income level could afford approximately \$999 per month for housing costs.

2011 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 Centerville.

Table 18 Gross Rent as a Percentage of Household Income - Centerville		
Percentage of Household Income for Housing Costs	Number of Renter Households 2011	Percent of All Renter Households 2011
0% to 19.9%	21	31.3%
20% to 29.9%	20	29.9%
30% to 34.9%	0	0%
35% or more	17	25.4%
Not Computed	9	13.4%
Total	67	100%

Source: 2011 American Community Survey

Based on the more recently released tenure information from the 2010 Census, the 2011 American Community Survey did underestimate the number of renter households in Centerville by 36 households. However, the estimates on housing cost burden are the best available information on income and expenses for housing.

According to the American Community Survey, more than 25% of all renters in the City were paying 30% or more of their income for rent. All of these households were actually paying 35% or more of their income for housing. Federal standards for rent subsidy programs generally identify 30% of income as the maximum household contribution. When more than 30% of income is required, this is often called a "rent burden". When more than 35% is required, this can be considered a "severe rent burden".

Many of the renter households with a housing cost burden had an annual household income below \$20,000. To avoid a cost burden, these lower income households would have needed a unit with a gross monthly rent of \$500 or less.

2011 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 Centerville County that are paying different percentages of their gross household income for housing costs.

Table 19 Ownership Costs as a Percentage of Income - Centerville		
Percentage of Household Income for Housing Costs	Number of Owner Households 2010	Percent of All Owner Households 2010
0% to 19.9%	175	59.5%
20% to 29.9%	51	17.4%
30% to 34.9%	17	5.8%
35% or more	46	15.6%
Not Computed	5	1.7%
Total	294	100%

Source: 2011 ACS

The 2011 American Community Survey overestimated the number of owner households in the City of Centerville by approximately 23 households. However, this source still represents the best available information on income compared to housing costs.

Most owner-occupants, which would include households with and without a mortgage, reported paying less than 30% of their income for housing. However, more than 21% of all home owners reported that they paid more than 30% of their income for housing. Most of these households were actually paying more than 35% of income for housing costs.

Occupancy Status of Housing Units - 2010

Table 20 Occupancy Status of Housing Units - 2010						
	Occupied Units		Vacant Units			
	Owner	Renter	For Rent	For Sale	Seasonal Use	Other Vacant
Centerville	271	103	16	16	4	15
Turner Co.	2,692	760	106	46	112	223

Source: U.S. Census

- ▶ In 2010, according to the U.S. Census, there were 112 seasonal housing units in Turner County, including four units in Centerville.
- ▶ There were 375 vacant housing units in Turner County in 2010 in addition to the seasonal units, including 47 units in Centerville.

Existing Home Sales

This section examines houses that have been sold in Centerville from 2008 to 2012. It is important to note that the number of houses that have sold is limited, and may not be an accurate indicator of overall home values in the City of Centerville. However, this sample does provide some insight into those units that have turned-over during this time period.

This table primarily reflects existing home sales. New construction sales activity would generally not be recorded in the data that was used for this analysis. For example the Centerville Development Corporation sold a new house in 2011 for \$128,750, which is not reflected in the existing home data.

Table 21 Median Value of Recent Residential Sales - 2008 to 2012

	Number of Good Sales	Median Sale Price	Average Sale Price
2012	10	\$54,950	\$68,420
2011	7	\$42,000	\$49,271
2010	16	\$42,450	\$42,756
2009	8	\$45,750	\$49,325
2008	12	\$55,750	\$67,875

Source: Turner County Assessor; Community Partners Research, Inc.

- ▶ From 2008 to 2012, there were 53 improved residential sales of single family houses in Centerville that were considered to be "arms length" transactions, according to the County's Director of Equalization. Sales that are not "arms length" include, but are not limited to, sales between relatives, forced sales and foreclosures, and estate transfers that are not available on the open market. Only the "arms length" transactions have been reviewed for this study.
- ▶ The median sales price for the 10 residential sales in Centerville in 2012 was \$54,950. The highest valued sale was for \$245,000 and the lowest valued sale was for \$19,000.
- ▶ The median sales price for the seven residential sales in Centerville in 2011 was \$42,000. The highest valued sale was for \$108,600 and the lowest valued sale was for \$8,400.

- ▶ The median sales price for the 16 residential sales in 2010 was \$42,450. The highest valued sale was for \$119,900 and the lowest valued sale was for \$4,500.
- ▶ The median sales price for the eight residential sales in 2009 was \$45,750. The highest valued sale was for \$85,000 and the lowest valued sale was for \$19,900.
- ▶ The median sales price for the 12 residential sales in 2008 was \$55,750. The highest valued sale was for \$256,000 and the lowest valued sale was for \$5,500.

Centerville Housing Condition

Community Partners Research, Inc. representatives conducted a visual 'windshield' survey of the 348 single family/duplex houses in Centerville. The table below provides the survey information for single family homes west and east of Broadway.

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

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

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

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

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

Table 22 Windshield Survey Condition Estimate - 2013					
	Sound	Minor Repair	Major Repair	Dilapidated	Total
West of Broadway	58/46.8%	29/23.4%	25/20.1%	12/9.7%	124
East of Broadway	119/53.1%	55/24.6%	41/18.3%	9/4.0%	224
Total	177/50.9%	84/24.1%	66/19.0%	21/6.0%	348

Source: Community Partners Research, Inc.

- ▶ The existing housing stock in Centerville is in good condition. Approximately 24% of the houses in the City need minor repair and 19% need major repair. Approximately 51% are sound, with no required improvements. Twenty-one houses are dilapidated and possibly beyond repair.

Housing Construction Activity

Based on information provided by the City of Centerville and the Census Bureau, 23 single family homes were constructed in or moved into Centerville from 2001 to 2012.

Also, three rental four-plexes have been constructed since 2000. The three four-plexes were constructed in 2004, 2007 and 2010.

Rental Housing Data

Census Bureau Rental Inventory

According to the 2010 U.S. Census, there were 103 occupied rental units and 16 unoccupied rental units in Centerville, for a total estimated rental inventory of 119 units. The City's rental tenure rate in 2010 was 27.5%, below the Statewide rental rate of 31.9%.

At the time of the 2000 Census, Centerville had 94 occupied rental units, and six vacant rental units, for a total estimated rental inventory of 100 units. The rental tenure rate in 2000 was 24.3%.

Based on a Census comparison, the City gained nine renter-occupancy households, and approximately 19 rental units during the last decade.

The City experienced a decrease in owner-occupants between 2000 and 2010. In many communities, the reduction of owner households corresponded to growth among renters, as tenure conversion occurred in some housing units.

Rental Housing Survey

As part of this housing study, a telephone survey was conducted of multifamily projects in Centerville. Emphasis was placed on contacting properties that have three or more units. For the purposes of planning additional projects in the future, multifamily properties represent the best comparison of market potential. However, we also collected data on a sampling of rental single family homes.

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

There were 83 housing units of all types that were contacted in the survey. In addition to the 83 rental units, the nursing home, which has 30 long-term care beds, was contacted.

The units that were successfully contacted include:

- ▶ 30 market rate units
- ▶ 40 federally subsidized units
- ▶ 13 assisted living beds
- ▶ 30 beds in the nursing home

The findings of the survey are provided below.

Market Rate Summary

Information was obtained on 30 market rate rental units. The units surveyed include three four-plexes, two three-plexes and 12 single family homes.

There are no market rate rental projects in Centerville that are larger than a four-plex.

Unit Mix

Information on bedroom mix was obtained from 22 of the market rate units that were surveyed. The breakdown of the bedroom mix is:

- ▶ one-bedroom - 1 (5%)
- ▶ two-bedroom - 18 (80%)
- ▶ three-bedroom - 1 (5%)
- ▶ four-bedroom - 1 (5%)
- ▶ five-bedroom - 1 (5%)

Occupancy / Vacancy

There were two vacant units in the 30 market rate units that were surveyed. This is a vacancy rate of 6.7%. Both vacancies were in one three-plex. All of the other projects reported no vacancies.

Rental Rates

The highest rental rates in Centerville are the Centerville Housing and Redevelopment Commission units, which have rents of \$700 to \$725 plus utilities. The Bjordal four-plex has rents of \$630 plus utilities. The other market units in the City of Centerville are older units and the rents range from \$300 to \$550.

Tax Credit Summary

There are no tax credit units in Centerville.

Subsidized Summary

The research completed for this Study identified four subsidized projects providing rental opportunities for lower income households. These projects have a combined 40 units. All four projects are general occupancy rental housing, although it appears that two projects were originally senior/disabled projects.

The four subsidized rental projects in Centerville include:

- ▶ **Tornado Apartments** - Tornado Apartments is a 12-unit general occupancy USDA Rural Development Project. The 12 units are in two separate complexes, Uptown and East Park. The units are all two-bedroom apartments. The project was constructed in 1976.
- ▶ **Centra Villa Apartments** - Centra Villa Apartments is an eight-unit general occupancy USDA Rural Development project. The eight units are all two-bedroom units. The project was constructed in 1977.
- ▶ **Garfield Square Apartments** - Garfield Square Apartments is an eight-unit USDA Rural Development Project. The eight units are all one-bedroom units. The project was constructed in 1986.
- ▶ **Broadway Apartments** - Broadway Apartments is a HUD Section 8 project with 12 units. The 12 units include three efficiency and nine one-bedroom units. The project was constructed in the 1970s.

The City's subsidized units have access to project-based rent assistance. These units can charge rent based on 30% of the tenant's household income up to a maximum market rent.

Unit Mix

The bedroom mix breakdown for subsidized housing in Centerville is as follows:

- ▶ 3 efficiency (7.5%)
- ▶ 17 one-bedroom (42.5%)
- ▶ 20 two-bedroom (50.0%)

Occupancy / Vacancy

There were 12 unoccupied units that were identified in the subsidized projects, which is a 30% vacancy rate. Tornado Apartments, Centra Villa Apartments and Broadway Apartments each reported four vacancies. Garfield Square Apartments reported no vacancies.

Subsidized Housing Gains/Losses

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

At this time, we are not aware that any of the Centerville projects are considering opting out of their subsidy program.

Senior Housing with Services

Unit Inventory

The Centerville Care and Rehab Center, located in Centerville, has 30 licensed nursing home beds and 13 assisted living beds. The Centerville Development Corporation recently purchased the facility from the Good Samaritan Society. The facility has had low occupancy rates in the past, however, there currently are only two vacant nursing home beds. Rent and fees are based on the level of services.

The assisted living rent and fees have two different levels, which allow residents who do not need the full array of assisted living services to live in the facility at less cost. The administrator reports that, if necessary, more nursing home beds could be converted to assisted living beds.

Occupancy / Vacancy

The assisted living beds are fully occupied and there were two vacant nursing home beds when the survey was conducted.

Table 23 Centerville Multifamily Rental Housing Inventory

Name	Number of Units /Bedroom Mix	Rent	Vacancy/ Wait List	Tenant Mix	Comments
Market Rate					
River Point Apartments	<u>8 - 2 bedroom</u> 8 total units	\$700-\$725 + utilities	No vacancies	General occupancy	Two four-plexes constructed in 2007 and 2010, owned and managed by the Centerville HRC. All of the units are two-bedroom and have 1 3/4 baths and attached one car garages. Tenants include singles, families and seniors. Units are currently fully occupied, but manager reports that there have been ongoing vacancies in the past. Tenants pay \$700 to \$730 plus utilities. The HRC owned a third four-plex but sold it.
Bjordal Four-plex	<u>4 - 2 bedroom</u> 4 total units	\$630 + utilities	No vacancies	General occupancy	Four-plex previously owned by the Centerville HRC and sold to Ben Bjordal. Units were constructed in 2004. Owner reports no vacancies. Rents are \$630 plus utilities. All of the units have two bedrooms.
Lincoln & Broadway Apartments	<u>1 - 1 bedroom</u> <u>2 - 2 bedroom</u> 3 total units	\$300 \$325-\$345	Two vacancies	General occupancy	Project includes four units, however, one unit needs major rehabilitation and is not being rented. Three units available for rent includes one one-bedroom and two two-bedroom units. Tenants pay electricity. Owner reports two vacancies.
Erlanson Properties 8 houses	<u>2 bedroom</u> <u>3 bedroom</u> 8 total units	Based on bedrooms and condition	No vacancies	General occupancy	Erlanson properties include eight two- and three-bedroom single family houses. Currently, all of the homes are occupied. Owner reports that he is rehabbing a three-bedroom home that will be ready for occupancy in eight to nine months.
Austin Properties 4 houses	<u>1 - 2 bedroom</u> <u>1 - 3 bedroom</u> <u>1 - 4 bedroom</u> <u>1 - 5 bedroom</u> 4 total units	\$350-\$550 + utilities	No vacancies	General occupancy	Austin Properties include four single family houses. Owner reports no vacancies. Rents range from \$350 to \$550 plus utilities.
620 Broadway Apartments	<u>3 - 2 bedroom</u> 3 total units	N/A	No vacancies	General occupancy	Project includes three two-bedroom units. Rent includes water, sewer and garbage. Owner reports no vacancies.

Table 23 Centerville Multifamily Rental Housing Inventory

Name	Number of Units / Bedroom Mix	Rent	Vacancy/ Wait List	Tenant Mix	Comments
Subsidized					
Tornado Apartments - Uptown & East Park	<u>12 - 2 bedroom</u> 12 total units	\$582 max. 30% of income	4 vacancies	General occupancy	Tornado Apartments is a 12-unit General Occupancy Rural Development Project constructed in 1976. All fo the units have two bedrooms. The project includes two separate complexes, Uptown and East Park. The project has four vacancies. All of the vacancies are in East Park. The manager reports that the number of vacancies fluctuates. Tenants pay 30% of income up to the market rent of \$542. Currently, no tenants are paying market rent.
Centra Villa Apartments	<u>8 - 2 bedroom</u> 8 total units	\$582 max. 30% of income	4 vacancies	General occupancy	Central Villa Apartments is an eight-unit General Occupancy Rural Development Project. All of the units have two bedrooms. The project has four vacancies. The project was constructed in 1977. Tenants pay 30% of income up to the market rent of \$582. Currently, no tenants are paying market rent.
Garfield Apartments	<u>8 - 1 bedroom</u> 8 total units	\$605 max. 30% of income	No vacancies	General occupancy	Garfield Square is an eight-unit General Occupancy Rural Development Project constructed in 1986. All of the units have one bedroom. Tenants pay 30% of their income up to the market rent of \$605. Currently, no tenants are paying the market rent. The manager reports that the project is fully occupied.
Broadway Apartments	3 - efficiencies <u>9 - 1 bedroom</u> 12 total units	\$384 max. 30% of income	4 vacancies, 3 - effic. 1 - 1-bdrm	General occupancy	Broadway Apartments is a General Occupancy HUD Section 8 project constructed in the 1970s. The project has 12 units, three efficiencies and nine one-bedroom. Tenants pay 30% of income up to the market rent of \$384 for an efficiency and \$507 for a one-bedroom. Manager reports the efficiencies are difficult to keep occupied. The manager has requested that HUD lower the market rents, which would increase occupancy.

Table 23 Centerville Multifamily Rental Housing Inventory					
Name	Number of Units / Bedroom Mix	Rent	Vacancy/ Wait List	Tenant Mix	Comments
Senior with Services					
Centerville Care and Rehab Center	30 -long-term care <u>13 - assisted living</u> 43 total units	Based on services	2 vacant nursing home beds	Nursing home and assisted living	The Centerville Care and Rehab Center has 30 licensed nursing home beds and 13 assisted living beds. The Centerville Development Corporation has recently purchased the facility from Good Samaritan. The facility has had low occupancy rates, however, currently there are only two vacant nursing home beds. Rent and fees are based on the level of services. The assisted living rent and fees have two different levels, which allow residents who do not need the full array of assisted living services to live in the facility at less cost. The administrator reports that, if necessary, more nursing home beds could be converted to assisted living beds.

Source: Community Partners Research, Inc.

Employment and Local Economic Trends Analysis

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

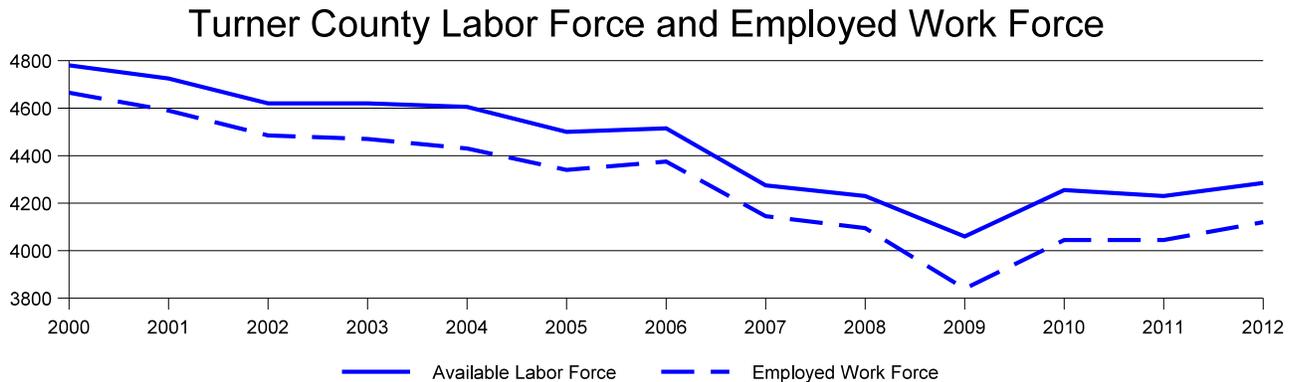
Employment opportunities may be provided by a broad range of private and public business sectors. Jobs may be available in manufacturing, commercial services, agriculture, public administration, and other industries. The type of employment, wage level, and working conditions will each influence the kind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

Employment information is available for Turner County. The labor force statistics track people by place of residence, rather than place of employment.

Table 24 County Average Annual Labor Force: 2000 to 2013*						
Year	Labor Force	Employed	Unemployed	Unemployment Rate - County	Unemployment Rate - SD	Unemployment Rate - US
2000	4,780	4,665	115	2.4%	2.7%	4.0%
2001	4,725	4,590	135	2.9%	3.1%	4.7%
2002	4,620	4,485	135	2.9%	3.3%	5.8%
2003	4,620	4,470	150	3.3%	3.5%	6.0%
2004	4,605	4,430	175	3.8%	3.7%	5.6%
2005	4,500	4,340	160	3.6%	3.7%	5.1%
2006	4,515	4,375	140	3.1%	3.1%	4.6%
2007	4,275	4,145	130	3.0%	2.9%	4.6%
2008	4,230	4,095	135	3.2%	3.0%	5.8%
2009	4,060	3,840	220	5.4%	5.2%	9.3%
2010	4,255	4,045	210	4.9%	5.0%	9.6%
2011	4,230	4,045	185	4.3%	4.7%	8.9%
2012	4,285	4,120	165	3.8%	4.4%	8.1%
2013*	4,390	4,225	165	3.8%	4.2%	7.7%

Source: South Dakota Department of Labor

* 2013 is through July



Over a longer time period, there has been both upward and downward movement in the size of the County’s labor force and employed work force. Between 2000 and 2009, the County’s labor statistics decreased significantly. However, since 2009, a rebound has occurred, and some of the prior loss has been recovered. Partial-year data for 2013 point to similar improvement in the current year, although the inclusion of fall and early winter months may lower these numbers when a full year is reviewed.

Over the entire 13-year time period reviewed (excluding partial-year 2013), the County’s available labor force has decreased by 495 people, or 10.4%. The employed work force has decreased by 545 people, or 11.7% during this same time period. However, as indicated in the line chart above, after 2009 there has been a gradual upward trend in the labor statistics. The unemployment rate has been declining, after reaching a recent peak of 5.4% in 2009.

The County’s unemployment rate for 2012 was at 3.8%, well below the national rate. Through the first seven months of 2013 the unemployment rate has remained steady at 3.8%. For all of the years reviewed, the County’s unemployment rate has remained relatively similar to the Statewide rate, and has actually been below the South Dakota average since 2010.

Average Annual Wages by Industry Sector

The following table shows the annual employment and average annual wages by major employment sector in 2012, the last full year of data. It is important to note that the major employment sectors listed do not represent all employment in the County. This information is for all of Turner County.

Table 25 County Average Annual Wages by Industry Detail: 2012		
Industry	2012 Employment	2012 Average Annual Wage
Total All Industry	2,094	\$29,206
Natural Resources, Mining	130	\$29,761
Construction	89	\$29,080
Manufacturing	187	\$41,020
Trade, Transportation, Utilities	422	\$28,186
Information	51	\$33,012
Financial Activities	145	\$44,649
Professional and Business Services	89	\$56,412
Education and Health Services	379	\$26,757
Leisure and Hospitality	125	\$6,866
Other Services	21	\$29,392
Government	456	\$22,687

Source: South Dakota Department of Labor

The average annual wage for all industry in 2012 was \$29,206. The highest paying wage sectors were Professional and Business Services, Financial Activities and Manufacturing, with annual average wages of \$56,412, \$44,649 and \$41,020, respectively. Government was the largest single employment sector, but had annual wages of only \$22,687, well below the overall average.

The lowest paying wage sector was Leisure and Hospitality, with an average annual wage of only \$6,866. This was the only industry sector with an annual wage below \$20,000.

Major Employers in Turner County

The Community Profile for Turner County lists the following major employers in Centerville. This information is from the Governor’s Office of Economic Development website. There may be additional employers that are not listed.

- ▶ Centerville Care and Rehab Center
- ▶ Centerville School District
- ▶ Fireball Decals
- ▶ The Total Stop
- ▶ Centerville Steakhouse
- ▶ Pump N Stuff
- ▶ Old Street Café
- ▶ Centerville Ag
- ▶ Hefty

Source: Governor’s Office of Economic Development

Commuting Patterns of Area Workers

Only limited information is available on area workers that commute for employment. The best information is from the 2011 American Community Survey, and has been examined for Centerville. This table only examines people that commuted, and excludes people that work at home.

Table 26 Commuting Times for Residents - 2011	
Travel Time	Number/Percent
Less than 10 minutes	110 / 27.1%
10 to 19 minutes	90 / 22.2%
20 to 29 minutes	42 / 10.3%
30 minutes +	164 / 40.4%
Total	406

Source: 2011 American Community Survey 5-year estimates

Fewer than half of Centerville’s residents were commuting less than 20 minutes to work in 2011. Overall, 49.3% of residents commuted 19 minutes or less to work, while 50.7% traveled 20 minutes or more. Most of the longer-distance commuters were actually traveling 30 minutes or more.

Findings on Growth Trends

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

Both Centerville and Turner County had population losses in the 1980s, followed by population gains in the 1990s and a return to population losses in the 2000s. Overall, Centerville and Turner County's population decreased from 1980 to 2010. From 1980 to 2010, Centerville's population decreased slightly by 10 people and Turner County's population decreased by 908 people. Over the last decade, Centerville's population decreased by 28 people and Turner County's population decreased by 502 people.

Household levels have also decreased slightly from 1980 to 2010 in Centerville and Turner County. Centerville experienced a loss of two households and Turner County's number of households decreased by 27 households over the past three decades. As with population, Centerville and Turner County had household losses in the 1980s, household gains in the 1990s, followed by households losses in the 2000s.

Findings on Projected Growth

The projections for Centerville and Turner County calculated by Community Partners Research, Inc., from past growth trends reflect the patterns of recent decades. Using the past trends to form a range, Community Partners Research, Inc., projects that Centerville's population will decrease by one to 14 people between 2010 and 2015. The household projections expect a range of no household change to a loss of six households from 2010 to 2015.

The population and household projections for all of Turner County expect an ongoing reduction through the year 2015. The forecasts used for this Study expect a loss of between 56 and 237 people and a loss range of a loss of 29 households to a gain of 31 households over the five-year projection period.

Summary of Turner County Growth Projections by Age

The Demographic section of this Study presented Turner County projection information on anticipated changes by age group over the next few years. This information can be informative in determining the housing that may be needed due to age patterns of the County's population.

In general terms, much of the projected net growth to the year 2015 will occur among people in the 55 to 74 age ranges. This would largely reflect the aging "baby boomers", nearly all of whom will be age 55 or older by the year 2015.

There is a difference in the State Data Center and Community Partners Research, Inc., projections in several age ranges. The State Data Center forecasts an increase of 31 households for the 15 to 24 age range and Community Partners Research, Inc., is projecting a slight loss of nine households. Conversely, Community Partners Research, Inc., is projecting a gain of 11 households in the 35 to 44 age range, while the State Data Center is projecting a loss of six households in this age range. Also, the State Data Center is estimating that there will be a significant increase of 74 households age 85 and over, while Community Partners Research, Inc., is projecting a loss of 17 households in this older senior group.

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 Centerville and Turner County can attract in-migration, the demographic profile of future residents may not always match historical patterns, and it is possible that more young adults may move to the area.

The following approximate ranges show the expected net change in the number of Turner County households in each 10-year age cohort between 2010 and 2015. The first column shows the projections based on State Data Center data and the second column shows projections based on Community Partners Research, Inc. calculations.

<u>Age Range</u>	<u>Projected Change in Households</u>
	<u>2010 to 2015</u>
15 to 24	31 to -9
25 to 34	-70 to -13
35 to 44	-6 to 11
45 to 54	-121 to -99
55 to 64	80 to 45
65 to 74	69 to 97
75 to 84	-27 to -14
85 and Older	74 to -17

Findings on Housing Unit Demand and Tenure

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

Demand from Growth - The household projections used for this Study expect the number of households in Centerville and Turner County to remain relatively stable through 2015. As a result, anticipated household growth yields only slight demand for new housing production.

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

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

Pent-Up Demand - The third primary demand-generator for new housing is caused by unmet need among existing households, or pent-up demand. Although there has not been growth in the number of households, shifting age patterns have created demand for certain types of age-appropriate housing in Centerville. We have included our estimates of pent-up demand into the specific recommendations that follow later in this section.

Findings on Unit Demand by Type of Housing

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

Age 15 to 24 Years Old - The projections used for this Study expect a range of a loss of nine households to a gain of 31 households in the 15 to 24 age range through the year 2015. Past tenure patterns indicate that 61% of these households in Centerville will rent their housing. A relatively stable number of households in this age range should mean that rental demand from younger households will remain relatively unchanged during the projection period.

25 to 34 Years Old - The projections show a loss of 13 to 70 households by 2015. Within this age range households often move from rental to ownership housing. The ownership rate among these households in Centerville was approximately 67% in 2010. A loss of households within this age range indicates lower demand for both first-time buyer and rental opportunities.

35 to 44 Years Old - The projections for this 10-year age cohort expect a range of a loss of six households to a gain of 11 households between 2010 and 2015 in Turner County. In the past, this age group has had a high rate of home ownership in Centerville, at approximately 77%. Households within this range often represent both first-time buyers and households looking to trade-up in housing, selling their starter home for a more expensive house.

45 to 54 Years Old - By 2015, this age cohort will represent the front-end of the "baby bust" generation that followed behind the baby boomers. This age group represents a much smaller segment of the population than the baby boom age group. For Turner County, the projections show a loss of 99 to 121 households in this range. This age group historically has had a high rate of home ownership, approximately 87% in Centerville in 2010, and will often look for trade-up housing opportunities. With a household decrease in this age group, there will be a decrease in the demand for trade-up housing.

55 to 64 Years Old - This age range is part of the baby boom generation. The projections show an expected increase of 45 to 80 additional households in this 10-year age range by the year 2015 in the County. This age range has traditionally a high rate of home ownership in Centerville, at approximately 80% in 2010. Age-appropriate housing, such as town house or twin home units, is often well suited to the life-cycle preferences of this age group, as no maintenance/low maintenance housing has become a popular option for empty-nesters.

65 to 74 Years Old - The State Data Center and Community Partners Research, Inc., forecast a gain of 69 to 97 households by the year 2015 in this age range. While this group will begin moving to life-cycle housing options as they age, the younger seniors are still predominantly home owners. At the time of the 2010 Census, approximately 72% of households in this age range owned their housing in Centerville. Once again, preferences for age-appropriate units would increase from household growth within this age cohort.

75 to 84 Years Old - There is a projected loss of 14 to 27 households in Turner County in this age range between 2010 and 2015. In the past, households within this 10-year age range have had a relatively high rate of home ownership, at approximately 71% in Centerville. While this is likely to continue, an expansion of other housing options for seniors, including high quality rental housing, should appeal to this age group. In most cases, income levels for senior households have been improving, as people have done better retirement planning. As a result, households in this age range may have fewer cost limitations for housing choices than previous generations of seniors.

85 Years and Older - A range of a gain of 74 households to a loss of 17 households is projected from 2010 to 2015. Historic home ownership rates in this age group in Centerville have been relatively low, at approximately 52% in 2010. 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.

Strengths for Housing Development

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

- ▶ **Centerville serves as a small regional center** - Centerville provides employment opportunities, retail/service options, health and professional services and recreational facilities for a geographical area that surrounds the City.
- ▶ **Affordable priced housing stock** - The City of Centerville has a stock of affordable, existing houses. Our analysis shows that the City's median home value based on 2012 sales is approximately \$54,950. This existing stock, when available for sale, provides an affordable option for home ownership.
- ▶ **Adequate land for development** - Centerville has adequate land available for both residential and commercial/industrial development. However, some of this land needs to be serviced with infrastructure improvements and/or annexed into the City limits.
- ▶ **Proactive City involvement** - Centerville has a track record of being proactive and working with housing agencies and the private sector to develop housing opportunities, including rental housing and subdivision development.
- ▶ **Educational system** - Centerville has a public K-12 school system.
- ▶ **Infrastructure** - Centerville's water and sewer infrastructure can accommodate future expansion.
- ▶ **Commercial development** - Centerville's commercial district is adequate to meet most daily needs.
- ▶ **Centerville Housing and Redevelopment Commission** - The Centerville Housing and Redevelopment Commission owns and manages rental projects in Centerville.
- ▶ **Centerville Development Corporation** - The Centerville Development Corporation is very active in promoting economic, employment and housing opportunities for the area.

- ▶ **Small-town atmosphere** - Centerville is a small town with the real and perceived amenities of small communities. This small-town living is attractive to some households.
- ▶ **Services for senior citizens** - Centerville has an assisted living facility, a nursing home, a medical clinic, and a pharmacy.
- ▶ **Centerville is located near three regional centers** - Centerville is located 40 miles from Sioux Falls, 40 miles from Yankton and 23 miles from Vermillion, all of which are regional centers. These regional centers provide employment opportunities, retail/service options, education facilities, government services, health and professional services and cultural amenities. Many households prefer to live near, but not in a regional center.
- ▶ **Safe Route Program and bike paths** - The City of Centerville is installing sidewalks and bike paths in the community.
- ▶ **Marketing the community** - The City has been active in encouraging people who were raised in Centerville to move back to Centerville.

Barriers or Limitations to Housing Activities

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

- ▶ **Age and condition of the housing stock** - While the existing stock is very affordable, some of the housing is in need of improvements to meet expectations of potential buyers.
- ▶ **Low rent structure** - The area's rent structure is low, which makes it difficult to construct new rental housing.
- ▶ **Value gap deters new owner-occupied construction** - Based on market values for 2012 residential sales, we estimate that the median priced home in Centerville is valued at approximately \$54,950. This is well below the comparable cost for new housing construction, which will generally be above \$150,000 for a stick built home with commonly expected amenities. This creates a value gap between new construction and existing homes. This can be a disincentive for any type of speculative building and can also deter customized construction, unless the owner is willing to accept a potential loss on their investment.
- ▶ **Population and household growth** - Historical data indicates that Centerville is not expected to add a significant number of people or households from 2010 to 2015. The City has to use realistic expectations when planning for the future.
- ▶ **Property taxes** - Based on the interviews for this Study, there is a perception that property taxes are high in Centerville when compared to other cities.
- ▶ **Proximity to Sioux Falls, Yankton and Vermillion** - Although it is a strength to be located near regional centers, it is also a barrier as Centerville must compete with the regional centers, which offer attractive residential opportunities and other amenities and services.

Recommendations, Strategies and Housing 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 Centerville. They are based on the following strategies.

- ▶ **Be realistic in expectations for housing development** - Large-scale residential growth has not occurred in the recent past and is not likely to occur in the near future. The scale of activities proposed for the future should be comparable with the area's potential for growth.
- ▶ **New housing development generally will not occur without proactive community involvement** - To attract new home or apartment construction in Centerville, subsidies or some other form of financial assistance will be needed from the City, local and regional housing and economic development agencies and the South Dakota Housing Development Authority.
- ▶ **Protect the existing housing stock** - The future of Centerville will be heavily dependent on the City's appeal as a residential location. The condition of the existing housing stock is a major factor in determining the City's long-term viability. The existing housing stock is in good condition and is a major asset, however, rehabilitation efforts are needed to preserve the housing stock.
- ▶ **Protect the existing assets and resources** - Centerville has many assets including a K-12 school, employment opportunities, a Downtown Commercial District, health facilities, etc. These are strong assets that make Centerville a desirable community to live in, and are key components to the City's long-term success and viability. These assets must be protected and improved.
- ▶ **Develop a realistic action plan with goals and time lines** - In the past the City has been involved in housing issues. The City should prioritize its housing issues and establish goals and time lines to achieve success in addressing its housing needs.
- ▶ **Access all available resources for housing** - In addition to the local efforts, the City has other resources to draw on including USDA Rural Development, the South Dakota Housing Development Authority, the South Eastern Council of Governments, the South Eastern Development Foundation, the Inter-Lakes Community Action Agency, the Lennox Housing and Redevelopment Commission, the Rural Office of Community Services, and Grow South Dakota. These resources should continue to be accessed as needed, to assist with housing activities.

Summary of Findings/Recommendations

The findings/recommendations for the City of Centerville have been formulated through the analysis of the information provided in the previous sections and include 17 recommendations. The findings/recommendations have been developed in the following five categories:

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

The findings/recommendations for each category are as follows:

Rental Housing Development

1. Develop four to six general occupancy market rate rental units
2. Develop five to six affordable rental units
3. Explore options to maximize subsidized rental units and to improve occupancy rates
4. Consider the development of seven to nine senior independent/light services units
5. Utilize the Housing Choice Voucher Program

Home Ownership

6. Continue to utilize and promote all programs that assist with home ownership
7. Continue to utilize purchase/rehabilitation programs

Single Family Housing Development

8. Support lot development
9. Develop a City of Centerville Housing Incentive Program

10. Coordinate with economic development agencies, housing agencies and nonprofit groups to construct affordable housing
11. Promote twin home development

Housing Rehabilitation

12. Promote rental housing rehabilitation
13. Promote owner-occupied housing rehabilitation efforts

Other Housing Issues

14. Acquire and demolish dilapidated structures
15. Create a plan and a coordinated effort among housing agencies
16. Continue to promote commercial rehabilitation and development
17. Competition with other jurisdictions

The only three-bedroom and four-bedroom market rate units are in single family homes. There are no three-bedroom or larger units in the Centerville Housing and Redevelopment Commission's market rate multifamily rental project or the other market rate projects.

Although Centerville's number of households is expected to remain stable over the next five years, our interviews and rental survey identified demand and a need for additional market rate rental housing. There are no vacancies in the Centerville Housing and Redevelopment Commission and Bjordal units.

There is a projected increase of 142 to 149 households in Turner County in the 55 to 74 age ranges. While this projection is for the overall growth in Turner County, Centerville has the potential to capture a share of this growth. Some of the households in this age range will prefer to rent and have incomes that are too high to qualify for subsidized rental housing.

Additionally, we are expecting the loss of rental households due to deterioration and demolition. We have identified 21 single family homes in Centerville that are dilapidated and beyond repair. We also identified 66 single family homes that need major rehabilitation. Some of these dwellings are rentals and may be demolished or no longer rented because of their condition.

Recommendation: We recommend the development of four to six market rate rental housing units. A town home unit or twin home style similar to the existing Centerville Housing and Redevelopment Commission would be the preferred style, to cater to active renter households, although, a high quality apartment building with 'state of the art' amenities is an option.

The first option to developing market rate housing would be to encourage private developers to undertake the construction of market rate rental housing. If private developers do not proceed, the Centerville Housing and Redevelopment Commission or the Centerville Development Corporation could potentially utilize essential function bonds, or similar funding sources to construct market rate units.

Also, the Centerville Housing and Redevelopment Commission or the Centerville Development Corporation could partner with private developers to construct additional units. The City of Centerville could assist with land donations, tax increment financing, reduced water and sewer hook up fees, etc. Additionally, housing Vouchers could be utilized by households renting the units if they meet income requirements and the rents are at or below Fair Market Rents (FMRs). The 2013 FMRs are \$681 for a two-bedroom and \$958 for a three-bedroom unit.

The units could be added in two phases, as demand dictates the need for additional units. In this way the supply could be expanded without saturating the market. Additionally, some of the units should be three-bedroom units as there is a shortage of three-bedroom units in Centerville.

We recommend the development of four to six units and the unit mix and rents should be as follows:

Recommended unit mix, sizes and rents for the Centerville Market Rate Housing Project:

<u>Unit Type</u>	<u>No. of Units</u>	<u>Size/Sq. Ft.</u>	<u>Rent</u>
Two Bedroom	2-3	950-1,050	\$750-\$800
Three Bedroom	2-3	1,150-1,250	\$850-\$950
Total	4-6		

Note: Rents are quoted in 2013 dollars and do not include utilities.

As stated earlier, it would be advantageous to keep the rent structure at or below the rent limits for the Housing 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.

2. Develop five to six affordable rental units

Findings: The previous recommendation addressed the market potential to develop high quality rental units in Centerville. Unfortunately, these units would tend to be beyond the financial capability of many area renters. A majority of Centerville renter households have an annual income below \$25,000. These households would need a rental unit at \$625 per month or less.

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

There are still some programs for affordable housing creation for moderate income renters. The federal low income housing tax credit program is one available resource. However, competition for tax credits is very difficult, and few awards are made to small cities for small rental projects.

Recommendation: We would encourage the City of Centerville to promote the development of more affordable rental units. A goal of five to six units over the next five years would help to replace affordable housing that has been lost and to address pent-up demand.

It would be difficult to create units through new construction. Instead, it may be more practical to work on building renovation or conversion projects that can create housing. This opportunity may arise in downtown buildings or through the purchase and rehabilitation of existing single family homes. According to the U.S. Census, in 2010 there were 47 vacant housing units in Centerville. Potentially, some of these housing units could be renovated to be quality rental units. These units could be developed by a housing agency or by a private developer. A partnership between a housing agency and private developers is another option. Through the interview process, some current rental property owners expressed interest in purchasing properties and renovating them into affordable rental units.

Creating rental units with contract rents below \$600 per month would help to expand the choices available to a majority of the City's renter households.

To obtain an affordable rent structure, financial commitments from other sources such as tax increment financing from the City of Centerville, property tax deferment and other financial resources from funding agencies such as the South Dakota Housing Development Authority may be necessary.

3. Explore options to maximize the subsidized units and to improve occupancy rates

Findings: The City of Centerville has four subsidized rental projects with a total of 40 units. The 40 units are approximately 34% of the City's total rental housing stock. The four subsidized rental projects include:

- ▶ **Tornado Apartments** - Tornado Apartments is a 12-unit general occupancy USDA Rural Development Project. The 12 units are in two separate complexes, Uptown and East Park. The 12 units are all two-bedroom units. The project was constructed in 1976.
- ▶ **Centra Villa Apartments** - Centra Villa Apartments is an eight-unit general occupancy USDA Rural Development Project. The eight units are all two-bedroom units. The project was constructed in 1977.

- ▶ **Garfield Square Apartments** - Garfield Square Apartments is an eight-unit USDA Rural Development Project. The eight units are all one-bedroom units. The project was constructed in 1986.
- ▶ **Broadway Apartments** - Broadway Apartments is a HUD Section 8 12-unit project. The 12 units include three efficiency and nine one-bedroom units. The project was constructed in the 1970s.

Currently, there are 12 vacancies in the 40 units, which is a 30% vacancy rate. Based on our rental survey and interviews, there have been chronic vacancies over the past several years in the subsidized projects.

Recommendation: The subsidized rental projects in Centerville are underutilized with a high ongoing vacancy rate. It is our recommendation that the City, the Centerville Housing and Redevelopment Commission and the Centerville Development Corporation, work with the projects' owners, USDA Rural Development, HUD, the South Dakota Housing Development Authority and area housing agencies to determine what actions can be taken to increase the subsidized projects' occupancy rates and to better address Centerville's rental housing needs.

Actions could include purchase of the projects, combining smaller units to create larger units, renovations, converting some of the projects to market rate, lowering the market rent, etc.

4. Consider the development of seven to nine senior independent/light services units

Findings: The City of Centerville currently has one senior with services facility, the Centerville Care and Rehabilitation Center. The Centerville Care and Rehabilitation Center has 30 licensed long-term care and 13 assisted living beds.

Currently, there are two vacant nursing home beds. The assisted living beds are fully occupied. The Centerville Development Corporation has recently purchased the facility. Prior to the change in ownership, the facility had a significant number of ongoing vacancies.

Our research for this Study did not identify any units dedicated for seniors to live independently in a senior project or for seniors that need only light services.

Recommendation: Currently, the 13 assisted living beds are adequate to address Centerville's assisted living needs. Also, the Centerville Care and Rehabilitation Center has the flexibility to convert nursing home beds into assisted living use.

However, there are no independent, senior-designated housing options or senior with light services projects in Centerville, thus, we are recommending seven to nine unit independent/senior with light services project in Centerville. The project should be designed to allow seniors to live in a unit independently or to rent a unit and utilize a low level of senior services such as noon meal and housekeeping.

Also, we are recommending that this project is not developed until the occupancy rate for the Centerville Care and Rehabilitation Center has been monitored for an extended period of time, which would determine if the existing facility could be utilized to address the need for independent and light services units.

The project's amenities and features should include:

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

Apartment features should include:

- ▶ seven to nine units
 - ▶ two to three one-bedroom
 - ▶ five to six two-bedroom
- ▶ Fully equipped kitchen
- ▶ Large storage room
- ▶ 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 should include:

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

It may be advantageous to attach this project to the Centerville Care and Rehabilitation Center, which would allow the project to utilize existing staffing and services.

The recommended rents are \$900 to \$950 for a one-bedroom unit and \$1,000 to \$1,100 for a two-bedroom unit. Subsidies and/or incentives should be utilized to lower rents, expand the available senior market and to make the project possible.

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

For the seven to nine units, we recommend the following unit type, number of units, size and rent structure:

Senior Market Rate Units:

<u>Unit Type</u>	<u>No. of Units</u>	<u>Size/Sq. Ft.</u>	<u>Rent</u>
One Bedroom	2-3	850-900	\$900-\$950
Two Bedroom	5-6	950-1,050	\$1,000-\$1,100
Total	7-9		

Note: Rents are quoted in 2013 dollars and include utilities.

5. 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.

Based on the research for this study, it appears that the Housing Choice Voucher Program is an underutilized form of subsidized housing in Centerville. 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.

The Housing Choice Voucher Program is administered in Turner County by the Lennox Housing and Redevelopment Commission. There currently is a waiting list of 12 to 18 months to obtain a Housing Choice Voucher. The Lennox Housing and Redevelopment Commission has the ability to issue approximately 25 vouchers. Currently, no Centerville and three Turner County households utilize the Housing Choice Voucher Program.

Recommendation: The Lennox Housing and Redevelopment Commission should work with Centerville and the Centerville Housing and Redevelopment Commission to assure that Centerville households are aware of the Housing Choice Voucher Program and have to the opportunity to apply for a voucher.

However, the low number of Housing Choice Vouchers available, the length of the waiting list, the number of vacant subsidized rental units in Centerville and Centerville's low rent structure, limit the demand for Housing Choice Vouchers in Centerville.

Home Ownership

Findings: Expanding home ownership opportunities is one of the primary goals for most cities. High rates of home ownership promote stable communities and strengthen the local tax base. The median owner-occupied home value in Centerville is estimated to be approximately \$59,950 based on 2012 sales activity. The home values in Centerville provide an excellent opportunity for first time buyers and households seeking moderately priced homes.

Our analysis of Turner County demographic trends shows an increasing number of households in the traditionally strong home ownership age ranges between 55 and 74 years old. Some households in these age ranges as well as other age ranges 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.

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

6. Continue to utilize and promote all programs that assist with home ownership

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

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

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

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

The City of Centerville should also work with housing agencies to assure that they are receiving their share of resources that are available in the region.

Funding sources for home ownership programs may include USDA Rural Development, the South Dakota Housing Development Authority, 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.

7. Continue to utilize purchase/rehabilitation programs

Findings: Centerville has a large stock of older, lower valued homes, many of which need repairs. Our analysis of recent sales activity indicates that many of the homes in Centerville are valued below \$50,000. 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.

The Centerville Development Corporation has utilized the Neighborhood Stabilization Program to purchase three substandard homes. The Corporation rehabilitated the homes and sold the homes to eligible families at an affordable price.

Recommendation: We recommend that the Centerville Development Corporation continue to work with the South Dakota Housing Development Authority and housing agencies to continue to purchase and rehabilitate existing homes. 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 also available.

Because a purchase/rehabilitation program can be expensive and its cost effectiveness in some cases may be marginal, it may be advantageous to directly assist low and moderate income households with purchasing and rehabilitating homes. Local housing agencies and financial institutions could

offer some rehabilitation assistance in conjunction with first-time home buyer programs to make the City's older housing a more attractive option for potential home buyers. USDA Rural Development also provides purchase/rehabilitation loans to low and moderate income buyers.

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

Single Family Housing Development

Findings: Based on City and U.S. Census Bureau information, Centerville has experienced some single family housing development from 2000 to 2012. Over the past 13 years, 23 single family homes have been constructed in Centerville. This is an average of 1.8 homes constructed annually in Centerville.

Household growth projections for Centerville indicate limited demand for owner-occupied housing construction. Growth is anticipated over the next five years among Centerville and Turner County households in the 55 and 74 year old age ranges. Households in these age ranges tend to be predominantly home owners, and form a market for higher priced, and trade-up housing or town homes/twin homes.

Growth projections estimate that households in the 25 to 44 age ranges will remain relatively stable from 2010 to 2015. Some households in these age ranges are first-time home buyers and may be in the market for new affordable homes.

It is our opinion that if the City, housing agencies, and builders are proactive, 10 to 14 homes can be constructed or moved into Centerville from 2013 to 2018.

The breakdown of our projection of 10 to 14 new owner occupied housing units over the next five years is as follows:

▶ Higher and Median priced homes	3-4
▶ Affordable Homes	3-4
▶ Twin homes/Townhome	<u>4-6</u>
Total	10-14

8. Support Lot Development

Findings: As part of this Study, we attempted to identify the inventory of available residential lots for single family housing construction in Centerville. Buildable lots are defined as having sewer and water available to the lots. It appears that there are four to five available lots in Centerville.

There are also infill lots that are potentially available throughout the City. We do not know the status of these lots. Also, there are dilapidated houses throughout the City that could be demolished and the lots could potentially be suitable for new construction.

Recommendation: We use a standard that a 2.5-year supply of lots should be available in the marketplace, based on annual lot usage. Using our projections that two to three houses will be constructed or moved in annually, an adequate supply of lots would be five to eight lots. With only four to five lots available in Centerville, there is a need for additional lots.

The Centerville Development Corporation has the potential to develop five additional lots if a new street is constructed in the new subdivision. We recommend that the street be constructed and the lots developed. We also recommend that the City of Centerville and Centerville Development Corporation identify in-fill lots that are available for purchase and are suitable for a new home.

Also, the City and the Centerville Development Corporation should plan for future subdivision and lot development. If new construction projections come to fruition, there will be a need in five years for additional lot development in addition to the five lots we are recommending.

9. Develop a City of Centerville Housing Incentive Program

Findings: Several cities have developed Incentive Programs to encourage new home construction. For example, the City of Herreid has developed the following program. The Incentive Program guidelines are as follows:

- ▶ A loan up to \$1,000 per person not to exceed \$5,000 per family is awarded to a person or family for the construction of a new home located within the city limits
- ▶ 0% interest and no principal due for five years - after five years of residency, the loan is forgiven
- ▶ The loan must be used toward down payment or closing costs - not applicable if financing is not required
- ▶ Homes \$100,000 and over may qualify for the \$5,000 maximum, homes under \$100,000 will be prorated based on 5% of the purchase price

Recommendation: We recommend that the City of Centerville develop an Incentive Program to promote new single family housing development. In addition to a cash payment, other incentives can include:

- ▶ Reduced lot prices
- ▶ Free water and sewer for a period of time
- ▶ Permit and water and sewer hookup fees waived or discounted
- ▶ Discounts at area businesses

10. Continue to coordinate with economic development agencies, housing agencies and nonprofit groups to construct affordable housing

Findings: There are several housing agencies and nonprofit groups that may have the capacity to construct new housing in Centerville, including the Centerville Development Corporation, the Centerville Housing and Redevelopment Commission, Grow South Dakota and Interlakes Community Action Partnership. However, due to the downturn in the housing economy, most agencies have cut back on new housing production over the past few years.

The Centerville Development Corporation has constructed several spec homes over the past several years including a duplex. The Corporation has also moved three Governors Homes into Centerville.

Interlakes Community Action Partnership administers the Mutual Self Help Program. The Mutual Self Help Program works with three or more households to construct new homes. The households work together to construct the homes.

Recommendation: We encourage the City of Centerville to continue to actively work with economic development and housing agencies or nonprofit groups to develop affordable housing.

As the housing economy continues to improve and home values increase, new affordable home construction production in Centerville will be more feasible.

The Centerville Development Corporation should continue to construct spec homes and the development of a Mutual Self Help Program should be considered. The development of three to four affordable homes over the next five years would be a realistic goal.

Additionally, the Centerville Development Corporation should continue to move Governors Homes into the Community. Also, the South Eastern Development Foundation provides loans to purchase and set up Governors Homes.

11. Promote twin home/town home development

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

In 2010, there were 1,095 Turner County households in the 55 to 74 year old age ranges and these age ranges are expected to increase by 142 to 149 households between 2010 and 2015. Household growth among empty-nester and senior households should result in some demand for attached single family units. It is likely that demand for attached housing units will also be dependent on the product's ability to gain additional market acceptance among the households in the prime target market, and among other households.

Recommendation: It is our projection that approximately four to six new owner-occupied twin homes could be constructed in Centerville over the next five years. Our projection is based on the availability of an ideal location for twin home development as well as high quality design and workmanship.

We recommend that for twin 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

Centerville's role could include assuring that adequate land is available for development and that zoning allows for attached housing construction. The City or Centerville Area Economic Development could also provide financial assistance in the form of land donations, tax increment financing, etc.

A corporation has been developed in Arlington, MN, that includes local contractors, the local bank, the local lumberyard and local investors to construct twin homes. They have been very successful.

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

Housing Rehabilitation

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

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

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

12. Promote rental housing rehabilitation

Findings: Based on the U.S. Census data, the City of Centerville had approximately 119 rental units in 2010. These rental buildings are in multi-family projects, small rental buildings, duplexes and single family homes. Many of these rental structures could benefit from rehabilitation as many of these rental structures are more than 25 years old and some rental units are in poor condition.

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

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

13. Promote owner-occupied housing rehabilitation efforts

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

Our housing condition survey of 348 Centerville homes found 84 homes that need minor repairs and 66 homes that need major repairs. Without rehabilitation assistance, the affordable housing stock will shrink in Centerville.

Recommendation: We recommend that the City of Centerville, the Centerville Housing and Redevelopment Commission and the Centerville Development Corporation continue to seek local, state and federal funds to assist in financing housing rehabilitation. USDA Rural Development, the South Dakota Housing Development Authority, the Federal Home Loan Bank, Interlakes Community Action Partnership and the Rural Office of Community Services are potential funding sources.

Interlakes Community Action Partnership currently has several housing programs to assist households with the rehabilitation of their homes including the Self Help Rehabilitation Program and programs utilizing Home and CHIP funds. Also, the Rural Office of Community Services, Inc., provides Weatherization funds for Centerville and Turner County.

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

Other Housing Initiatives

14. Acquire and Demolish Dilapidated Structures

Findings: Our housing condition survey identified 21 single family houses that are dilapidated and too deteriorated to rehabilitate. We also identified 66 single family houses in Centerville as needing major repair and several of these homes may be too dilapidated to rehabilitate. To improve the quality of the housing stock and to maintain the appearance of the City, these structures should be demolished. In the past, the City has worked with property owners to demolish several dilapidated structures.

Recommendation: Centerville should continue to work with property owners to demolish severely dilapidated structures. The appearance of the City is enhanced when blighted and dilapidated structures are removed. Also, some of the cleared lots can be utilized for the construction of new affordable housing units.

Some cities are developing ordinances that give cities more authority to require property owners to demolish vacant, dilapidated homes.

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

Findings: Centerville will continue to need staff resources in addition to existing City and Development Corporation personnel and local volunteers to plan and implement many of the housing recommendations advanced in this Study. The City of Centerville has access to the South Eastern Council of Governments, the USDA Rural Development Office, the South Dakota Housing Development Authority, Interlakes Community Action Partnership, the Rural Office of Community Services, the South Eastern Development Foundation, GROW South Dakota and the Lennox Housing and Redevelopment Commission. These agencies all have experience with housing and community development programs.

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

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

16. Promote Commercial Rehabilitation and Development

Findings: The City of Centerville's commercial district is in good condition, and several commercial buildings have been renovated, however, there are several substandard commercial buildings in Centerville.

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

The Centerville Development Corporation has recently received grant funds to assist businesses.

Recommendation: We recommend that the City of Centerville and the Centerville Development Corporation continue to work with commercial property and business owners to rehabilitate their buildings. Also, new businesses should continue to be encouraged to locate in Centerville.

The City of Centerville and Centerville Development Corporation should also continue to seek funding to assist property owners with rehabilitating their commercial buildings. A goal of one commercial rehab project annually in Centerville would be a realistic goal.

17. Competition with Other Jurisdictions

Findings: During the interview process, several individuals expressed concern regarding the City of Centerville’s ability to compete for new residents and new housing development in the region. It is our opinion that the City of Centerville has been very competitive with other small cities in the Region.

Recommendation: Although Centerville is competing well with other small jurisdictions in the Region, the City can enhance its position as a viable location for new households. We recommend 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 the internet, TV, radio, etc.)
- ▶ Continue to target people to move back to Centerville who grew up in Centerville
- ▶ 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
- ▶ Continue to provide financing mechanisms for households to build new homes, purchase existing homes and to rehabilitate older homes
- ▶ Preserve the quality of existing neighborhoods through the rehabilitation of substandard housing and the demolition of dilapidated structures that are beyond repair
- ▶ Continue to develop new housing choices that serve life-cycle housing needs, such as new rental housing, twin homes, etc.
- ▶ Publicize and market Centerville throughout the Region and among area employers and employees
- ▶ Work with the School District to assure its stability and continued ability to provide a high quality education
- ▶ Develop a coordinated plan with area housing agencies

Agencies and Resources

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

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

South Dakota Housing Development Authority

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

USDA Rural Development

2408 East Benson Road
Sioux Falls, SD 57104
(605) 996-1564
Contact: Trace Davids

Rural Office of Community Services, Inc.

214 W. Main
P.O. Box 70
Lake Andes, SD 57356
(605) 698-7654
Contact: Deb Cahoy, Executive Director

Lennox Housing and Redevelopment Commission

217 S. Pine Street

P.O. Box 265

Lennox, SD 57039

(605) 647-2140

Contact: Monica Kock, Executive Director