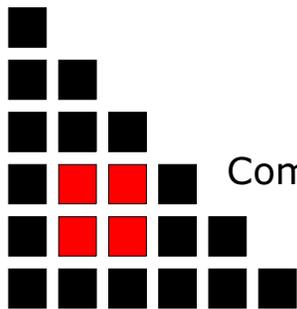


Centerville HOUSING STUDY

March 2020

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



Community Partners Research, Inc.

Faribault, MN 55021

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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 initially hired by the Centerville Development Corporation in 2013 to conduct a study of the housing needs and conditions in the City of Centerville. In 2019, Community Partners Research, Inc. was hired to update the 2013 document.

Goals

The multiple goals of the study include:

- ▶ Provide updated demographic data
- ▶ 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 September 2019 to February 2020. Data sources included:

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

- 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. Some of the following tables incorporate the 2018 American Community Survey data, when viewed reliable.

The frequency of American Community Survey estimates vary depending on the size of the jurisdiction. For most jurisdictions in South Dakota, the 2018 estimates were derived from sampling that was done over a five-year period, between 2014 and 2018. Unless otherwise noted, the American Community Survey estimates are based on the five-year survey data.

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

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

Population Data and Trends

Table 1 Population Trends - 1990 to 2019						
	1990 Census	2000 Census	% Change 1990-2000	2010 Census	% Change 2000-2010	2019 Esri Estimate
Centerville	887	910	2.6%	882	-3.1%	921
Turner Co.	8,576	8,849	3.2%	8,347	-5.7%	8,633

Source: U.S. Census; Esri

- ▶ Two estimates exist for population levels in 2019. According to Applied Geographic Solutions, the City’s population was 884 people, which is an increase of two people from 2010 to 2019. According to Esri, Centerville had 921 people in 2019, which is a gain of 39 people from 2010 to 2019.
- ▶ An estimate for 2018 is available from the Census Bureau’s annual population estimates program. According to this source, there were 880 people living in Centerville, which is a slight loss of two people from 2010 to 2018.
- ▶ According to Applied Geographic Solutions, the County’s population was 8,283 people in 2019, a loss of 64 people from 2010 to 2019. Esri’s estimate contradicts the AGS estimate and reports that there were 8,633 people living in the County in 2019, a gain of 286 people from 2010 to 2019.
- ▶ Census Bureau estimates exist at the county-level for 2018. For all of Turner County, the Census Bureau showed 8,424 people in 2018, a higher estimate than AGS but lower than the Esri estimate.
- ▶ From 2000 to 2010, the City of Centerville and Turner County both had population losses.

Population Characteristics

- ▶ The most reliable information about racial and ethnic groups in Centerville exists in the 2010 Census. At that time, Centerville's population was primarily White and non-Hispanic/Latino. According to the 2010 Census, 98.2% of the City's residents identified their race as White, 0.3% were Black or African American, 0.6% were American Indian, 0.2% were Asian and 0.7% were some other race, or two or more races.
- ▶ Approximately 1.2% of Centerville's residents were identified as Hispanic/Latino.

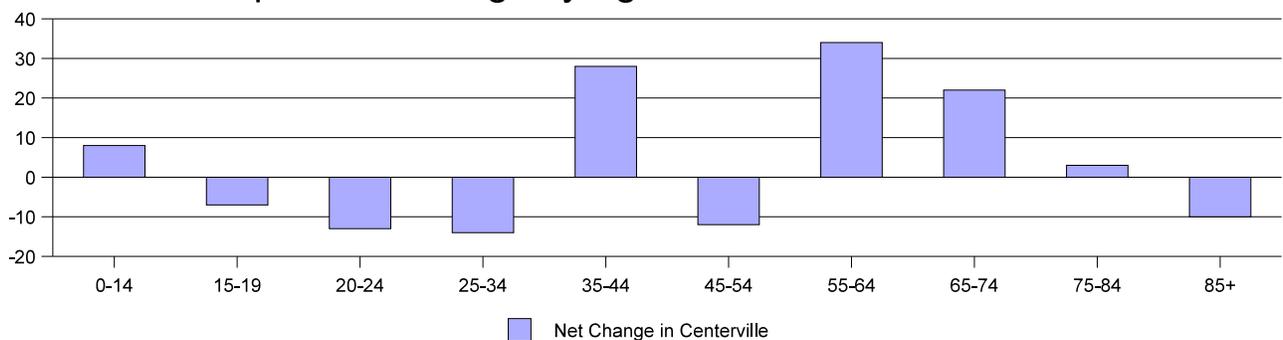
Population by Age Trends: 2010 to 2019

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

Table 2 Population by Age - 2010 to 2019			
Age	Centerville		
	2010	2019	Change
0-14	176	184	8
15-19	55	48	-7
20-24	51	38	-13
25-34	117	103	-14
35-44	81	109	28
45-54	122	110	-12
55-64	96	130	34
65-74	76	98	22
75-84	65	68	3
85+	43	33	-10
Total	882	921	39

Source: U.S. Census, Esri

Population Change by Age Between 2010 and 2019



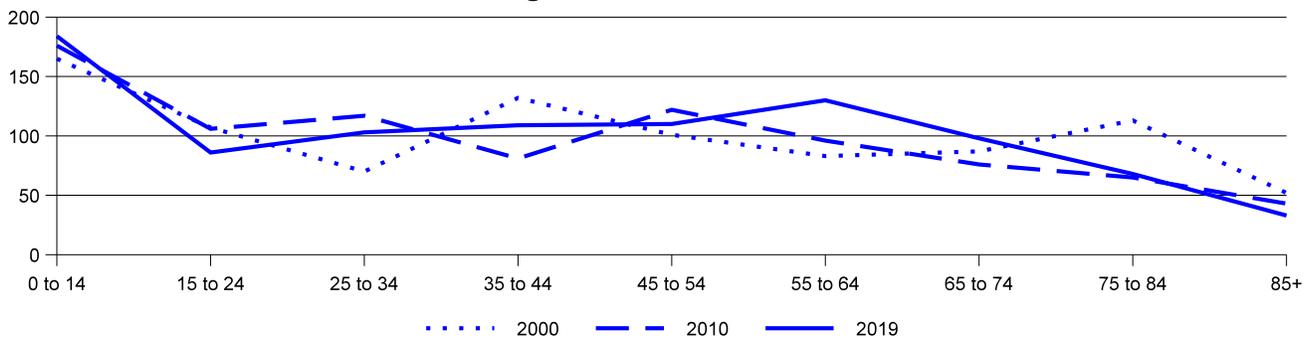
For many years, demographic analysts have been talking about the impact that is occurring as the large “baby boom” generation moves through the aging cycle. This trend has been evident in Centerville.

Between 2010 and 2019, Centerville had a gain of 56 people in the age ranges between 55 and 74 years old. In 2019, nearly all of the baby boomers were within these age ranges. The aging of the baby boomers, as reflected in the numeric gain in the 55 to 74 year old age groups, was the largest increase within any of the defined age cohorts in Centerville. Centerville also had gain of eight people in the 0 to 14 age range, a significant gain of 28 people in the 35 to 44 age range and a gain of three people in the 75 to 84 age range.

From 2010 to 2019, Centerville had a loss of 34 people in the 15 to 34 age ranges, a loss of 12 people in the 45 to 54 age range and a loss of 10 people in the 85 and older age range.

The aging trends present in 2019 can be traced back over the past two decades to see the advancement of the baby boom generation in Centerville.

Centerville Age Distribution: 2000 to 2019



Population Projections

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

Table 3 Population Projections Through 2024						
	Applied Geographic Solutions			Esri		
	2019 Estimate	2024 Projection	Change 2019-2024	2019 Estimate	2024 Projection	Change 2019-2024
Centerville	884	932	48	921	935	14
Turner Co.	8,283	8,476	193	8,633	8,734	101

Source: Applied Geographic Solutions; Esri

- ▶ The Applied Geographic Solutions projection expects the City to add 48 people by 2024, or an annual average of 10 people per year. The Esri projection for Centerville is forecasting that 14 residents will be added by 2024, or an annual average of three people per year.
- ▶ Although AGS is projecting a higher population gain than Esri from 2019 to 2024, AGS has a lower 2019 projection estimate than Esri. Therefore, AGS’s and Esri’s population projections for Centerville’s 2024 population are almost identical.
- ▶ Differences between the projection sources also exist at the County level. Applied Geographic Solutions expects the County, including Centerville, to add 193 people over the five-year time period, or an annual average of 39 people per year.
- ▶ Esri is forecasting that Turner County will add 101 residents by 2024, or an annual average of 20 people per year.

Household Data and Trends

Table 4 Household Trends - 1980 to 2019						
	1990 Census	2000 Census	% Change 1990-2000	2010 Census	% Change 2000-2010	2019 Esri Estimate
Centerville	373	387	3.8%	374	-3.4%	390
Turner Co.	3,332	3,510	5.3%	3,452	-1.7%	3,582

Source: U.S. Census; Esri

- ▶ Household estimates for 2019 exist from both Applied Geographic Solutions and Esri. The Census Bureau does not issue annual household estimates.
- ▶ The AGS estimate showed 396 resident households in Centerville, up 22 households, or 5.9%, from the level reported in the 2010 Census.
- ▶ Esri’s estimate showed 390 households in Centerville, up 16 households, or 4.3% from the level reported in the 2010 Census.
- ▶ If reduced to an annual average, AGS and Esri both show the City adding two to three households per year during the current decade.
- ▶ For all of Turner County, AGS showed an increase of 118 households since 2010, or a gain of 3.4%. Esri showed 3,582 total households in 2019, for an increase of 130 households from 2010, for an increase of 3.8%.
- ▶ Although some difference exists between these sources, both show household growth since 2010, in Centerville and Turner County.
- ▶ From 2000 to 2010, Centerville and Turner County experienced households losses.

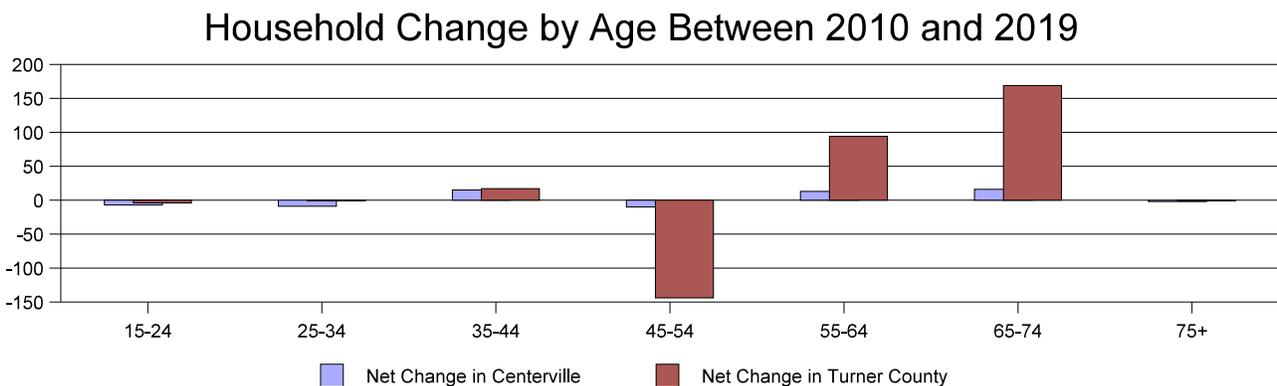
Household by Age Trends: 2010 to 2019

Esri produces age-based household estimates for 2019 which can be compared to 2010 Census data. The following table compares households by age of householder in 2010 and 2019, along with the numeric changes for Centerville and Turner County.

Table 5 Households by Age - 2010 to 2019						
Age	Centerville			Turner County		
	2010	2019	Change	2010	2019	Change
15-24	23	16	-7	125	121	-4
25-34	61	52	-9	446	445	-1
35-44	47	62	15	483	500	17
45-54	68	58	-10	742	598	-144
55-64	61	74	13	670	764	94
65-74	47	63	16	425	594	169
75+	67	65	-2	561	560	-1
Total	374	390	16	3,452	3,582	130

Source: U.S. Census, Esri

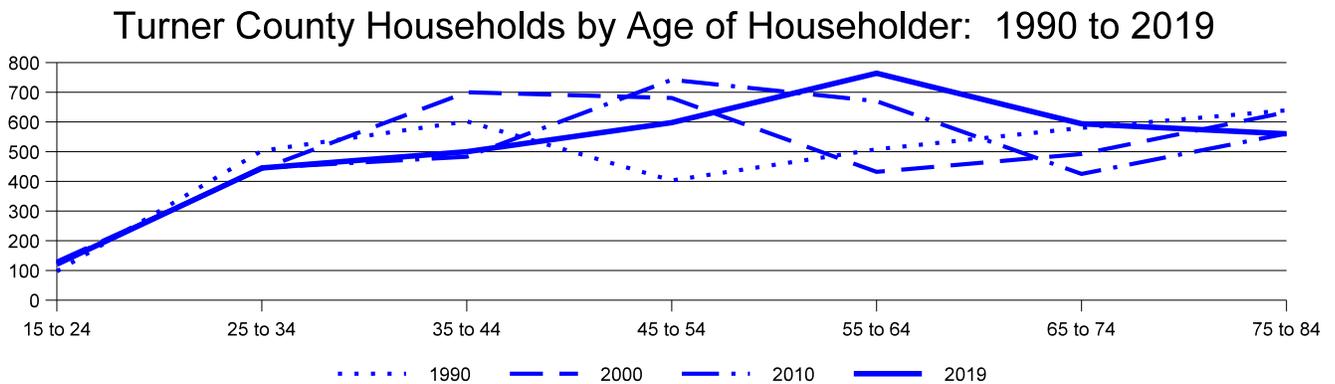
From 2010 to 2019, Centerville added 29 households and Turner County added 263 households in the 55 to 74 year old age ranges. Centerville also added 15 households in the 35 to 44 age ranges.



Centerville had a decrease of 16 households in the 15 to 34 age ranges, a loss of 10 households in the 45 to 54 age range and a loss of 10 households and a loss of two households in the 75 and older age range.

In addition to the household gains in the 55 to 74 age ranges, Turner County had a gain of 17 households in the 35 to 44 age range. From 2010 to 2019, Turner County had a loss of five households in the 15 to 34 age ranges, a significant loss of 144 households in the 45 to 54 age range and a minimal one household loss in the 75 and older age range.

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

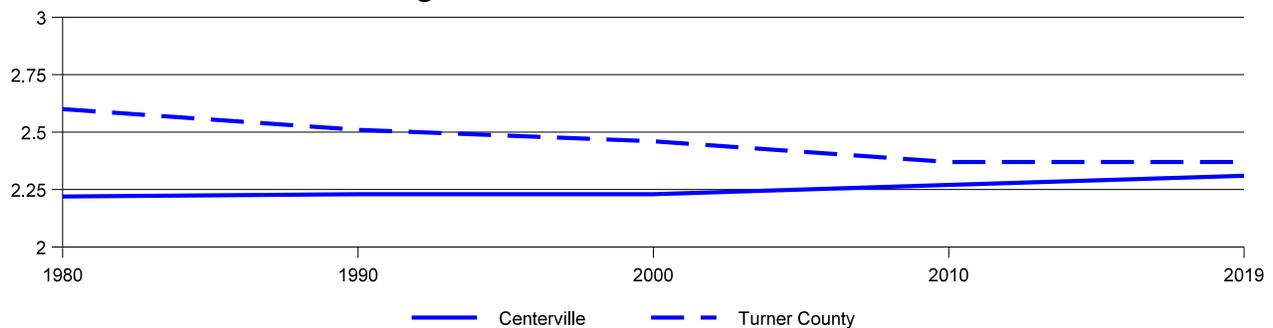
The following table provides decennial Census information on average household size.

Table 6 Average Number of Persons Per Household: 1990 to 2019				
	1990 Census	2000 Census	2010 Census	2019
Centerville	2.23	2.23	2.27	2.31
Turner County	2.51	2.46	2.37	2.37

Source: U.S. Census, Esri

In most Cities the average household sizes have decreased over the past several decades. 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. However, average household sizes have increased in Centerville and have remained stable in Turner County since 2010.

Average Household Size: 1980 to 2019



The average household size in Centerville has increased moderately over the past three decades. In Centerville, the average household size has increased from 2.23 persons per household in 1990 to 2.31 persons in 2019. 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 2.51 in 1990 to 2.37 in 2019, although Esri’s most recent estimate shows that the average has remained stable from 2010 to 2019.

Household Projections

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

Table 7 Household Projections Through 2024						
	AGS			Esri		
	2019 Estimate	2024 Projection	Change	2019 Estimate	2024 Projection	Change
Centerville	396	413	17	390	395	5
Turner Co.	3,570	3,622	52	3,582	3,628	46

Source: AGS, Esri

- ▶ AGS is expecting the growth of 17 households in Centerville over the five-year projection period from 2019 to 2024 while Esri is forecasting that five households will be added. If viewed as an annual average, a range of between one and four households per year is projected.
- ▶ For all of Turner County, AGS is projecting a gain of 52 households, while Esri is showing that 46 households will be added. If viewed as an annual average, it is projected that nine to 10 households will be added annually.

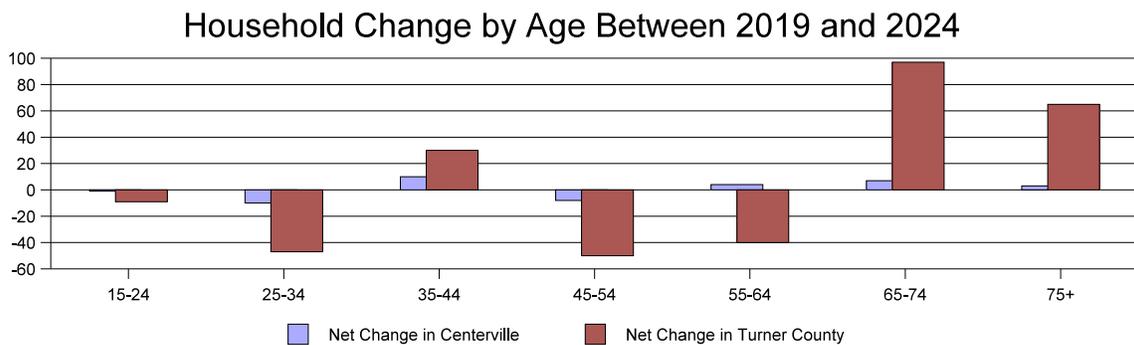
Household by Age Projections: 2019 to 2024

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

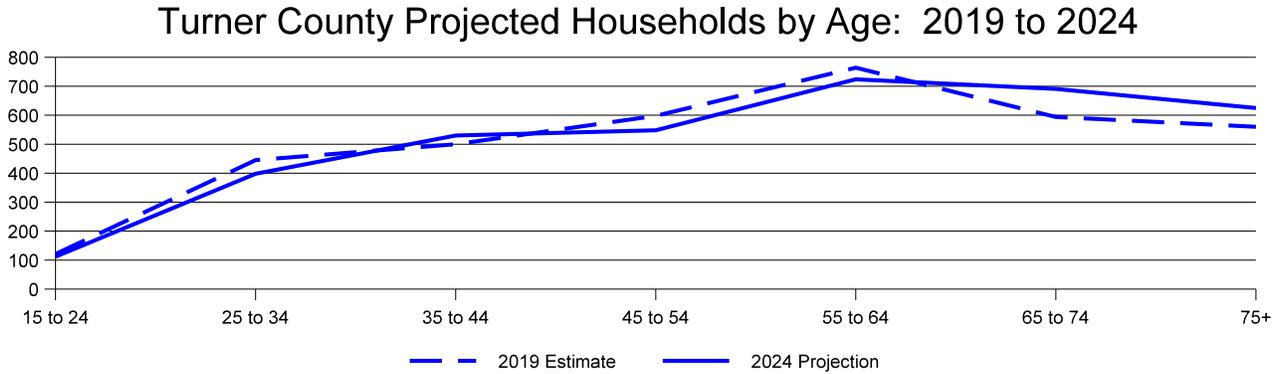
Table 8 Households by Age - 2019 to 2024						
Age	Centerville			Turner County		
	2019	2024	Change	2019	2024	Change
15-24	16	15	-1	121	112	-9
25-34	52	42	-10	445	398	-47
35-44	62	72	10	500	530	30
45-54	58	50	-8	598	548	-50
55-64	74	78	4	764	724	-40
65-74	63	70	7	594	691	97
75+	65	68	3	560	625	65
Total	390	395	5	3,582	3,628	46

Source: Esri

From 2019 to 2024, Centerville is projected to gain 10 households in the 35 to 44 age range and 14 households in the 55 and older age ranges. Centerville is projected to lose 11 households in the 15 to 34 age ranges and eight households in the 45 to 54 age range.



Somewhat similar patterns are also projected for all of Turner County. According to Esri, from 2019 to 2024, Turner County will gain 30 households in the 35 to 44 age range and will gain 162 households in the 65 and older age ranges. Turner County is projected to lose 56 households in the 15 to 34 age ranges and 90 households in the 45 to 64 age ranges.



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 a decrease of five family without spouse households. The City had 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 2018 American Community Survey provided data on housing tenure patterns. The following tables examine overall tenure rates, along with the changes that have occurred since 2010.

Table 10 Household Tenure - 2018				
	Number of Owners	Percent of all Households	Number of Renters	Percent of all Households
Centerville	288	72.4%	110	27.6%
Turner County	2,706	78.0%	764	22.0%
State	-	68.1%	-	31.9%

Source: American Community Survey

According to the 2018 American Community Survey, the ownership tenure rate in Centerville was 72.4% and Turner County’s ownership rate was 78.0%. Both were above the Statewide ownership rate of 68.1% in 2018.

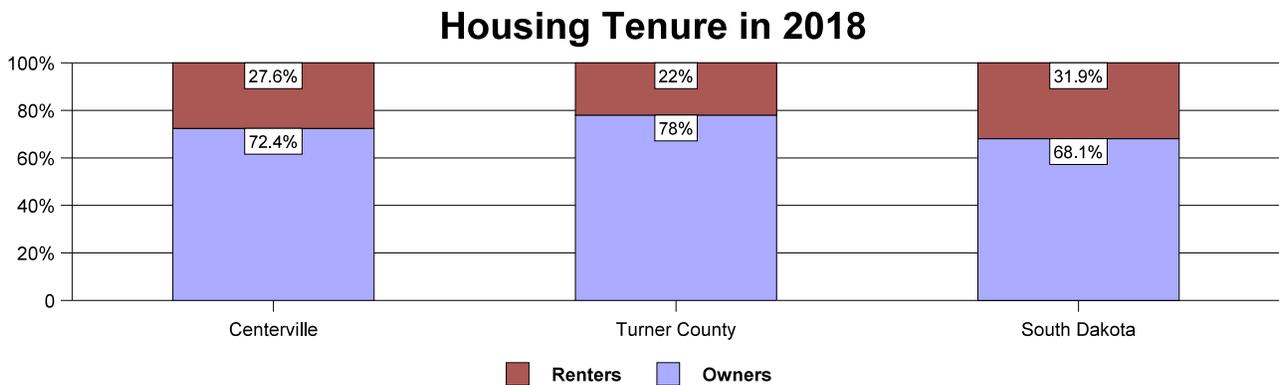


Table 11 Households by Housing Tenure - 2010 to 2018						
Tenure	Centerville			Turner County		
	2010	2018	Change	2010	2018	Change
Owners	271/72.5%	288/72.4%	17	2,692/78.0%	2,706/78.0%	14
Renters	103/27.5%	110/27.6%	7	760/22.0%	764/22.0%	4
Total	374	388	24	3,452	3,470	18

Source: U.S. Census, American Community Survey

The City of Centerville’s ownership tenure rate decreased slightly from 72.5% in 2010 to 72.4% in 2018.

For Turner County, the rate of home ownership did not change from 2010 to 2018 and has remained at 78%.

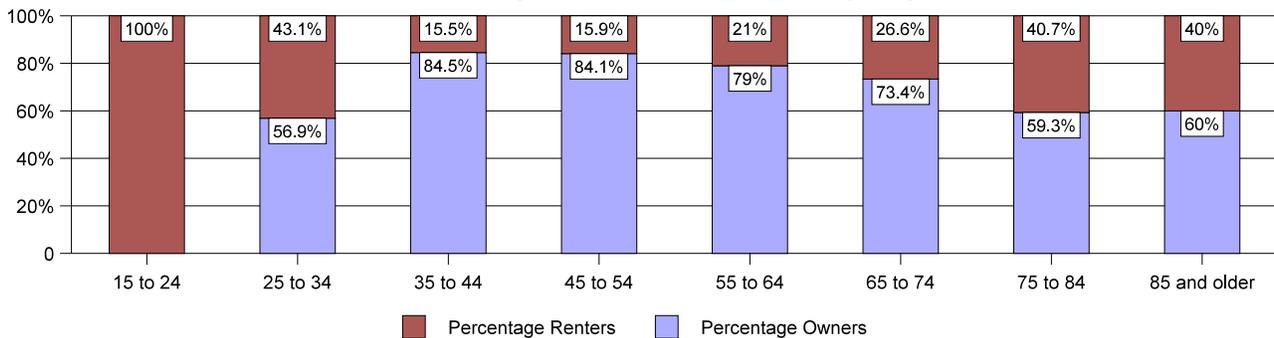
Tenure by Age of Householder

The 2018 American Community Survey 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 in 2018.

Table 12 Centerville Tenure by Age of Householder - 2018				
Age	Owners		Renters	
	Number	Percent within age	Number	Percent within age
15-24	0	0%	10	100%
25-34	41	56.9%	31	43.1%
35-44	60	84.5%	11	15.5%
45-54	69	84.1%	13	15.9%
55-64	49	79%	13	21%
65-74	47	73.4%	17	26.6%
75-84	16	59.3%	11	40.7%
85+	6	60%	4	40%
Total	288	72.4%	110	27.6%

Source: American Community Survey

Centerville Housing Tenure Patterns by Age in 2018



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 home owners. All of households age 24 and younger, 40% of households in the 25 to 34 age, 41% of the households in the 75 to 84 age range and approximately 40% of households age 85 and older were renters. Home ownership rates for each of the 10-year age cohorts between 35 and 74 years old were above 73%.

Median Income Data

Median income estimates are available at the city and county level through the 2018 American Community Survey. In the following table, the 2018 estimates have been compared to the 2011 data to examine the changes over the last few years.

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

Table 13 Median Household Income - 2011 to 2018			
	2011 Median	2018 Median	% Change
Centerville	\$38,750	\$43,167	11.4%
Turner County	\$50,143	\$55,380	10.4%
South Dakota	\$46,369	\$56,499	21.8%

Source: ACS

Table 14 Median Family Income - 2011 to 2018			
	2011 Median	2018 Median	% Change
Centerville	\$50,375	\$61,058	21.2%
Turner County	\$59,364	\$71,779	20.9%
South Dakota	\$58,958	\$72,706	23.3%

Source: ACS

Information contained in the American Community Survey shows that Centerville and Turner County’s median household and family incomes have increased substantially from 2011 to 2018. The Centerville and Turner County median incomes are below the respective median incomes for the State of South Dakota.

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.

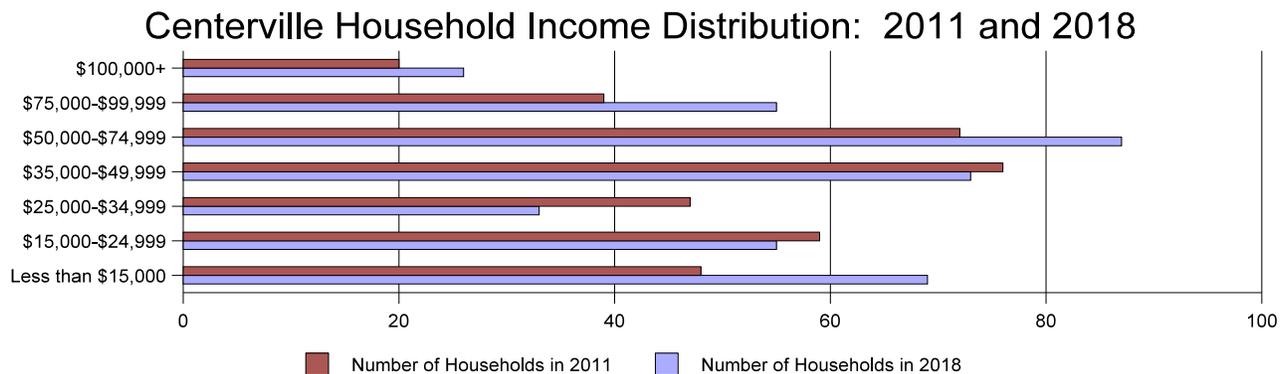
Using the commonly accepted standard that up to 30% of gross income can be applied to housing expenses without experiencing a cost burden, a median income household in Centerville could afford approximately \$1,079 per month and a median income family household could afford \$1,526 per month for ownership or rental housing in 2018.

Centerville Household Income Distribution

The 2018 American Community Survey household income estimates for Centerville can be compared to the same distribution information from 2011 to examine changes that have occurred over the past several years.

Household Income	Number of Households 2011	Number of Households in 2018	Change 2011 to 2018
\$0 - \$14,999	48	69	21
\$15,000 - \$24,999	59	55	-4
\$25,000 - \$34,999	47	33	-14
\$35,000 - \$49,999	76	73	-3
\$50,000 - \$74,999	72	87	15
\$75,000 - \$99,999	39	55	16
\$100,000+	20	26	6
Total	361	398	37

Source: ACS



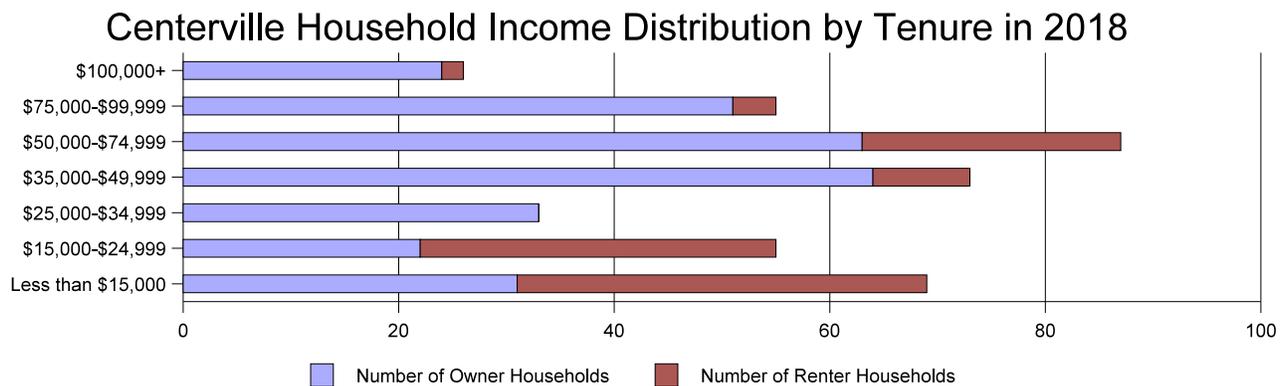
According to income estimates contained in the American Community Survey, household incomes have improved in Centerville from 2011 to 2018 in the highest income ranges. The number of households with an income of \$50,000 or more, increased by 37 households. However, there were still 124 households with an annual income below \$25,000 in 2018, which represented 31.2% of all households in Centerville.

Centerville Income Distribution by Housing Tenure

The 2018 American Community Survey provides income data by owner and renter status. The following table examines income distribution in Centerville by tenure. The American Community Survey is an estimate, based on limited sampling data.

Household Income	Number of Owner Households	Number of Renter Households	Total Households
\$0 - \$14,999	31 / 44.9%	38 / 55.1%	69
\$15,000 - \$24,999	22 / 40.0%	33 / 60.0%	55
\$25,000 - \$34,999	33 / 100%	0 / 0%	33
\$35,000 - \$49,999	64 / 87.7%	9 / 12.3%	73
\$50,000 - \$74,999	63 / 72.4%	24 / 27.6%	87
\$75,000 - \$99,999	51 / 92.7%	4 / 7.3%	55
\$100,000+	24 / 92.3%	2 / 7.7%	26
Total	288 / 72.4%	110 / 27.6%	398

Source: ACS



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 2018, approximately 68% 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 approximately \$17,500 in 2018. At 30% of income, a renter at the median level could afford approximately \$437 per month or less for housing costs.

Most owner households had a higher income level than rental households. Approximately 48% of all owner households had an annual income of \$50,000 or more. The estimated median household income for owners in 2018 was approximately \$49,000. At 30% of income, an owner at the median income level could afford approximately \$1,225 per month for housing costs.

Estimated Income and Housing Costs - Renters

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

Table 17 Gross Rent as a Percentage of Household Income - 2018			
Percent of Income for Housing	Households Age 64 and Younger	Households Age 65 and Older	Total
Less than 20%	27 / 34.6%	4 / 12.5%	31 / 28.2%
20% to 29.9%	20 / 25.6%	5 / 15.6%	25 / 22.7%
30% to 34.9%	7 / 9.0%	2 / 6.3%	9 / 8.2%
35% or more	20 / 25.7%	14 / 43.7%	34 / 30.9%
Not Computed	4 / 5.1%	7 / 21.9%	11 / 10.0%
Total	78 / 100%	32 / 100%	110 / 100%

Source: ACS

According to the 2018 American Community Survey, approximately 39% of all renters in the City were paying 30% or more of their income for rent. A majority of these households were actually paying 35% or more of their income for housing. Federal standards for rent subsidy programs generally identify 30% of household income as the maximum household contribution. When more than 30% of income is required, this is often called a “rent burden”. When more than 35% is required, this can be considered a “severe rent burden”.

Although a housing cost burden could be caused by either high housing costs or low household income, in Centerville it was primarily due to low income levels for renters. All of the renter households with a housing cost burden had an annual household income below \$25,000. To avoid a cost burden, these lower income households would have needed a unit with a gross monthly rent of \$625 or less.

Senior renter households (age 65 and older) represented approximately 37% of all renters with a housing cost burden. Households in the age ranges between 15 and 64 years old represented approximately 63% of all households with a rental cost burden.

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

Table 18 Ownership Costs as a Percentage of Income - Centerville		
Percentage of Household Income for Housing Costs	Number of Owner Households 2018	Percent of All Owner Households 201
0% to 19.9%	182	63.2%
20% to 29.9%	58	20.1%
30% to 34.9%	19	6.6%
35% or more	27	9.4%
Not Computed	2	0.7%
Total	288	100%

Source: ACS

Most owner-occupants, which would include households with and without a mortgage, reported paying less than 30% of their income for housing. However, approximately 16% of all home owners reported that they paid more than 30% of their income for housing. A majority of these households were actually paying more than 35% of income for housing costs.

Existing Home Sales

This section examines houses that have been sold in Centerville from 2013 to 2019, although 2019 only shows sales through October. It is important to note that the number of houses that have sold in any single year may be limited, and may not be an accurate indicator of overall home values in the City. 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.

Table 19 Median Value of Recent Residential Sales - 2013 to 2019*				
	Number of Good Sales	Median Sale Price	Highest Sale	Lowest Sale
2019*	8	\$61,600	\$209,000	\$22,000
2018	16	\$116,950	\$242,000	\$25,000
2017	18	\$65,000	\$283,000	\$18,000
2016	15	\$77,000	\$225,000	\$25,000
2015	12	\$54,500	\$128,000	\$13,000
2014	18	\$60,350	\$117,000	\$5,000
2013	22	\$71,000	\$280,000	\$18,000

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

* 2019 sales are through October

With fewer than 20 good sales recorded in most recent years, there can be annual variation in the median sales price. From January 1, 2017 through October 31, 2019 there were 42 good sales recorded. The median for this multi-year period was \$80,175.

There are some lower-valued sales each year. Over the time period reviewed, at least one house has sold for \$25,000 or less each year.

In five of the seven years at least one house has been sold for more than \$200,000. In 2017, a sale was recorded for \$283,000, the highest identified sales price.

Centerville Housing Condition

Community Partners Research, Inc. representatives conducted a visual 'windshield' survey of the 341 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 20 Windshield Survey Condition Estimate - 2019					
	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	82/37.8%	77/35.5%	50/23.0%	8/3.7%	217
Total	140/41.0%	106/31.1%	75/22.0%	20/5.9%	341

Source: Community Partners Research, Inc.

- ▶ The existing housing stock in Centerville is in fair to good condition. Approximately 31% of the houses in the City need minor repair and 22% need major repair. Approximately 41% are sound, with no required improvements. Twenty houses are dilapidated and possibly beyond repair.

Housing Construction Activity

Based on information provided by the City of Centerville, six single family homes were constructed or moved into the City since the 2013.

As reported in the 2013 Centerville Housing Study, 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 130 occupied rental units and 16 unoccupied rental units in Centerville, for a total estimated rental inventory of 146 units. The City's rental tenure rate in 2010 was 27.5%, below the Statewide rental rate of 31.9%.

We are not aware of any rental units that have been constructed since the 2010 Census, however, some owner occupied homes may have converted to rental homes. Also, rental units may have been removed from the housing stock due to demolition or their condition.

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 40 long-term care beds, was also contacted.

The units that were successfully contacted include:

- ▶ 37 market rate units
- ▶ 32 federally subsidized units
- ▶ 14 assisted living beds
- ▶ 40 beds in the nursing home

The findings of the survey are provided below.

Market Rate Summary

Information was obtained on 37 market rate rental units. The units surveyed include an eight-plex, three four-plexes, one three-plex and 14 single family homes.

At the time of the 2013 Centerville Housing Study, there were no market rate rental projects in Centerville that were larger than a four-plex. However, East Park Apartments was a USDA Rural Development project in 2013, but has since converted to market rate. This project has eight units.

Unit Mix

Information on bedroom mix was obtained from all 37 of the market rate units that were surveyed. The breakdown of the bedroom mix is:

- ▶ one-bedroom - 0 (0%)
- ▶ two-bedroom - 32 (86.5%)
- ▶ three-bedroom - 3 (8.1%)
- ▶ four-bedroom - 2 (5.4%)

Occupancy / Vacancy

There was one vacant unit in the 37 market rate units that were surveyed. This is a vacancy rate of 2.7%. The one vacancy was in East Park Apartments. All of the other projects reported no vacancies.

Rental Rates

The highest rental rates in Centerville are in River Point Apartments, which have rents of \$740 to \$765 plus utilities. The Bjordal four-plex has rents of \$650 plus utilities. The other market units in the City of Centerville are older units, including single family homes, and the rents range from \$475 to \$675 plus some or all utilities.

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 32 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:

- ▶ **Uptown Apartments** - Uptown Apartments is a four-unit general occupancy USDA Rural Development project. The apartments 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 have two-bedrooms. The project was constructed in 1977.
- ▶ **Garfield Square Apartments** - Garfield Square Apartments is an eight-unit general occupancy USDA Rural Development project. The eight units all have one-bedroom. The project was constructed in 1986.
- ▶ **Broadway Apartments** - Broadway Apartments is a HUD Section 8 12-unit project. There are four efficiency and eight 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 of the 32 subsidized housing units in Centerville is as follows:

- ▶ 4 efficiency (12.5%)
- ▶ 16 one-bedroom (50.0%)
- ▶ 12 two-bedroom (37.5%)

Occupancy / Vacancy

There were eight unoccupied units that were identified in the subsidized projects, which is a 25% vacancy rate. Uptown Apartments and Centra Villa Apartments each reported two vacancies. Broadway Apartments 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 the 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.

Since the 2013 Centerville Housing Study, East Park Apartments with eight units, has converted from subsidized to market rate.

Senior Housing with Services

Unit Inventory

The Centerville Care and Rehabilitation Center, located in Centerville, has 40 skilled nursing beds and 14 assisted living beds. The Centerville Development Corporation purchased the facility from the Good Samaritan Society and since the 2013 Centerville Housing Study has sold the facility to a private entity.

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

There were five vacant beds in the facility at the time of the survey.

Table 21 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	\$740-\$765 + utilities	No vacancies	General occupancy	River Point Apartments includes two four-plexes constructed in 2007 and 2010. The project was previously owned and managed by the Centerville HRC, but has been sold to a private party. All of the units are two-bedroom and have 1 3/4 baths and attached one car garages. At the time of the survey, the units were fully occupied. Tenants pay \$740 to \$765 plus utilities.
Bjordal Four-plex	<u>4 - 2 bedroom</u> 4 total units	\$650 + utilities	No vacancies	General occupancy	The Bjordal includes four two-bedroom units and was constructed in 2004. The owner reported no vacancies at the time of the survey. Rents are \$650 plus utilities.
Erlanson Properties	7 SF houses - <u>2 & 3 bedroom</u> 7 total units	Varies	1 vacancy	General occupancy	Erlanson properties include seven two- and three-bedroom single family homes. Rent varies based on number of bedrooms and condition. At the time of the survey, one home was vacant.
620 Broadway Apartments	<u>3 - 2 bedroom</u> 3 total units	\$525-\$675 +heat, electric	No vacancies	General occupancy	The project includes three two-bedroom units. The rent is \$525 to \$675 plus heat and electricity. The owner reported no vacancies at the time of the survey.
East Park Apartments	<u>8 - 2 bedroom</u> 8 total units	\$475 + heat, electric	1 vacancy	General occupancy	East Park Apartments was a USDA Rural Development that has converted to market rate. The project was constructed in 1976. The project has eight two-bedroom units. Rent is \$475 plus heat and electricity. There was one vacancy at the time of the survey.
Pfister Properties	4 - 2 bedroom 1 - 3 bedroom <u>2 - 4 bedroom</u> 7 total units	\$500 to \$600 +utilities	No vacancies	General occupancy	Pfister Properties includes seven single family homes ranging from two or three bedrooms. Rent ranges from \$500 to \$600 plus utilities. The owner reported no vacancies at the time of the survey.

Table 21 Centerville Multifamily Rental Housing Inventory

Name	Number of Units /Bedroom Mix	Rent	Vacancy/ Wait List	Tenant Mix	Comments
Subsidized					
Uptown Apartments	<u>4 - 2 bedroom</u> 4 total units	\$657 max. 30% of income	2 vacancies	General occupancy	Uptown Apartments is a four-unit General Occupancy Rural Development Project constructed in 1976. All fo the units have two bedrooms. The project had two vacancies at the time of the survey. Tenants pay 30% of income up to the market rent of \$657.
Centra Villa Apartments	<u>8 - 2 bedroom</u> 8 total units	\$592 max. 30% of income	2 vacancies	General occupancy	Central Villa Apartments is an eight-unit General Occupancy Rural Development Project. All of the units have two bedrooms. The project had two vacancies at the time of the survey. The project was constructed in 1977. Tenants pay 30% of income up to the market rent of \$592.
Garfield Square 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 reported that the project was fully occupied at the time of the survey.
Broadway Apartments	4 - efficiencies <u>8 - 1 bedroom</u> 12 total units	\$443 max. \$583 max. 30% of income	4 vacancies	General occupancy	Broadway Apartments is a General Occupancy HUD Section 8 project constructed in the 1970s. The project has 12 units, four efficiencies and eight one-bedroom. Tenants pay 30% of income up to the market rent of \$443 for an efficiency and \$583 for a one-bedroom. The manager reported four vacancies at the time of the survey.

Table 21 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	40 -long-term care <u>13 - assisted living</u> 44 total units	Based on services	5 vacant beds	Nursing home and assisted living	The Centerville Care and Rehab Center is licensed for 40 skilled nursing beds and 14 assisted living beds. The Centerville Development Corporation purchased the facility from Good Samaritan and has sold the facility to a private entity. Rent and fees are based on the level of services. The assisted living rent and fees have two different levels, which allow residents who don't need the full array of assisted living services to live in the facility at less cost. The administrator reported five vacant beds at the time of the survey.

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.

Major Employers in Turner County

The following list shows major employers in Centerville. 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
- ▶ Maria's Mexican Restaurant
- ▶ Nutrien Ag Solutions
- ▶ Hefty

Work Force and Unemployment Rates

Employment information is only available at the county-level, and has been analyzed for Turner County. The labor force statistics track people by place of residence, rather than place of employment.

Table 22 County Average Annual Labor Force: 2010 to 2019						
Year	Labor Force	Employed	Unemployed	Unemployment Rate - County	Unemployment Rate - SD	Unemployment Rate - US
2010	4,850	4,629	221	4.6%	5.0%	9.6%
2011	4,812	4,614	198	4.1%	4.7%	8.9%
2012	4,730	4,565	165	3.5%	4.3%	8.1%
2013	4,707	4,564	143	3.0%	3.8%	7.4%
2014	4,660	4,524	136	2.9%	3.4%	6.2%
2015	4,632	4,508	124	2.7%	3.1%	5.3%
2016	4,676	4,546	130	2.8%	3.0%	4.9%
2017	4,673	4,527	146	3.1%	3.2%	4.4%
2018	4,695	4,568	127	2.7%	3.0%	3.9%
2019	4,801	4,669	132	2.7%	3.3%	3.7%

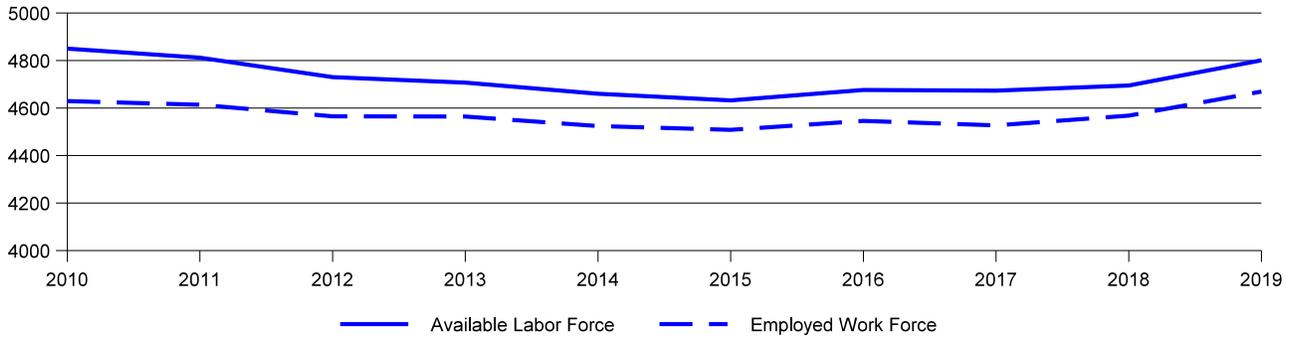
Source: South Dakota Department of Labor

Over the current decade there has been a gradual decrease in the size of the County’s resident labor force. However, initial information for 2019 indicates that this pattern may have reversed, although it is still possible that the recently released annual totals could still be revised.

Between 2010 and 2019, the County’s labor force statistics decreased by 49 people, or 1%. However, the labor forced reached its lowest level in 2015, and has increased somewhat since that time.

The employed work force has generally followed a somewhat different pattern. From 2010 to 2019, the number of employed County residents increased by 40 people, or 0.9%.

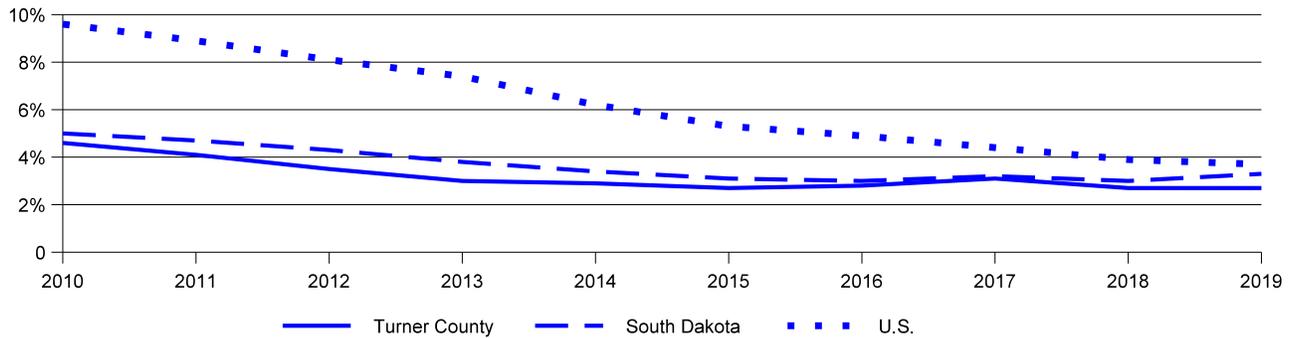
Turner County Labor Force and Employed Work Force



With the County’s available labor force decreasing slightly but the employed work force growing, the County’s annual unemployment rate has been moving lower throughout the decade.

Since 2010, the unemployment rate for Turner County has remained below the Statewide rate, and generally well below the national rate.

Unemployment Rates



Average Annual Wages by Industry Sector

The following table shows the annual employment and average annual wages by major employment sector in 2018, 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 23 County Average Weekly Wage: 2018		
Industry	Employment	Average Weekly Wage
Total All Industry	2,079	\$690

Source: South Dakota Department of Labor

The average weekly wage for all industry in 2018 was \$690. At full-time employment this would equate to an annual wage of approximately \$35,900.

Statewide the average weekly wage in 2018 was \$840, for an annual wage of approximately \$43,700.

Commuting Patterns of Area Workers

Information is available on area workers that commute for employment. The best information is from the 2018 American Community Survey, and has been examined for Centerville. This table only examines people that commuted, and excludes people that work at home.

Table 24 Commuting Times for Residents - 2018		
Travel Time	Number	Percent
Less than 10 minutes	117	27.0%
10 to 19 minutes	71	16.4%
20 to 29 minutes	40	9.2%
30 minutes +	206	47.5%
Total	434	100%

Source: American Community Survey

Approximately 43% of Centerville’s residents were commuting less than 20 minutes to work in 2018. Overall, nearly 57% of residents commuted 20 minutes or more to work and most of these longer-distance commuters were actually traveling 30 minutes or more.

Travel time by location of employment is also provided. For people that worked in Centerville the following travel times were identified.

Table 25 Commuting Times for Centerville Employees - 2018		
Travel Time	Number	Percent
Less than 10 minutes	125	55.3%
10 to 19 minutes	72	31.9%
20 to 29 minutes	23	10.2%
30 minutes +	6	2.7%
Total	226	100%

Source: American Community Survey

Most of the people that worked in Centerville in 2018 lived in the immediate area. Overall, more than 87% of City-based workers were traveling less than 20 minutes for their primary job.

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. From 2000 to 2010, Centerville's population decreased by 28 people and Turner County's population decreased by 502 people.

From 2010 to 2019, Esri estimates that Centerville gained 39 people and Applied Geographic Solutions estimates that Centerville added two people. The Census Bureau estimates that from 2010 to 2018, Centerville had a loss of two people. From 2010 to 2019, Esri estimates that Turner County gained 286 people and AGS estimates that the County had a loss of 64 people. From 2010 to 2018, the Census Bureau reported a gain of 77 people in Turner County.

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. From 2000 to 2010, Centerville had a loss of 13 households and Turner County had a loss of 58 households.

From 2010 to 2019, Esri estimates that Centerville gained 16 households and AGS estimates that Centerville gained 22 households. Esri estimates that from 2010 to 2019, Centerville added 130 households and AGS estimates a gain of 118 households.

Findings on Projected Growth

The projections for Centerville and Turner County calculated by Esri and AGS expect that Centerville's population will increase by 14 to 48 people between 2019 and 2024. The household projections expect a gain of five to 17 households from 2019 to 2024.

The population and household projections for all of Turner County expect an ongoing reduction through the year 2024. The forecasts used for this Study expect a gain of between 101 and 193 people and an increase of 46 to 52 households over the five-year projection period, from 2019 to 2024.

Summary of Centerville’s Growth Projections by Age Group

The Demographic section of this Study presented Centerville projection information on anticipated changes by age group from 2019 to 2024. This information can be informative in determining the housing that may be needed due to age patterns of the City’s population.

Consistent with the age distribution data presented earlier, the movement of the “baby boom” generation through the aging cycle should generate much of the City’s household growth. Age projections expect the City to add approximately 10 households in the 65 and older age ranges from 2019 to 2024.

The Esri age-based projections also expect a significant increase of 10 households in the 35 to 44 age range and an increase of four households in the 55 to 64 age range.

Centerville is projected to lose 11 households in the 15 to 34 age ranges and eight households in the 45 to 54 age range.

The projections assume that historical patterns will continue into the near-future, especially related to household formation and household size within specific age groups. If Centerville adds population at a rate that is faster or slower than past patterns would suggest, traditional age-based forecasts would be altered.

<u>Age Range</u>	<u>Projected Change in Households 2019 to 2024</u>
15 to 24	-1
25 to 34	-10
35 to 44	10
45 to 54	-8
55 to 64	4
65 to 74	7
75 and older	<u>3</u>
Total	5

Findings on Unit Demand by Type of Housing

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

Age 24 and Younger - The projections used for this Study expect a one household loss in the 15 to 24 age range from 2019 to 2024. Past tenure patterns indicate that 75% of the households in this age range rent their housing. It is estimated that a significant percentage of households in this age range will rent their housing. If new housing options become available in Centerville, a significant percentage of households in this age range will continue to rent their housing.

25 to 34 Years Old - The projections show a loss of 10 households in this age range by 2024. Within this age range households often move from rental to ownership housing. The ownership rate among these households in Centerville is approximately 46%. A loss of 10 households within this age range indicates demand for both first-time home buyer and rental opportunities from this age range will decrease during the projection period.

35 to 44 Years Old - The projections for this 10-year age cohort expect a significant gain of 10 households between 2019 and 2024 in Centerville. In the past, this age group has had an 88% ownership rate in Centerville. Households within this range often represent both first-time buyers and households looking for trade-up housing, by selling their starter home for a more expensive house.

45 to 54 Years Old - This age group represents a smaller segment of the population than the baby boom age group. For Centerville, the projections show a loss of eight households in this age range. This age group typically has had a high rate of home ownership of approximately 90% in Centerville, and will often look for trade-up housing opportunities. A decrease in the number of households in this age group indicates that the demand for trade-up housing from this age range will decrease during the projection period.

55 to 64 Years Old - The projections show an increase of four households in this 10-year age range by the year 2024 in the City. This age range has traditionally had a high rate of home ownership in Centerville, at approximately 79% in 2018. Age-appropriate housing, such as City 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 - A gain of seven households is expected by the year 2024 in the 65 to 74 age range. While this group will begin moving to life-cycle housing options as they age, the younger seniors are still predominantly home owners. Approximately 83% of the 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 Years and Older - There is a projected gain of three households in Centerville in this age range between 2019 and 2024. In the past, the older households within this age range have had a relatively low rate of home ownership in Centerville. An expansion of 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.

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

Findings on Housing Unit Demand and Tenure

Calculations for total future housing needs 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 increase from 2019 to 2024. As a result, anticipated household growth yields some 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. Household growth and 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.

Strengths for Housing Development

The following strengths for the City of Centerville were identified by reviewing the 2013 Centerville Comprehensive Housing Study and 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 recent sales is approximately \$80,175. 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, subdivision development and housing rehabilitation.
- ▶ **Educational system** - Centerville has an excellent 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 and there are ongoing efforts to improve the downtown.

- ▶ **Centerville Housing and Redevelopment Commission** - The Centerville Housing and Redevelopment Commission has constructed new rental units in the City of Centerville.
- ▶ **Centerville Development Corporation** - The Centerville Development Corporation is very active in promoting economic development, employment and housing opportunities for the City of Centerville. The Centerville Development Corporation has undertaken several programs and projects to construct new housing and to improve the existing housing stock.
- ▶ **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.
- ▶ **Health facilities** - 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, educational 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 has installed sidewalks and bike paths in the community.
- ▶ **Marketing the Community** - The City has been active in encouraging people to live in Centerville.
- ▶ **Population and household growth** - The City of Centerville is projected to have population and household growth over the next five years.
- ▶ **Commuters** - More than 100 people are commuting into Centerville daily for employment. These commuters are a potential market for future housing construction.

Barriers or Limitations to Housing Activities

Our research also identified the following barriers or limitations that hinder or prevent certain housing activities in 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 recent sales, we estimate that the median priced home in Centerville is valued at approximately \$80,175. This is below the comparable cost for new housing construction, which will generally be above \$200,000 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.
- ▶ **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.
- ▶ **Limited commercial options** - Centerville has commercial and retail options to meet daily needs, however, it has limited other retail and commercial opportunities.

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, continued rehabilitation efforts are needed to preserve this housing.
- ▶ **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 local efforts, the City has other resources to draw on including USDA Rural Development, the South Dakota Housing Development Authority, the Southeastern 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 18 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 eight to ten 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 eight to 10 senior independent/light services units
5. Utilize the Housing Choice Voucher Program
6. Develop a downtown mixed-use commercial/housing project

Home Ownership

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

Single Family Housing Development

9. Lot availability and lot development
10. Strategies to encourage residential lot sales and new home construction in Centerville
11. Continue to construct spec homes
12. Promote twin home/town home development

Housing Rehabilitation

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

Other Housing Issues

15. Acquire and demolish dilapidated structures
16. Continue to coordinate efforts among housing agencies
17. Strategies for downtown redevelopment
18. Develop home ownership and new construction marketing programs and strategies

Centerville - Rental Housing Development

Rental Housing Development

Overview: In recent decades it has been difficult to produce new rental housing units that are viewed as “affordable” when compared to existing rental housing. A number of factors, including federal tax policy, state property tax rates, high construction costs and a low rent structure, have all contributed to the difficulty in developing rental housing in most South Dakota communities. From 2011 to 2019, we are not aware of any rental units that were constructed in Centerville. However, from 2004 to 2010, three four-plexes were constructed in Centerville.

Demand for new rental housing is typically generated from three factors:

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

Our household projections for Centerville expect some limited household growth over the five-year projection period. From 2020 to 2025, it is projected that there will be a gain of approximately 11 households. It is estimated that approximately 50% of these households will be rental households, thus, there will be a demand for approximately six additional rental units due to household growth over the next five years.

Demand created by replacement of lost units is more difficult to determine, but the best available evidence suggests that the City will lose as many as one to two units per year. As a result, approximately five to 10 additional units will be needed over the next five years to replace lost units. In some cases, this unit replacement will be necessary as existing units are removed from the inventory through demolition or conversion. In other cases, this replacement is appropriate due to the deteriorating condition of older, substandard rental housing that should be removed from the occupied stock. Rental units may also be lost due to rental units converting to owner occupancy.

Pent-up demand also exists for some rental housing segments. As part of this study, a rental survey was conducted. The survey found only one vacant unit in the general occupancy market rate units that were surveyed and the rental housing owner/managers reported high occupancy rates. We also identified pent-up demand for independent/light services rental units.

These three demand generators, after factoring current vacancy rates, show a need for 21 to 26 rental units over the next five years. Based on the factors stated above, we recommend the development of the following new rental units over the next five years from 2020 to 2025.

▶ General Occupancy Market Rate	8-10 units
▶ Subsidized	0 units
▶ Affordable/Conversions	5-6 units
▶ <u>Senior with Services (Independent/Light Services)</u>	<u>8-10 units</u>
Total	21-26 units

1. Develop eight to ten general occupancy market rate rental units

Findings: Centerville has a limited number of market rate units. Based on our research, there are four market rate rental projects with four or more units. The Centerville Housing and Redevelopment Commission has constructed market rate units in three four-plexes. The four-plexes were constructed in 2004, 2007 and 2010. All of these units have been sold to private parties. Two four-plexes have recently been sold and are named River Point Apartments.

The other four-plex, Bjordal Apartments, was sold prior to the Centerville 2013 Housing Study. In addition to the four-plexes, East Park Apartments with eight units, has converted from a USDA Rural Development Project to a market rate rental project. Centerville’s market rate inventory also includes two triplexes.

The rents for the River Point Apartments are \$740 to \$765 per month plus utilities. The Bjordal Apartment rents are \$650 per month plus utilities. The East Park Apartments are all two-bedroom and the rent is \$475 plus heat and electricity.

Based on our interviews, there are also single family homes being rented in Centerville. Additionally, the City’s subsidized rental projects allow over-income tenants to live in the buildings if they pay the maximum rent amounts set for their unit.

Our interviews, rental survey and the area’s projected household growth, identified demand for additional market rate rental housing. At the time of the rental survey, there were no vacancies in the River Point and Bjordal units. There was one vacancy in the East Park Apartments project. Additionally, we are expecting the loss of rental households due to deterioration and demolition.

Our housing condition survey identified 20 single family homes in Centerville that are dilapidated and beyond repair. We also identified 75 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. In the 2013 Centerville Housing Study, we recommended the development of four to six market rate units. No units have been constructed since the survey.

Recommendation: We recommend the development of eight to ten market rate rental housing units in the next five years from 2020 to 2025. Town home or twin home style units similar to the existing River Point and Bjordal units would be the preferred style, to cater to active renter households, although, a high quality apartment building with 'state of the art' amenities is also an option.

The first option to developing market rate housing would be to encourage private developers to undertake the development 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. The Centerville Housing and Redevelopment Commission has developed three four-plexes in the past.

The Centerville Housing and Redevelopment Commission or the Centerville Development Corporation could also partner with private developers to construct additional units. The City of Centerville could assist with land donations, tax increment financing, tax abatement, reduced water and sewer hook up fees, etc. Additionally, the South Dakota Housing Development Authority has programs available to assist with rental housing development.

The units could be added in phases, as demand dictates the need for additional units. In this way they have expanded the supply without saturating the market. 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 eight to ten units and the unit mix and rents should be as follows:

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

<u>Unit Type</u>	<u>No. of Units</u>	<u>Size/Sq. Ft.</u>	<u>Rent</u>
Two Bedroom	5-6	900-1,000	\$850-\$1,000
Three Bedroom	3-4	1,100-1,200	\$975-\$1,025
Total	8-10		

Note: The recommended rents are gross rents including all utilities. The rents are quoted in 2020 dollars.

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. The Fair Market Rents currently are:

- ▶ two-bedroom - \$873
- ▶ three-bedroom - \$1,153

2. Develop five to six affordable rental units

Findings: The previous recommendation had 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 \$650 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.

However, the South Dakota Housing Development Authority may have programs available to assist with affordable rental housing development.

Recommendation: We 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. There are several vacant housing units in Centerville. Potentially, some 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.

Creating rental units with contract rents below \$650 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. Also, potentially some units could have higher rents if the households have access to the Housing Choice Voucher Program.

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 32 units. The 32 units are approximately 27% of the City's total rental housing stock. At the time of the 2013 Centerville Housing Study, there were 40 subsidized units in Centerville. However, East Park Apartments, with eight units, has converted from subsidized to market rate, thus there are 32 subsidized units remaining. The four subsidized rental projects include:

- ▶ **Uptown Apartments** - Uptown Apartments is a four-unit general occupancy USDA Rural Development Project. The four units all have two-bedrooms. The units are located on three different sites. 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-bedrooms. The project was constructed in 1977.
- ▶ **Garfield Square Apartments** - Garfield Square Apartments is an eight-unit USDA Rural Development Project. The eight units all have one-bedroom. The project was constructed in 1986.
- ▶ **Broadway Apartments** - Broadway Apartments is a HUD Section 8 12-unit project. There are three efficiency and nine one-bedroom units. The project was constructed in the 1970s.

At the time of the survey, there were eight vacancies in the 32 units, which is a 25% 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 under utilized 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 project's owners, USDA Rural Development, HUD, and the South Dakota Housing Development Authority and area housing agencies to determine what actions can be taken to increase the project's occupancy rate and to better address Centerville's rental housing needs.

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

4. Consider the development of eight to 10 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 40 licensed long-term care and 14 assisted living beds. At the time of the survey, there were five vacant beds.

Prior to the 2013 Centerville Housing Study, the Centerville Development Corporation purchased the facility. Since the 2013 Study, the Development Corporation has sold the facility to a private entity.

Our research for this Study did not identify any units in Centerville dedicated for seniors to live independently in a senior project.

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 in Centerville, thus, we are recommending an eight to 10-unit independent 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 a noon meal and housekeeping.

This project should not compete with the Centerville Care and Rehabilitation Center. The new project is intended to complement the Care and Rehabilitation Center and to provide a housing option that currently does not exist in Centerville. In the 2013 Centerville Housing Study, we recommended the development of seven to nine independent senior 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:

- ▶ Eight to 10 units
 - ▶ three to four 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.

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.

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 approximately 2.5 years to obtain a Housing Choice Voucher. The Lennox Housing and Redevelopment Commission has the ability to issue approximately 26 vouchers. Currently, one Centerville and five Turner County households are utilizing 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 utilization of Housing Choice Vouchers in Centerville.

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

Findings: A new mixed-use rental housing/commercial project would be an asset to the City and Development Corporation's Downtown redevelopment and revitalization's efforts.

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

Recommendation: We recommend the development of a mixed-use building in the downtown Centerville area. There are several potential sites in the downtown area for a mixed-use project. The site could be a vacant parcel, or potentially a dilapidated structure or structures could be demolished to provide a site.

We recommend commercial space on the first floor and rental units on the second floor. Prior to construction, a portion of the commercial space should be leased to an anchor tenant who would complement existing downtown businesses and attract people to downtown.

The units should be primarily one-bedroom and two-bedroom units. Please note that these units are not in addition to the units recommended in the first and second recommendations of this section. If a mixed-use building was constructed, the number of units recommended previously should be reduced.

Centerville - Home Ownership

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 \$80,175 based on recent sales activity. The home values in Centerville provide an excellent opportunity for first time buyers and households seeking moderately priced homes.

Our analysis of Centerville demographic trends shows an increasing number of households over the next five years in the 35 to 44 and 55 and older age ranges. 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:

7. 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.

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 continue to 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.

8. 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 \$80,175. 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.

At the time of the 2013 Centerville Housing Study, the Centerville Development Corporation had 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.

Since the 2013 Housing Study, the Centerville Development Corporation has purchased three additional substandard homes, rehabilitated the structures and sold the homes. The most recent home sold for \$140,000. The Development Corporation received funds from the South Dakota Housing Development Authority to assist with gap financing.

Recommendation: We recommend that the Centerville Development Corporation continue to work with the South Dakota Housing Development Authority and area 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, in some cases 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 for 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.

Centerville - Single Family Housing Development

Single Family Housing Development

Findings: Based on City and U.S. Census Bureau information, Centerville has experienced single family housing development from 2000 to 2019. Over the past 20 years, 29 single family homes have been constructed in Centerville. This is an average of 1.5 homes constructed annually in Centerville. Since the 2013 Centerville Housing Study, six homes have been constructed or moved into the City.

Household growth projections for Centerville indicate some demand for owner-occupied housing construction. Growth is anticipated over the next five years among Centerville households in the 35 and 44 and 55 and older age ranges. Households in these age ranges tend to be predominantly home owners. Additionally, the 55 and older age ranges, form a market for town homes/twin homes.

Also, some households in the 25 to 34 year old age range are first-time home buyers and may be in the market for new affordable homes.

It is our opinion that if the City, the Development Corporation, housing agencies, and builders are proactive, 10 to 14 homes can be constructed or moved into Centerville from 2020 to 2025.

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

▶ Higher and medium priced homes	3-4
▶ Affordable entry level homes	5-6
▶ Twin homes/townhome	<u>2-4</u>
Total	10-14

9. Lot availability and 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 all of these lots. Also, there are dilapidated houses throughout the City that could be demolished and some of these lots could be suitable for new construction. Additionally, the Centerville Development Corporation has acquired 14 acres for future lot development.

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 a few in-fill lots available in Centerville, it is projected that there will be a need for additional lots in the future.

The Centerville Development Corporation has the potential to develop several 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 continue to 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 more lot development in addition to the new lots we are recommending in the existing subdivision. New lot/subdivision development should include the following:

- ▶ If feasible, the lot should be developed in phases as demand dictates.
- ▶ The lots should have covenants that assure quality development. However, the covenants should not be so restrictive that they eliminate the target market's ability to construct a home.
- ▶ The lots should accommodate a variety of home designs and home prices.
- ▶ All stakeholders should be involved in promoting and publicizing the lots.

- ▶ To be successful, the homes must be available to households with as wide an income range as possible.
- ▶ Some lots should be available for twin home/ town home development.
- ▶ Successful lot development will need the cooperation of financial institutions, funding agencies, employers, the City of Centerville and the Centerville Development Corporation. Financial assistance such as tax increment financing, abatement, and assistance from area housing agencies and the South Dakota Housing Development Authority will be needed.
- ▶ The lots must be as aesthetically acceptable as possible and include high quality amenities.
- ▶ The City and Development Corporation should plan on a long absorption time period to sell the lots.
- ▶ If the lots are sold at a reduced price, the lot buyer should be obligated to build a home on the lot within a specified time period.

10. Strategies to encourage residential lot sales and new home construction in Centerville

Findings: There are some in-fill lots available in the City of Centerville. Also, as discussed in the previous recommendation, the capacity also exists to develop additional lots in the City of Centerville.

Recommendation: We recommend that the City of Centerville and the Centerville Development Corporation coordinate efforts with the private sector to promote lot sales and housing development in Centerville.

Our recommendations to promote lot sales and housing development include:

- ▶ ***Competitive pricing*** - There are lots that are available in communities throughout the Region. Lot prices in Centerville will need to be competitive.
- ▶ ***Plan for long-term absorption*** - The research completed for this Study expects limited annual absorption of lots in Centerville over the next five years. It is necessary to view the lot sales and housing development as a long-term plan.

- ▶ ***Generate initial activity*** - To stimulate new construction, proactive efforts, such as the sale of some lots at discounted prices, reduction of hookup and permit fees or other incentives could be provided if the buyer agrees to build a home of a certain quality and style within a specified time period. This will help create momentum for houses to be built.
- ▶ ***Consider developing an exclusive builder(s) relationship*** - Several lots could be sold to a builder(s). Momentum can be created when a builder has access to several lots. This allows for marketing opportunities and efficiencies in the home building process. The lot owners should require the builder to construct a minimum number of homes per year. Builders are more willing to enter a market when the lots are attractive and very affordable. Several lots available to an exclusive builder or developer could be explored, even if significant price concessions are required.
- ▶ ***User-Friendly*** - The lot purchase and homebuilding process must be 'user-friendly.' This includes builders, who are readily available to build custom homes, information on quality homes that could be moved into the community and City regulations that are fair and reasonable. This entire process should be as user-friendly as possible to encourage new home construction.
- ▶ ***Lot Availability for affordable homes*** - Lots should be available for affordable homes including modular homes.
- ▶ ***Allow for a range of house prices*** - Lots should be available in Centerville in as wide a range of home sizes and prices as possible. This would broaden the lot buyer market.
- ▶ ***Incentives*** - Many cities throughout South Dakota are offering incentives to construct new homes, including reduced lot prices, reduced water and sewer hookup fees, tax abatements, cash incentives, etc. Incentives could be considered to promote new home construction.
- ▶ ***Lot availability for twin home/town home development*** - It is our opinion that there will be a demand for twin homes/town homes over the next five years. Lots should be available for twin home/town home development.

- ▶ **Marketing** - The City of Centerville and the Centerville Development Corporation should develop a marketing strategy to sell available lots. All stakeholders including realtors, financial institutions, builders, employers, etc. should be included in marketing strategies. In addition to marketing the lots, the City of Centerville and its amenities should be marketed.
- ▶ **In-fill lot home development** - The Centerville Development Corporation should continue to develop affordable homes on in-fill lots.
- ▶ **South Dakota Housing Development Authority Programs (SDHDA)** - SDHDA has housing programs available to assist developers, builders and home buyers.
- ▶ **Manufactured and Modular Homes** - Manufactured and modular homes can provide affordable opportunities for moderate income households.

11. Continue to construct spec homes

Findings: Prior to the 2013 Centerville Housing Study, the Development Corporation constructed several spec homes including a duplex. The Corporation also moved three Governors Homes into Centerville.

Since the 2013 Housing Study, the Development Corporation has constructed and sold three spec homes and the Development Corporation is in the process of planning the construction of another spec home.

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

Additionally, the Centerville Development Corporation should consider moving additional Governors Homes into the community if it is considered cost effective. Also, the South Eastern Development Foundation provides loans to purchase and set up Governors Homes.

12. Promote twin home/town house 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 2019, there were approximately 148 households in Centerville and 1,316 in Turner County in the 65 and older age ranges and these age ranges are expected to increase by 10 households in Centerville and by 162 households in Turner County between 2019 and 2024. 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 two to four new owner-occupied units in one to two 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 Development Corporation 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.

Centerville - Housing Rehabilitation

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.

13. Promote rental housing rehabilitation

Findings: The City of Centerville has rental units in multi-family projects, small rental buildings, duplexes and single family homes. Many of these rental structures could benefit from rehabilitation as approximately 90% of these rental structures are more than 40 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.

14. 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 2019 housing condition survey of 341 houses in Centerville found 106 homes that need minor repairs and 75 homes that need major repairs. Also, according to American Community Survey data, approximately 81% of the owner-occupied housing units in Centerville are more than 40 years old. Without rehabilitation assistance, the affordable housing stock will shrink in Centerville. Since the 2013 Centerville Housing Study, improvements have been made to a number of single family homes.

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 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 for 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.

Centerville - Other Housing Initiatives

Other Housing Initiatives

15. Acquire and Demolish Dilapidated Structures

Findings: Our housing condition survey identified 20 single family houses that are dilapidated and too deteriorated to rehabilitate. We also identified 75 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.

Since the 2013 Centerville Housing Study, five dilapidated homes have been demolished in Centerville. Also, the City now has a Maintenance Code Officer to enforce the City's maintenance codes.

Recommendation: The City and the Development Corporation 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.

The City of Centerville and the Centerville Development Corporation should continue to maintain an inventory of structures for future acquisition and demolition. Additionally, an inventory of in-fill lots should continue to be maintained.

16. Continue to coordinate efforts among housing agencies

Findings: Centerville will continue to need resources in addition to the City and Development Corporation to plan and implement many of the housing recommendations advanced in this Study. The City of Centerville has access to the Southeast 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, the Lennox Housing and Redevelopment Commission and Dakota Resources. These agencies all have experience with housing and community development programs.

Recommendation: Centerville has access to multiple agencies that assist with addressing housing needs. It is our recommendation that the City and Development Corporation continue to 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.

17. Strategies for Downtown Redevelopment

Findings: Downtown Centerville has buildings that have been renovated and have high quality commercial space. There are also buildings that have not been maintained and are substandard. The Centerville Development Corporation has been active in downtown redevelopment including rehabilitation of downtown buildings and the demolition of dilapidated buildings. This recommendation provides an outline of actions that could be continued or initiated to redevelop the downtown, to maximize the usage of downtown buildings and to promote new downtown businesses.

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

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

- ▶ Interview downtown property owners to develop a database and to determine their future plans (expanding, selling, renovations, etc.)

- ▶ Develop an overall plan for the downtown (potential new businesses, address parking needs, develop an overall theme, art and cultural opportunities, etc.)
- ▶ Develop a mini-plan for each downtown property and each downtown block. This may include:
 - ▶ Commercial building rehab and renovations
 - ▶ Facade work
 - ▶ Building demolition
 - ▶ New construction including a mixed-use commercial/housing project
 - ▶ Recruiting new businesses
 - ▶ Rental unit development
- ▶ Identify funding sources
 - ▶ Property owner funds
 - ▶ City of Centerville
 - ▶ Centerville Development Corporation
 - ▶ Federal Home Loan Bank
 - ▶ Special tax districts
 - ▶ Tax increment financing
 - ▶ Tax abatement
 - ▶ Funds from South Dakota State Agencies
- ▶ Work with stakeholders to identify roles, secure funding, develop and implement programs and projects
 - ▶ Property owners
 - ▶ City of Centerville
 - ▶ Centerville Development Corporation
 - ▶ South Eastern Council of Governments

18. Develop home ownership and new construction marketing programs and strategies

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

The City of Centerville, the Centerville Development Corporation, the Centerville Housing and Redevelopment Commission and private builders have been active in promoting the City, including housing opportunities.

Recommendation: We recommend that the stakeholders continue to promote and market housing in Centerville as follows:

- ▶ Determine the City's strengths and competitive advantages and heavily promote them
- ▶ Continue to create marketing materials that can be distributed regionally (including internet, TV, radio, etc.)
- ▶ Work closely with employers (Centerville and the area) to provide employees (especially new employees) with housing opportunities in Centerville
- ▶ Work with housing agencies to provide down payment and closing cost assistance, low interest loans, home owner education and home owner counseling and other housing programs
- ▶ 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
- ▶ Provide attractive lots at an affordable price for a variety of home sizes, styles and price ranges
- ▶ Continue to preserve the quality of existing neighborhoods through the rehabilitation of substandard housing and the demolition of dilapidated structures that are beyond repair
- ▶ Develop new housing choices, such as new single family homes, rental housing, twin homes, senior housing, etc.
- ▶ Review the City's policies and fees to assure that they are user-friendly, fair and receptive for developers, builders and households.
- ▶ Develop a coordinated housing plan with all the City's housing stakeholders

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

Rural Office of Community Services, Inc.

214 W. Main
P.O. Box 70
Lake Andes, SD 57356
(605) 698-7654

Lennox Housing and Redevelopment Commission

217 S. Pine Street

P.O. Box 265

Lennox, SD 57039

(605) 647-2140