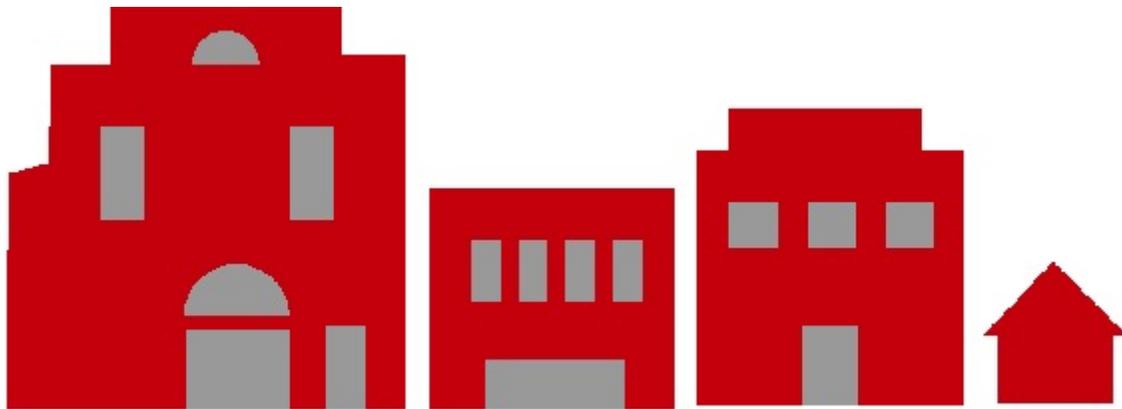


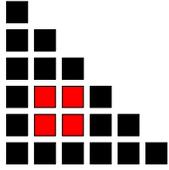
City of Aberdeen HOUSING STUDY UPDATE

November 2010

An updated analysis of the overall housing needs
of the City of Aberdeen



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November 30, 2010

Brett E. Bill
Planning and Zoning Director
City of Aberdeen
123 South Lincoln Street
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Dear Brett:

Community Partners Research is pleased to provide you with this 2010 Update of the Aberdeen Housing Study. Aberdeen continues to grow and prosper, and has achieved numerous successes in regard to housing and community development. Some of the noteworthy highlights found by the 2010 research include:

- ▶ Both household and population growth have been occurring over the past few years. Earlier in the last decade, the City had been losing population, according to the official estimates, despite the fact that households were being added. A long-term decrease in the City's average household size had resulted in minor population losses. However, within the past few years, the amount of household growth has more than compensated for fewer people per household, and the City has also added residents.
- ▶ The level of household growth has been steadily increasing over recent decades. In the 1980s, Aberdeen averaged approximately 33 new households per year. In the 1990s, this average annual growth increased to approximately 56 households. While conflicting information exists for actual growth in the last decade, the best indications are that the City added between 65 and 70 new households per year.
- ▶ There continues to be some evidence that the official demographic estimates for the City are too low. Housing unit construction statistics and unit occupancy patterns suggest that the Census Bureau has underestimated actual growth in its annual population estimates. This Update has applied the upper-end margin of error when examining household information from the Census Bureau's American Community Survey, in recognition of the fact that locally-generated information suggests stronger growth for the City. The release of 2010 decennial Census statistics for Aberdeen and Brown County should establish a new benchmark for the population and household levels that currently exist.

- ▶ Although Aberdeen has not been immune from the impacts of a national economic recession and a retreat of major housing markets, the City has tended to fare better than most of the nation. The following highlights address some of the achievements that occurred despite difficulties being experienced nationally.
- ▶ Income information is only available through 2008, but household incomes have generally improved in Aberdeen, when compared to the 2000 Census. The number of households with an annual income of \$75,000 or more has increased, while the number of households with an income below \$75,000 has decreased significantly. Most of the reduction in the lower income ranges occurred among households making less than \$35,000 per year. Some caution needs to be applied to these statistics due to the apparent underestimation of households within the American Community Survey data. The undercount of households that appears to exist may have omitted some of the lower income people in the City. The economic recession may have also changed income patterns since 2008.
- ▶ Although the City has experienced some recent decrease in single family housing construction activity, overall housing starts have been strong, driven by an above-average level of rental unit production. The strongest single year for housing construction over the past eleven years was in 2009, when 241 new housing units were built, based on building permit issuance. The year 2009 represented a poor year for construction in most parts of the U.S., as housing markets were in retreat, but this was not the case in Aberdeen.
- ▶ The unemployment rate for the area has remained low by national standards. Through the first eight months of 2010, the area's unemployment rate was at 3.5%, up from 2.4% in 2007, but still well below the national rate which was approaching 10%.
- ▶ Foreclosures are largely a "non-issue" in Aberdeen. While other housing markets around the country have experienced rapid increases in the number of foreclosures, there was no evidence of a problem in Aberdeen. Because of the low number of Sheriff's Sales, annual reports were not being kept by Brown County, and the Realty Trac website listed only four bank-owned properties in Brown County.
- ▶ The private, nonprofit and public development communities continue to be very active with housing projects. In the past few years, there have been opportunities created for home ownership a renter households, serving a broad range of income levels
- ▶ While the City has tended to outperform most of the nation, there are some impacts of national economic conditions that were evident in 2010. The City has not added jobs, according to State statistics. In 2007, there were 14,480 employed people in Aberdeen.

Through the first eight months of 2010, the average monthly employment level was at 14,384. While the decrease is less than 100 people, there has not been job growth. Gains made by some major employers since 2007 appear to have been largely negated by employment losses in other parts of the community.

- ▶ There is some evidence of a minor retreat in home prices in 2010. Both County sales data and Multiple Listing Service reports showed a small decrease in the median home sale price between 2009 and 2010. While this decrease was small (\$3,000 or less), it has reversed a long-standing trend of price appreciation in single family home sales.
- ▶ Although overall housing construction activity has been very strong, this has been driven by the construction of multifamily rental units. Single family housing starts have decreased each year after reaching a decade-long peak of 98 homes in 2007.
- ▶ Although rental vacancy rates remain low, the infusion of a substantial number of new construction rental units has the potential to create some level of unit availability in the near-future. In 2009 and 2010, building permits were issued for a total of 231 multifamily rental units, the biggest increase in rental housing in many years. The calculated vacancy rate in conventional, market rate multifamily housing was 1.5% in July, but some owners of small properties, such as rental houses, indicated that their rate of vacancy was substantially higher. Vacancy rates remain extremely low in the stock of income-based housing, and there has been very little growth in the number of units serving lower income households.
- ▶ In recognition of the challenging conditions that persist nationally, this Update has used a projection range that the City will average between 67 and 80 new households per year between 2010 and 2015. This forecast is slightly above the level achieved in the past decade. At this level of household growth, population growth should also continue to be present.
- ▶ It is certainly possible that the City will grow even faster than we project, especially if some of the large-scale job expansion projects occur in the future. However, over the longer-term, there have not been overly large changes, either up or down, in the area's annual employment level, and a gradual growth forecast appears to be the most realistic expectation through 2015.
- ▶ Specific recommendations have been updated regarding segments of the local market, but in general terms, the demand from net household growth within the City of Aberdeen will be for 61% to 65% owner-occupancy, and between 35% and 39% for renter-occupancy housing.

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- ▶ The changing age patterns of the area should continue to add to the number of households age 55 and above, especially in the range between 55 and 64 years old. An increase in the number of empty-nester and younger senior households should continue to generate demand for age-appropriate housing options.
- ▶ Only limited information exists on racial and ethnic minority populations in 2010, but the best available data suggest that fewer than 2% of the City's population is of Hispanic/Latino ethnicity, and more than 93% of residents classify their race as "White". Future job growth could attract more diverse populations to the community, and could impact the age-based projections that show a net increase of households age 55 and older, and a net decrease of households under age 55.

Thank you very much for your assistance with this project. We have once again enjoyed the opportunity to talk to people in your community with knowledge about housing issues. Please do not hesitate to contact us if we can be of further assistance.

Sincerely,



Scott L. Knudson
Partner

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Introduction

Overview

In 2007, the City of Aberdeen had contracted with Community Partners Research, Inc., to complete a housing study for the community. In 2010, the City contracted for an update to this 2007 document.

Methodology

A variety of resources were utilized to obtain information for the Housing Study Update. Community Partners Research, Inc., collected and analyzed data from June to September 2010. Data sources included:

- U.S. Census Bureau
- Demographic estimates and projections from the State Data Center
- Claritas, Inc.
- Records and data from the City
- Records and data maintained by Brown County
- Interviews with elected officials and staff from the City
- Interviews with community leaders
- Interviews with people familiar with the area's housing conditions including bankers, realtors, property managers, and developers
- Area housing agencies
- Rental property owner surveys

Limitations

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

In 2010, when the research for this Update was being completed, a number of issues were negatively impacting housing markets. Some of these issues are identified below. Many of these issues represent a significant departure from past conditions, and have the potential to alter traditional supply and demand calculations for housing. In most cases, this Update has not attempted to project future economic conditions, but instead has relied on past patterns and practices. It is important to note that these are often national issues, which may or may not be present in Aberdeen.

- ▶ High National Rates of Delinquency and Foreclosure - The last three years have witnessed a significant increase in the number of delinquent mortgages and foreclosures. As a result, there has been an above-average level of housing turnover, caused by both "short sales" and bank sales. This does not appear to be a pressing issue in Aberdeen, but has impacted national markets.
- ▶ Mortgage Market Liquidity - In response to rising delinquency and foreclosure rates, the mortgage market has been altered, with both primary and secondary mortgage lenders changing their standards and the availability of credit. The federal government has been forced to take over Fannie Mae and Freddie Mac to help keep home mortgages available.
- ▶ National Retreat in Home Prices - After many years of steady gains, the median value of single family homes has dropped in some major markets in recent years. This has multiple effects, including a removal of potential buyers out of the market until conditions stabilize.
- ▶ Over Supply of Housing - Strong housing market conditions earlier in this decade resulted in above-average activity in the housing development markets, including both housing units and residential lots. In areas where an oversupply of inventory exists, this has resulted in downward pressure on prices.
- ▶ Economic Recession - The economy of the United States has been in a period of recession. This has reduced consumer demand in many areas, including housing.

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Demographic Overview

Various sources of demographic information exist for the Aberdeen area. At times, there may be discrepancies between these various estimates. One of the most useful sources of information for this Housing Study Update is the American Community Survey completed by the U.S. Census Bureau. The American Community Survey (ACS) information used in this section has been taken from the 2008 results, and is based on three-years of random sampling in the Aberdeen area.

Since the ACS uses a limited sample of households, there is a margin of error that is present in the estimates. The conservative ACS estimates appear to primarily exist at the City-level. For Aberdeen, the total population estimated in the 2008 ACS was approximately 2% lower than other reliable sources. While this difference may not be large for many demographic data components, it should be recognized that some of the following pages contain a more conservative view of the City. When more reliable information exists, this Update has tended to use that information.

Population Trends Analysis

The following table provides information on population trends for the City and County in recent decades. The 2009 population estimates for Aberdeen and Brown County are from the Census Bureau’s Annual Population Estimates Program. These estimates are effective July 1, 2009. The Census Bureau’s Annual Population Estimates Program tends to have slightly higher estimates than are contained in the 2008 American Community Survey, also issued by the Census Bureau.

Table 1 Population Trends - 1980 to 2009							
	1980 Population	1990 Population	% Change 1980-1990	2000 Population	% Change 1990-2000	2009 Estimate	% Change 2000-2009
Aberdeen	25,956	25,391	-2.2%	24,658	-2.9%	24,992	1.4%
Brown County	36,962	35,580	-3.7%	35,460	-0.3%	35,204	-0.7%

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

The best available estimate shows that the population level in the City of Aberdeen has stabilized in recent years, after two decades of gradual decline. In both the 1980s and the 1990s, the City lost between 2% and 3% of its population during the decade. However, that trend was reversed in the 2000s, as the City added 334 people between 2000 and 2009, for an increase of 1.4%.

While growth in the last decade is a positive sign for the community, the estimated population in 2009 was still smaller than the level that existed in Aberdeen in 1990.

The most recent estimate shows that Brown County has continued to experience some minor population loss. Despite growth within Aberdeen, the entire County lost 256 people between 2000 and 2009, for a decrease of 0.7%. Excluding the City of Aberdeen, the remainder of Brown County had a population decrease of 5.5% between 2000 and 2009.

In their County estimates, the Census Bureau provides information on the specific components of population change between 2000 and 2009. For all of Brown County, both natural increase (births exceeded deaths) and international immigration resulted in positive population growth. However, a third component, domestic out-migration from the County, was greater than the positive components, resulting in the minor loss the County experienced over the last decade.

In previous research projects completed for Aberdeen, Community Partners Research has stated that there is some evidence that the Census Bureau's annual estimates may also be too conservative. This past opinion was based on the level of housing construction, which seemed to indicate that Aberdeen had added a number of new households since 2000. With household growth, it was probable that the actual population had also increased, and was higher than the official estimate. When 2010 Census population count is released, it may resolve this question and establish a new population benchmark for the City.

Household Trends Analysis

The best available estimate for the number of households is from the 2008 American Community Survey (ACS). Since the ACS is based on a limited sampling, there is a margin of error that exists within the results. For the City of Aberdeen, it appears that the ACS estimates are too conservative. At the County level, the ACS estimates are reasonably similar to other data sources that exist.

Table 2 Household Trends - 1980 to 2008						
	1980 Households	1990 Households	% Change 1980-1990	2000 Households	% Change 1990-2000	2008 Estimate
Aberdeen	9,665	9,998	3.4%	10,553	5.6%	10,636
Brown County	13,357	13,867	3.8%	14,638	5.6%	14,924

Source: U.S. Census; 2008 ACS 3-Year Data; Community Partners Research, Inc.

The household estimate for Aberdeen appears to be very low, based on housing construction that has been occurring over the past decade. The American Community Survey only shows the City adding 83 new households between 2000 and 2008. During this same time, the net growth in housing units in Aberdeen was approximately 600 additional units. With only limited vacancies, the actual growth in households is believed to be significantly greater than estimated by the ACS.

The ACS estimate for Aberdeen does include a margin of error of +/- 498 households. At the high end of this range, the City would have 11,134 total households. When compared to the 2000 Census, this would yield net growth of 581 households, which would be much more consistent with housing unit construction trends.

Assuming that the ACS estimate for Aberdeen is too low, this would also result in a conservative estimate for all of Brown County. The official ACS estimate shows net growth of only 286 households. In a separate table, the Census Bureau does acknowledge that more than 1,000 housing units were added Countywide during the decade. Applying the ACS margin of error, the high-end estimate for all of Brown County would be 15,501, or net growth of 863 households between 2000 and 2008.

Average Household Size

The following table provides information on average household size. The 2008 estimate is from the American Community Survey.

Table 3 Average Number of Persons Per Household 1990-2008			
	1990 Census	2000 Census	2008 Estimate
Aberdeen	2.39	2.21	2.11
Brown County	2.46	2.32	2.23

Source: U.S. Census; 2008 American Community Survey

The average household size in Aberdeen has consistently grown smaller in recent decades. Based on the available estimate for 2008, the average household size in the City was only 2.11 persons per household. The average household size for all of Brown County was 2.23 persons per household, down from 2.46 persons at the time of the 1990 Census.

As explained elsewhere in this section, the decrease in the number of people living in the average household has resulted in little or no population growth for the area, while the number of households has increased. Even if the higher-end estimate of household count for Aberdeen is accurate, and the City has added as many as 580 new households, the actual growth in population would be less than 350 people due to the smaller number of people per household.

Population Projections

The 2007 Housing Study prepared for the City of Aberdeen had contained some projections of future population levels. The following table compares the official 2009 estimates from the Census Bureau, along with the 2011 projection that was used in the previous Study. A comparison is then made as to the accuracy of the previous projection.

Table 4 Population Projection Analysis			
	2009 Estimate	Previously issued projection for 2011	Status of Projection
Aberdeen	24,992	23,626	Too Low
Brown County	35,204	35,974	Too High

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

The projections for future population growth that were available at the time of the 2007 Study were heavily impacted by the sustained period of population loss that had occurred in the 1980s and 1990s. As a result, they tended to show future losses in population. Community Partners Research presented these projections while acknowledging that recent development activity in the City pointed to population growth, not losses.

Based on the most recently issued estimates, the City of Aberdeen has grown faster than expected. By 2009, the City has already surpassed the 2011 forecast that was contained in the previous Study. However, for all of Brown County, the previous projections appear to be too high. Despite growth within the City of Aberdeen, the remainder of the County has lost population, according to the official estimates. It is very possible that some of the growth within the City of Aberdeen has been due to people moving from more rural areas of the County into the City.

Going forward, only modest population growth would be expected within the City of Aberdeen. While the City should continue to add households, the average number of people per household has consistently decreased, so population growth does not necessarily result from household growth.

For all of Brown County, the best available evidence suggests that population growth within Aberdeen will largely be negated by population losses in the small communities and rural areas. Once again, a decrease in the average household size can result in population losses even when the number of households remains stable or grows.

Household Projections

For the purposes of this Update, household projections are an important demographic component. By definition, a household requires an independent living unit. Consequently, household growth should result in greater demand for housing units.

The 2007 Housing Study prepared for Aberdeen contained information on future household levels. These projections were made for the year 2011. Like the population projections that were discussed earlier in this section, most of the household projections that have been issued for the Aberdeen area are based on longer-term trends that tend to show very limited growth potential. They do not recognize the changes that have occurred, and the development activity of the last few years.

The projections available from other sources and examined in the 2007 Study were very conservative. As a result, Community Partners Research generated its own projections that expected Aberdeen to add approximately 49 households in an average year, and all of Brown County to add approximately 67 households per year. The following table examines the 2011 projections contained in the 2007 Housing Study, along with information about the current status of that projection.

Since Community Partners Research believes that the 2008 American Community Survey estimate for Aberdeen is too low, we have used a 2008 estimate that applies the high-end margin of error.

Table 5 Comparison of Original Household Projections to 2011			
	2008 Household Estimate	2011 Projection Community Partners Research	Accuracy of projection
Aberdeen	11,134	10,825	Too low
Brown County	15,501	15,068	Too low

Source: 2008 American Community Survey; Community Partners Research, Inc.

When compared to the official household estimates contained in the 2008 American Community survey, both Aberdeen and Brown County have grown faster than projected. It is very probable that Aberdeen has already exceeded the original projection made for the year 2011. Due to the growth within Aberdeen, Brown County has also probably exceeded the previously issued forecast.

After the original 2007 Housing Study was completed for the City of Aberdeen, Community Partners Research was hired to complete additional analyses for specific housing developments. Revised projections were created based on shorter-term patterns. The revised projections were able to utilize the most recent information on housing development patterns. When these later projections are compared to the high-end estimates from 2008, they appear to be much more realistic.

Table 6 Comparison of Revised Household Projections to 2015				
	2008 Household Estimate	2010 Projection Community Partners Research	2015 Projection Community Partners Research	Average annual growth required to reach projection
Aberdeen	11,134	11,205	11,540	67 households/year
Brown County	15,501	15,313	15,660	70 households/year

Source: 2008 American Community Survey; Community Partners Research, Inc.

With very limited information available about the current household levels within the City or the County, it is difficult to gauge the accuracy of even the revised projections. However, the revised projection for Aberdeen that was later calculated by Community Partners Research appears to provide a much better forecast of growth potential. Under the revised projection, the City is expected to add approximately 67 households in an average year to the year 2015.

The Community Partners Research projection assumes that only limited additional growth will occur in the remainder of Brown County, outside of Aberdeen. These projections expect approximately 70 additional households in an average year, including growth within Aberdeen.

It is very possible that new housing construction in the rural areas and small cities in the County will exceed this projected level of growth. However, most of this will be offset by a continued loss of population and households from more remote rural areas of the County to the Cities, and the ongoing aging of

the existing County population, which will result in a slowing rate of new household formation.

It is acknowledged that even the revised projections for Aberdeen may prove to be conservative. Despite the national economic recession and housing crisis, South Dakota has outperformed the rest of the country by adding jobs and new housing units.

Although Aberdeen has been more insulated from a housing market slowdown than other parts of the U.S., new single family construction activity has been trending lower since 2007. Year-to-date single family starts in 2010 are well below previous years. The notable development exception is the Prairie Springs Apartments complex, which added 65 multifamily units in 2010, with 65 more units coming available in 2011. The above-average level of rental production is unlikely to be sustained, and a household growth forecast in a range between 67 and 80 households per year would be viewed as a reliable projection for the City of Aberdeen.

Age-Based Household Projections

The 2007 Housing Study for the City of Aberdeen had contained projection information for population and households based on age. At that time, the State's Data Center had produced population by age projections for each County in the State. These were used to form household projections. Claritas, Inc., a private data reporting service had also generated age-based forecasts. The projections from the State Data Center and Claritas were both used to present a range of possible change.

Since the 2007 Study was completed, no updated information has been generated by the State Data Center. Their original projections, produced after the 2000 Census, are now viewed as out of date. However, updated projections are available from Claritas, and are presented in the table below.

Table 7 Claritas Projection for Households by Age in Aberdeen: 2010 - 2015			
Age	2010 Household Estimate	2015 Household Projection	Change 2010-2015
15-24	744	718	-26
25-34	1,693	1,670	-23
35-44	1,766	1,780	+14
45-54	2,080	1,866	-214
55-64	1,790	1,935	+145
65-74	1,179	1,335	+156
75-84	1,060	1,057	-3
85+	524	559	+35
Total	10,836	10,920	+84

Source: Claritas, Inc.; Community Partners Research, Inc.

Claritas has maintained a very conservative view of the City’s growth prospects. Their overall household projection for the City expects the addition of fewer than 100 households over the next five years. With the likelihood that the City will grow at a significantly faster rate, the changes by age range presented above must also be viewed as conservative.

With one minor exception, the projections do expect an overall decrease in the number of younger households, under age 55. If the City does add more households than these projections would indicate, it is probable that much of this growth would occur from younger adult households that would move to Aberdeen for employment opportunities. However, even if the City can add a few hundred households in the age groups below 55 years old, this would only result in a stable number of households, as demographic trends show fewer younger people in the immediate area.

Consistent with past research, including the 2007 Housing Study results, most of the net household growth should occur among the “baby boom” age groups. By the year 2015, nearly all of the baby boomers will be within the age ranges between 55 and 74 years old.

Only limited household growth is projected to occur among older senior households, age 75 and above. Aberdeen does have attractive senior housing and medical services options that do appeal to seniors. It is very possible that growth in these older ranges may also exceed the projections. However, in

numeric terms, this would still represent a relatively small increase in households, as the current projections expect net growth of fewer than 35 additional senior households age 75 and older.

It should be noted that the American Community Survey for Aberdeen identifies household by age distribution patterns for the year 2008. The ACS does show a larger number of younger adult households in the City, although this estimate also reflects a two-year time difference in the effective date. There is no available methodology to project forward from the ACS sample, but this information would also suggest that Claritas has been overly conservative in their estimates and projections, especially for households age 34 and younger.

Household Tenure Data

The 2008 American Community Survey results do provide an updated look at household tenure. Information from the 2000 Census has also been added for comparison.

Table 8 Households by Tenure - 2000 to 2008						
	Owned Units 2000	Owned Units 2008	Numeric Change	Rented Units 2000	Rented Units 2008	Numeric Change
Aberdeen	6,249/59.2%	6,661/62.6%	412	4,304/40.8%	3,975/37.4%	-329
Brown County	9,703/66.3%	10,309/69.1%	606	4,935/33.7%	4,615/30.9%	-320

Source: 2000 Census; 2008 American Community Survey

According to the most recent tenure estimate, contained in the 2008 American Community Survey, the rate of home ownership has increased in both Aberdeen and Brown County. When compared to the 2000 Census, a significant increase has occurred in Aberdeen, with 62.6% of all households owning their unit in 2008, compared to 59.2% in 2000.

While the strong activity in new single family home construction has probably resulted in a larger share of home owners, the American Community Survey may underestimate the number of renter households in the City. The 2008 information shows that the City lost 329 renter-occupancy households after the 2000 Census. This number would not seem to be consistent with the growth in the available rental inventory, and the low rate of vacancy that generally exists in rental housing. In the rental housing analysis contained in this Update, Community Partners Research has estimated that the total rental inventory in the City in 2010 may be as large as 4,500 total units. Even with some allowance for vacancies and construction after 2008, the American Community Survey estimate of rental tenure seems too low.

The upper end margin of error in the 2008 American Community Survey for renter-occupancy households could allow for as many as 4,466 households in 2008. While the upper end of the range may be slightly high, it would be more consistent with the 2000 Census and the growth in the City’s rental housing stock. If this represents a better reflection of tenure distribution, then the rental tenure rate would have been closer to 39% and the ownership rate closer to 61%. This would still show growth in the rate of home ownership when compared to the 2000 Census, but the degree of change would not be as large.

Income Data

The 2008 American Community Survey contained income estimates for Aberdeen and Brown County. Household income represents all independent households, including people living alone and unrelated individuals in a housing unit. Families are two or more related individuals living in a household. Information from the 2000 Census is provided for comparison.

Table 9 Median Household Income - 2000 to 2008			
	2000 Median	2008 Median	% Change
Aberdeen	\$33,461	\$41,376	23.7%
Brown County	\$35,022	\$44,619	27.4%

Source: U.S. Census; 2008 American Community Survey; Community Partners Research, Inc.

According to the 2008 American Community Survey, the median household income level in the City of Aberdeen was \$41,376. The median income increased by nearly 24% when compared to the 2000 Census.

The median income level for all of Brown County had increased at an even faster rate, up more than 27% from the 2000 Census. The Countywide median household income of \$44,619 was higher than the level reported in Aberdeen.

Household Income Distribution - 2000 to 2008

The American Community Survey also contains household income estimates by range. The following table provides Aberdeen estimates for 2008 along with information from the 2000 Census for comparison.

Table 10 Aberdeen Estimated Household Income - 2000 to 2008			
Household Income	Number of Households 2000	Number of Households 2008	Numeric Change
\$0 - \$14,999	2,181	1,693	-488
\$15,000 - \$24,999	1,743	1,536	-207
\$25,000 - \$34,999	1,575	1,378	-197
\$35,000 - \$49,999	1,957	1,939	-18
\$50,000 - \$74,999	1,978	1,915	-63
\$75,000 - \$99,999	579	1,287	708
\$100,000 - \$149,999	323	653	330
\$150,000+	178	235	57
Total	10,514	10,636	122

Source: U.S. Census; 2008 American Community Survey; Community Partners Research, Inc.

According to income estimates for 2008, household incomes have generally improved in Aberdeen, when compared to the 2000 Census. The number of households with annual incomes of \$75,000 or more has increased over the last eight years, while the number of households with incomes below \$75,000 has decreased significantly. Most of the reduction in the lower income ranges occurred among households making less than \$35,000 per year.

As cited previously in this section, the 2008 American Community Survey probably represents an undercount of all the households present in Aberdeen. Analysis of other data tables points to a possible under-representation of renter households. Since most renters tend to have incomes below the overall median level, an undercount could tend to show a better income situation than actually exists. However, even with some upward adjustment in the lower income ranges, the 2008 information still points to a solid increase in the number of households making \$75,000 or more.

Renter Household Cost Burden in 2008

With detailed information available on both household incomes and housing costs, the 2008 American Community Survey presents new information on cost burdens. For renters, a standard definition of a cost burden is when more than 30% of income is required for gross rent. Once again, 2000 Census information has been provided for comparison.

Table 11 Gross Rent as a Percentage of Income in Aberdeen: 2008			
Percentage of Income for Housing Costs	Number/Percent of Renter Households 2000	Number/Percent of All Renter Households 2008	Numeric Change
0% to 19.9%	1,721 / 40.2%	1,583 / 39.8%	-138
20% to 29.9%	1,003 / 23.4%	891 / 22.4%	-112
30% to 34.9%	256 / 6.0%	174 / 4.8%	-82
35% or more	1,021 / 23.9%	1,114 / 28.0%	93
Not Computed	278 / 6.5%	213 / 5.4%	-65
Total	4,279	3,975	-304

Source: U.S. Census; 2008 American Community Survey; Community Partners Research, Inc.

Since the 2008 American Community Survey appears to have underestimated the number of renter households in Aberdeen, some caution needs to apply to the cost burden estimates contained in the table above. However, even with the possibility that a few hundred households are not included in the calculations, there does not appear to be an overly large degree of change in rental housing cost burdens.

There has been some numeric and percentage increase in renter households paying more than 35% of their income for housing, but overall, the number of households paying 30% or more has remained relatively stable.

Owner Household Cost Burden in 2008

The 2008 ACS also provided housing cost estimates for owner-occupants. The following table provides estimates of the number of households in the City that are paying different percentages of their gross household income for housing costs, and compares this information to the numbers reported in the 2000 Census.

Table 12 Aberdeen Home Ownership Costs as a Percentage of Income: 2008			
Percentage of Income for Housing Costs	Number/Percent of Owner Households 2000	Number/Percent of All Owner Households 2008	Numeric Change
0% to 19.9%	3,539 / 66.6%	3,788 / 56.9%	+249
20% to 29.9%	982 / 18.5%	1,492 / 22.4%	+510
30% to 34.9%	205 / 3.9%	552 / 8.3%	+347
35% or more	542 / 10.2%	789 / 11.8%	+247
Not Computed	49 / 0.9%	40 / 0.6%	-9
Total	5,317	6,661	+1,344

Source: U.S. Census; 2008 American Community Survey; Community Partners Research, Inc.

Between 2000 and 2008, the City of Aberdeen had a large increase in the number of home owners. While this was positive news for the community, the rate of ownership cost burden also increased during the decade. At the time of the 2000 Census, approximately 14% of all home owners reported that 30% or more of income was required for housing costs. By 2008, this had increased to more than 20% of all home owners.

Despite the increase in cost burdens, home owners still tended to be in better financial shape than renters. While 21.1% of all owners were paying more than 30% of income for housing, 32.8% of all renters were in this situation. It is also possible that some home owners have voluntarily elected to pay a larger share of their income for housing, by securing a mortgage that requires a larger monthly payment.

Ethnic and Racial Minority Data

Very little updated information is available on racial and ethnic minority groups residing in Aberdeen or Brown County. Because of the small number, nearly all of the data tables in the 2008 American Community Survey are suppressed for racial and ethnic minorities.

Claritas, Inc., does provide a 2010 estimate of population based on race and ethnicity. This information is provided in the table below. It is important to note that Claritas appears to underestimate the actual population level in Aberdeen. Part of this undercount may be due to a lower than actual estimate of racial and ethnic minority populations.

Table 13 Claritas Estimated Population by Race/Ethnicity in Aberdeen: 2010			
Race	2000 Population	2010 Population	Percentage Change
Black/African American	92	142	54.3%
Native American/Alaskan	782	839	7.3%
Asian/Pacific Islander	164	254	54.9%
Other Race	48	90	87.5%
Two or More Races	244	334	36.9%
White	23,328	22,742	-2.5%
Total	24,658	24,401	-1.0%
Ethnicity	2000 Population	2010 Population	Percentage Change
Hispanic/Latino - Any Race	196	363	85.2%
Not Hispanic/Latino - Any Race	24,462	24,038	-1.7%
Total	24,658	24,401	-1.0%

Source: Claritas, Inc.; Community Partners Research, Inc.

According to the Claritas estimates for Aberdeen, the population of racial and ethnic minorities has been growing in the community, but still represents only a small percentage of the total population. Within the defined racial groups, the White population in 2010 still represents 93.2% of all City residents. In 2000, the White population accounted for 94.6% of all residents.

Only 1.5% of the City’s population is estimated to be of Hispanic/Latino ethnicity in 2010. In 2000, only 0.8% of the population identified themselves as Hispanic/Latino.

The small number of racial and ethnic minorities has resulted in data suppression in the 2008 American Community Survey, so additional demographic information is not available about this subset of the population.

Housing Construction Activity

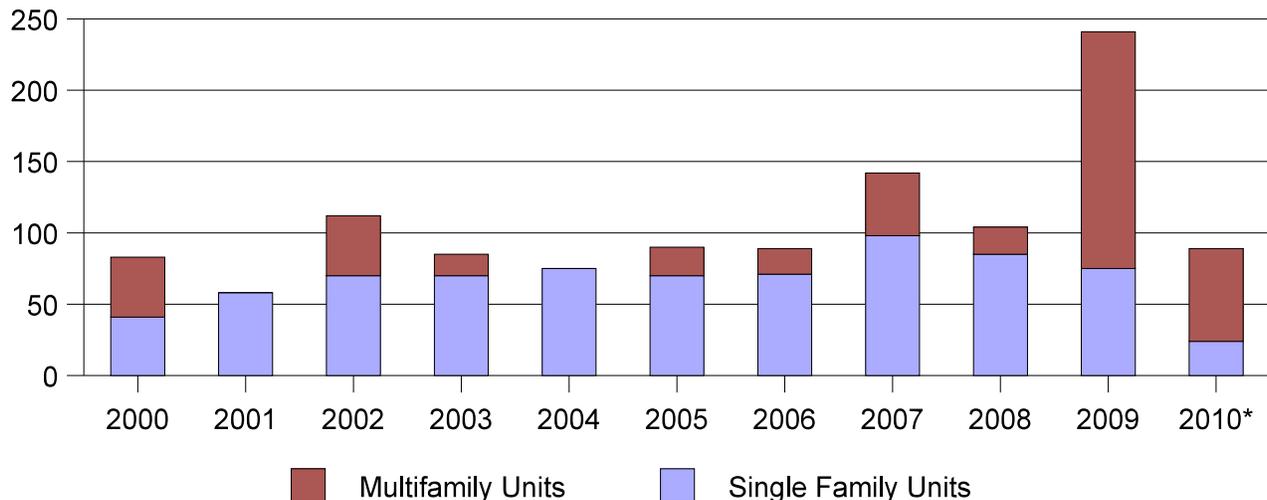
Information on new housing construction is available from the City's building permit reports. The information that is readily available does not provide a great level of detail about the annual totals. For example, attached single family housing, such as a twin home unit, is listed as single family housing. As a result, the following table lists all single family attached and detached units into one group. Likewise, rental housing has been listed as multifamily, and may represent a duplex unit or an apartment in a large complex.

Housing Type	2000 to 2006	2007	2008	2009	2010*	Total
Single Family	455	98	85	75	44	757
Multifamily Rental	137	44	19	166	65	431
Total	592	142	104	241	109	1,188

Source: City Building Permit Reports; U.S. Census Bureau; Community Partners Research, Inc.

* 2010 is through August only

Housing Unit Construction in Aberdeen



Housing construction activity within the City of Aberdeen was strong over the past decade. Between 2000 and 2009, the City added more than 1,000 housing units through new construction, based on building permit issuance.

The 2007 Housing Study had examined construction activity between 2000 and 2006. These totals are summarized in the table above. Over that seven-year time period, the City added an average of 85 units per year. Single family housing units, including twin homes and town houses, averaged 65 units per year, while rental unit production was approximately 20 units per year.

After 2007, the level of production increased. For the three-year period between 2007 and 2009, average production for all types of units exceeded 160 units annually. Single family units reached a construction peak in 2007, at 98 units. Rental production reached its peak in 2009, when 166 multifamily units were permitted. Over this three-year period, average annual production of single family units was 86 homes. Average annual multifamily production reached 76 units per year, although this was primarily due to the major projects permitted in 2009.

Even though Aberdeen’s housing construction market has remained strong through a period of national decline, 2010 does appear to be on course to have lower production totals for single family units than in the recent past. Through the end of August, building permits had been issued for 44 new homes, but 12 of these were in an attached housing project and would probably represent speculative construction activity. Rental production is strong in 2010, at 65 units, but this is due to a single multifamily project, which is a second phase of the Prairie Springs development.

Housing Demolition

While new construction activity has been strong, the net gain in housing units has been somewhat lower. Over the same time period, there have been annual losses of housing to demolition or other causes. The following table provides an estimate of unit losses back to the year 2000. This summary information was provided by the City’s Code Enforcement staff.

Table 15 Housing Unit Demolition Activity - 2000 to 2010*						
Housing Type	2000 to 2006	2007	2008	2009	2010*	Total
Single Family Units	100+	28	38	22	7	195+
Multifamily Units	N/A	9	3	12	6	30
Total	100+	37	41	34	13	225+

Source: City Building Permit Reports; Community Partners Research, Inc.

* 2010 is through July only

The 2007 Housing Study attempted to compile information on housing losses dating back to the start of the decade. The best available estimate indicated that at least 100 housing units had been lost. Since detailed records were not available, it was not possible to differentiate single family from multifamily unit losses.

Demolition summaries from 2007 forward were reviewed for this Update. These records indicate that 125 additional units have been issued a demolition permit. Most of the demolished units were single family structures. However, some small multifamily buildings were also cleared, resulting in the estimated loss of 30 units.

According to City staff, the housing units that are lost have typically deteriorated beyond repair. While some additional losses may be due to redevelopment projects, road expansion work or similar causes, it is generally the substandard structures that are cleared. Because of the poor physical condition, most of the demolished structures are unoccupied immediately prior to clearance. It is possible that many of the deteriorated single family homes were being rented when they were still in habitable condition.

The City did experience a significant flood event in 2007 that damaged a large number of residential structures. However, research completed in 2008 found that fewer than 10 houses had been demolished due to flood damage. There were a number of additional structures that were unresolved at that time, but City staff indicated that flooding has not been the primary reason that houses continue to be removed in the City.

When demolition activity is combined with building permit issuance, an estimate can be made of the net increase in housing availability in the City. Between 2000 and 2009, the last full year of data, the estimated net gain in housing units would have been between 830 and 860 units within Aberdeen.

Home Sales and Values

The 2007 Housing Study had included information on the volume and pricing of recent residential sales. That information had been obtained from the Brown County Equalization Department. In the 2007 Study, partial year information was presented for 2006.

For this Update, the Equalization Department once again provided information on “good” residential sales. Good sales are open market transactions and would exclude sales that were for less than fair market value, such as distress sales, foreclosures, transfers between relatives, and similar transactions.

It is important to note that annual house sales may not be a completely accurate indicator of overall home values. However, this sample does provide some insight into those units that are turning-over in the City.

The sales period examined by the County does not follow the calendar year, but represents a 12-month period between November and the following October. The 2010 sales information is for the period November 1, 2009 through June 30, 2010, or two-thirds of a full 12-month sales period.

Table 16 Median Value of Recent Residential Sales - Single Family		
Sales Period	Number of Sales	Median Price
2006	282	\$112,500
2007	233	\$119,750
2008	341	\$124,000
2009	289	\$123,500
2010* (8 months)	198	\$120,500

Source: Brown County; Community Partners Research, Inc.

* Does not include all 2010 residential sales.

Although 2010 does not represent a full 12-months of sales activity, the median home sale price has been \$120,500. This median price is down slightly from 2009 and 2008, when the median price was \$124,000.

While it is possible that the 2010 sample does not fully represent the true median value, a slight decrease is certainly possible. Most housing markets have seen price declines over the past few years, due to a national economic recession and weakness in housing markets. In Aberdeen, the apparent decrease in the median price is less than 4%, and would represent a relatively stable market.

The lowest value sale in the most recent eight-month sample was for \$23,000. Although this was identified in the data as a residential sale, it is possible that this low valued sale was not a habitable home. In total, there were nine recorded sales for \$50,000 or less.

The highest valued home sale in the current sales period was for \$303,000. There were five recorded sales for \$275,000 or more in the eight months reviewed.

Existing Home Sales by Price Range

The following table looks at sales data from the first eight months of the 2010 sales period. This table primarily reflects the sales of existing homes, and would rarely reflect new construction activity.

Table 17 Aberdeen Home Sales by Price Range - 2010*		
Sale Price	Number	Percent
\$50,000 or less	9	4.5%
\$50,001-\$75,000	22	11.1%
\$75,001 - \$100,000	31	15.7%
\$100,001 - \$125,000	45	22.7%
\$125,001 - \$150,000	35	17.7%
\$150,001 -\$175,000	24	12.1%
\$175,001 - \$200,000	10	5.1%
\$200,001-\$250,000	13	6.6%
\$250,001+	9	4.5%
Total	198	100%

Source: Brown County; Community Partners Research, Inc.

* Eight month sales period

More than 56% of the recent residential sales have occurred in the price ranges between \$75,000 and \$150,000. Fewer than 16% of sales were for less than \$75,000. Only 11% of sales were above \$200,000.

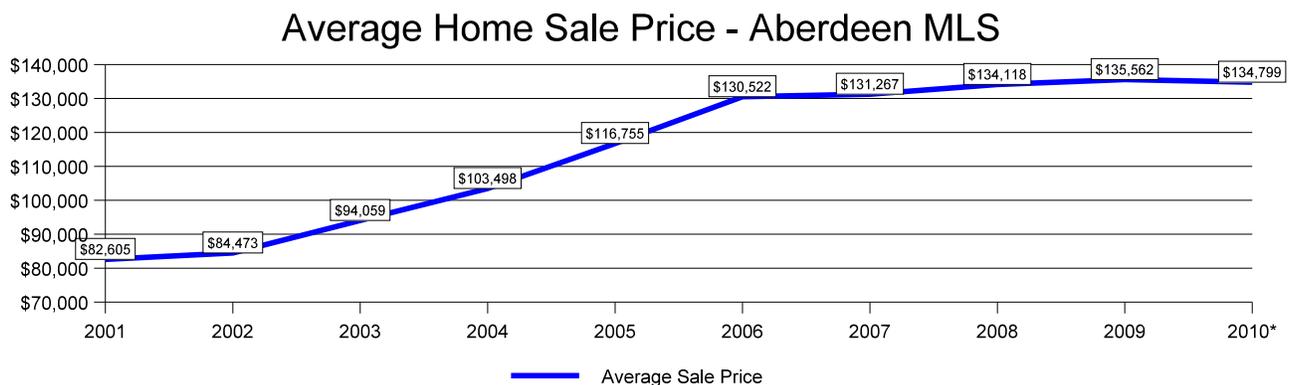
Multiple Listing Service Sales Data

Data on recent homes sales are also available from the Aberdeen Multiple Listing Service (MLS). The reports did not include a median sale price, but did include the average sale price for each year.

Table 18 MLS Recent Residential Sales Data		
Sales Year	Number of Sales	Median Price
2001	337	\$82,605
2002	312	\$84,473
2003	358	\$94,059
2004	369	\$103,498
2005	354	\$116,755
2006	369	\$130,522
2007	370	\$131,267
2008	354	\$134,118
2009	332	\$135,562
2010* (10 months)	239	\$134,799

Source: Multiple Listing Service; Community Partners Research, Inc.

* Does not include all 2010 residential sales.



The Multiple Listing Service reports track the sales volume and average pricing for the past 10 years. Over that time, the average sale price has increased by more than 63%. Through October 11, 2010, the average price was \$134,799, down slightly from the average of \$135,562 in 2009.

Home Foreclosures

In 2007, many national reports began to surface about the growing threat of home foreclosures. Initially linked to the popularity of adjustable rate mortgages and the expansion of sub-prime mortgage lending, a foreclosure crisis developed in some housing markets. More recently, an above-average foreclosure level has continued to occur, driven in part by rising unemployment rates in many areas of the country.

Unlike most parts of the country, Aberdeen has largely avoided problems with home foreclosures. As part of the research for this Update, Community Partners Research contacted the Brown County Sheriff's Office for information on Sheriff's Sales. Very few such sales have occurred, and the volume has been so low that no annual records have been kept.

Another source of information that is often cited for national stories on home foreclosures is Realty Trac, Inc. In September 2010, Community Partners Research viewed the Realty Trac website. Only four bank-owned properties were identified in Brown County.

Rental Housing

Rental Housing Inventory - 2008 American Community Survey

The City of Aberdeen has been included in the Census Bureau's American Community Survey (ACS). The most recent ACS information is effective for 2008, and is based on surveys completed over a three-year period between 2006 and 2008.

According to the 2008 ACS, there were 3,975 occupied rental housing units in Aberdeen. Unfortunately, there was no breakdown available of vacant units by intended tenure, so an estimate of the total rental inventory cannot be derived from this source. The occupied unit total did include a margin of error, which allowed for the occupied rental inventory to be as large as 4,466 rental units.

At the time of the 2000 Census, there were 4,304 occupied rental housing units and at least 400 vacant rental units in Aberdeen, for a total rental inventory of approximately 4,700 units. In previous housing studies completed for Aberdeen, Community Partners Research has speculated that the vacancy information in the 2000 Census was too high, as there was no supporting evidence that 400 rental units would have been vacant at that time.

In 2009, when a project-specific housing analysis was completed for the Aberdeen Housing Authority, Community Partners Research had estimated that the total occupied rental housing inventory in the City of Aberdeen in 2009 was between 4,450 and 4,550 housing units. This estimate was reasonably similar to the potential high-end estimate of the 2008 American Community Survey, of 4,466 rental units.

Since the last Community Partners Research estimate was generated in 2009, there have been some additional rental units constructed in Aberdeen. Adding these units to the previous estimate, it is probable that there are between 4,500 and 4,600 renter households in the City in July 2010.

Recent Rental Construction

In 2009, Aberdeen issued building permits for 166 new rental housing units. The large majority of these new units were in three multifamily developments. The largest single project was Prairie Springs Apartments, with 65 market rate units. Paramount Place Apartments, with 39 units, was also constructed and provides luxury market rate units. The final large project in 2009 was Sunshine Park Townhomes, a 28-unit affordable housing project utilizing federal low income housing tax credits.

Through the first eight months of 2010, only one multifamily project had been issued a building permit. A second phase of Prairie Springs was starting construction late in the year, with occupancy planned for May 2011.

Proposed Construction

Only one additional proposed rental housing project has been identified. The Prairie Springs project has the potential to add a third phase of development, with another 65-unit apartment building. The second phase is still under construction, and will open for occupancy in May 2011. If demand is sufficient, the third phase could start construction in 2011, with initial occupancy planned for 2012.

Rental Housing Survey

As part of this Study, a rental housing survey was completed in Aberdeen. The survey attempted to contact larger rental projects in the community, with eight or more units, although information was also collected from a few projects that have fewer than eight units. Information for this Study was collected in July 2010.

Previous rental housing surveys have been completed by Community Partners Research in December 2008, January 2008, and in February 2007. The availability of information from these prior years provides a good basis for analyzing recent changes in the rental market. Since some of these past rental surveys were completed for specific development projects, smaller subsets of the total rental inventory were contacted. As a result, certain segments of the market, such as senior housing with services, were not included in all of the previous telephone surveys.

For the 2010 survey, multiple attempts were made to contact each building. Information was tallied separately for different types of rental housing, including market rate units, tax credit units, subsidized housing, and special-use housing, such as senior housing with services.

In the 2010 survey a total of 1,530 rental units of all types were successfully contacted. The breakdown of units surveyed is as follows:

- ▶ 1,042 market rate units
- ▶ 71 tax credit units
- ▶ 223 subsidized units for senior/disabled occupancy
- ▶ 180 subsidized units for general occupancy
- ▶ 14 subsidized units for special needs' populations

Findings on Market Rate Housing

There were 46 market rate multifamily projects that were successfully contacted in the survey, with a combined 1,042 total rental units. Most of the projects were designated for general occupancy. Two of these projects, Crystal Apartments I & II with 30 apartment units, and Prospect Apartments I & II, are designated for senior-occupancy, defined as age 55 and older.

Occupancy/Vacancy

Not all of the market rate units contacted provided usable occupancy information, and occupancy calculations are based on 973 market rate units. In total, the survey identified only 15 vacancies, for a vacancy rate of 1.5%.

The calculated vacancy rate in July 2010 is slightly higher than in previous surveys, including 1.0% in December 2008, 0.4% in January 2008, and 1.0% in January/February 2007. However, even at 1.5%, very few vacancies were identified. Most of the vacancies were present in a single project, Paramount Estates. Excluding this one building from the calculation, the 2010 rate drops to 0.9% vacancy.

Twelve of the 15 vacancies in the most recent survey were in two-bedroom units. Only one vacancy was found in efficiencies, one-bedrooms, and three-bedroom units.

Many of the owners/managers with vacancies reported that the unit(s) had recently turned over, and they needed to advertise the availability. In nearly all cases, they indicated that the unit would be expected to fill quickly, once it was advertised.

The number of vacancies in Paramount Estates was also due to above-average turnover, as this project had previously housed a number of workers on an area pipeline construction project. When these workers left the area, they all moved at the same time, resulting in some vacancies. Paramount Estates is at the upper end of the City's rental range, and filling these units may take longer than in more moderately-priced housing.

Community Partners Research has not completed formal surveys of smaller rental properties, such as single family houses, duplexes, or multifamily buildings with fewer than eight units. This was also the case in 2010. Some of the property managers and owners with larger buildings also have rental units in these smaller properties. Some were critical of the fact that this segment

was not surveyed. However, in planning for any future rental construction, multifamily projects offer the best comparison for market demand and acceptance.

One property manager that was contacted in the multifamily survey reported that a higher level of vacancy was present in 2010 in the small rental property market. He identified a vacancy rate of approximately 10% in his portfolio. Apparently, these types of rental units have also been popular with area construction crews, working on ethanol and pipeline projects. As these workers have been relocated, vacancies have resulted.

Many owners/managers were asked about any changes in the market over the past year. Most reported that the market was relatively stable, even though some larger projects have recently been built. Many properties have increased their contract rental rates in recent years, in response to rising utility and maintenance costs. While these increases have often been modest, there has been some fear that this would cause unit turnover. However, vacancy rates have remained low over the past few years, despite growth in the unit inventory and upward movement in rental rates.

Past surveys have tended to show a very stable tenant population in Aberdeen, with many long-term tenants in some rental units. This has generally been attributed to the lack of available options in the marketplace. With few vacant units to choose from, tenant movement is suppressed, and turnover rates tend to stay very low.

Market Rate Rents

Some of the units include the primary utility payments with the rent, while in other cases, the tenant pays the major utilities in addition to rent. We have attempted to estimate tenant-paid utilities in estimating gross rents.

The Identified Range column lists the lowest and highest gross rents identified by the survey. The Prevailing Range column attempts to identify a more narrow range of gross rents that would represent the majority of the units surveyed. The Average Rent column identifies the calculated average for all units surveyed.

<u>Unit Type</u>	<u>Identified Range</u>	<u>Prevailing Range</u>	<u>Average Rent</u>
Efficiency/Studio	\$225-\$400	\$275-\$350	\$310
One-bedroom	\$330-\$810	\$375-\$600	\$460
Two-bedroom	\$430-\$1,350	\$515-\$975	\$740
Three-bedroom	\$500-\$1,475	\$550-\$1,225	\$1,005

There is a wide range present in the rent structure for multifamily units in Aberdeen. Most of the units are older housing, constructed prior to 1990, and generally charge a modest rent. However, a number of new, upscale rental projects have been constructed in recent years, and many of these are oriented to a luxury segment of the market. As a result, the higher-end projects tend to skew the rent ranges and average rents upward.

When compared to previous surveys completed in Aberdeen, the average rents and prevailing rent ranges have continued to rise. In the December 2008 survey, we had estimated the average gross rent for a one-bedroom unit at \$410 per month. The estimated gross average rent in July 2010 had increased to approximately \$460 per month. While some of the newer projects, such as Prairie Springs, have added a number of new one-bedroom units, many of the more luxury-oriented properties primarily offer two or more bedroom units.

In the December 2008 survey, we had estimated the average gross rent for a two-bedroom unit at \$680 per month. The estimated average gross rent in July 2010 has increased to approximately \$740 per month. Part of the increase in the average rent can be attributed to newer rental projects, including Prairie Springs, Paramount Estates and Paramount Place, that all have gross rents higher than the overall average.

There continues to be upward pressure on gross rents for three-bedroom units. The December 2008 survey found an average of \$820 per month. The calculated average in July 2010 was more than \$1,000. There is a relatively small supply of three-bedroom units in the older multifamily complexes. Many of the three-bedrooms are in the newer projects, where large units are being offered to higher income renters. As a result, the average gross rent in this segment of the market has been increasing as new projects are built.

There has also been some upward movement in the average gross rents for efficiency/studio units. The December 2008 average rent for efficiency studio units was \$280 per month, compared to \$310 in the most recent survey. None of the newer projects include studio/efficiency apartments, so this segment of the market is primarily provided in older rental housing.

It should be noted that the rental rate information has been obtained from multifamily properties, typically with eight or more units. The single family rental market is quite large in Aberdeen. Since most single family rentals would have two or more bedrooms, there may be less expensive options available. This would be especially true in three-bedroom rentals. While the average gross rent is now above \$1,000 for these larger units, less expensive choices probably exist in older homes, although tenants would typically pay more for heat and other utilities.

Findings on Tax Credit Housing

Aberdeen has three rental projects that operate under the federal low income housing tax credit program requirements. Two of these projects, Carlyle Apartments and the new Sunshine Park Townhomes, used the tax credits for new construction. The third project, Lawson View Townhomes, used tax credits for substantial renovation of an existing federally subsidized property (formerly known as Mel-Ros II).

Carlyle Apartments received a tax credit allocation in 2001. The project also obtained HUD HOME funding. Carlyle has a mix of units that serve households at 50% or less of median income, due to the use of HOME funds, and units that serve households at or below 60% of median income, due to the use of tax credits. All 42 units in Carlyle are one-bedroom apartments. However, the manager's apartment is a two-bedroom unit, and is sometimes available for general occupancy, if the manager does not live on-site. Carlyle Apartments is designated for disabled or senior occupancy, defined as age 55 and older.

The other tax credit new construction project in Aberdeen is Sunshine Park Townhomes. Construction of some phases of this project was still underway in July 2010. At the time the survey was completed, initial lease-up had started, with four of the first 12 units rented.

Sunshine Park was developed by the nonprofit subsidiary of the Aberdeen Housing Authority. It provides general occupancy housing and has two, three and four-bedroom townhomes with an attached garage. Twelve of the 28 units in the project will serve households below 50% of the median income level, including three units at the 40% limits. All of the remaining units will serve households below the 60% of median limits that apply to tax credit housing.

The third tax credit project in Aberdeen is the Lawson View Townhomes project. This project was acquired by the nonprofit arm of the Aberdeen Housing Authority in 2007, and 2008 tax credits were provided as part of the ownership change and subsequent major renovation. Lawson View was originally constructed in the 1970s, using HUD Section 236 and Section 8 New Construction subsidies. Since that time, this project has operated as subsidized housing for lower income tenants.

Occupancy/Vacancy

There were no vacant units reported in Carlyle Apartments in July. The project also reported a waiting list, although seniors can be very specific in their unit request, and some households on the waiting list were looking for a certain type of unit to become available.

Sunshine Park Townhomes was in its initial occupancy phase in the summer of 2010. The Housing Authority maintains a waiting list for its project-based subsidized properties and for its tenant-based Voucher program. Two of the four units that had been leased in July were households using a Voucher.

Although Lawson View has utilized tax credits, it operates as subsidized rental housing. Project-based rent assistance is available for 29 of the 32 units. The rent levels established for the three units without project-based rent assistance are at or below the allowable Payment Standard for the Voucher Program, so tenant-based rent assistance can also be used. With rent assistance available, occupancy rates in Lawson View have remained high. A waiting list exists for all of the Housing Authority's subsidized units.

Past rental surveys have generally found a high rate of occupancy in tax credit housing. While periodic vacancies can occur when units turn over, both Carlyle and Lawson View have maintained waiting lists over the past few years that are used to fill vacant units.

Rental Rates

Contract rents in Carlyle Apartments range from \$401 to \$505 per month, depending on the income level served. Eighteen of the units are at the lower rent level and 24 units are at the higher rent level. Rents in July 2010 were less than \$10 higher per unit than in December 2008, although another minor rent increase is planned for October.

The units serving households at 50% of median income in Carlyle Apartments are below the allowable Payment Standard for the tenant-based Housing Choice Voucher Program in 2010. As a result, tenants with rent assistance Vouchers can use their assistance in the project. The 2010 Payment Standard for a one-bedroom unit is \$420 in Brown County. The lowest-priced units in Carlyle, at \$401 per month, would be below the Payment Standard, and 12 Vouchers were being used in July.

The gross unit rents in the Carlyle Apartments are well below the maximum tax credit limits. The maximum allowable 60% of income rent for a one-bedroom unit in 2010 is \$675. The Carlyle units, even at the higher end of the rent range, are still well below the rent limits set at 50% of median income. The maximum rents allowable under the tax credit program are generally above the prevailing rates for most market rate units in Aberdeen. To stay competitive with other rental projects in the City, the tax credit developments often charge rents that are well below the maximum federal limits.

The rent structure in the new Sunshine Park project is also well below the maximum limits. For example, a three-bedroom townhome in Sunshine Park will have a gross rent below \$800, while the tax credit regulations would allow a rent up to \$934.

Since Lawson View has rent assistance available for most tenants, the rent structure for this project has less impact on tenants. Most households can pay rent based on 30% of their household income.

Findings on Subsidized Housing

There are ten federally subsidized apartment projects in Aberdeen. Combined, these projects have 417 units of subsidized rental housing. This total includes the 32 units in the Lawson View Townhomes project, which was also included in the tax credit section above.

Four of the projects, Bi-Centennial Apartments, with 48 units, 5th Avenue South Apartments, with 49 units, Sherman Apartments, with 51 units, and Homestead Apartments with 75 units are designated for senior and disabled occupancy. The 223 units designated for senior and disabled occupancy represent approximately 54% of the project-based subsidized units in the City.

There are five subsidized projects that provide general occupancy rental housing, Dakota Square, with 55 units, Golden West, with 28 units, Mel-Ros Village I, with 40 units, Lawson View Townhomes, with 32 units, and Public Housing, with 25 scattered site units. Combined, these projects have 180 rental units, or 43% of the project-based subsidized units in the City.

There is one subsidized project serving special-need populations. Sunrise Apartments has 14 units serving clients of the Adjustment Training Center, which serves people with developmental disabilities. The units in this project represent approximately 3% of the project-based subsidized units in the City.

Occupancy/Vacancy

The July 2010 survey was successful in contacting all of the subsidized projects in Aberdeen. For vacancy calculations, we have excluded the units in Sunrise Apartments, since these are available to clients of the Adjustment Training Center.

There were no vacancies identified in the July survey, other than some intentional vacancies that allow for unit renovation. Some of the projects, including those owned by the Aberdeen Housing Authority, stated that

vacancies can occur when a tenant moves out and a new applicant needs to be processed, but these turnover units are filled from an existing waiting list. One subsidized project, 5th Avenue South Apartments, did not specifically state whether any units were vacant on the date of the survey, but did say that a high occupancy rate is maintained.

The absence of vacant subsidized units would be consistent with past surveys in Aberdeen. In December 2008, no vacancies were reported in subsidized units, other than intentionally unoccupied units to facilitate renovation work. In the January 2008 survey, a vacancy rate of 1.5% had been identified.

According to Aberdeen Housing Authority staff, a waiting list exists for each type of unit owned or managed by that agency. In July 2010 there were 131 names on the two-bedroom list, 16 names on the three-bedroom list and 13 names on the four-bedroom waiting list. The Housing Authority also has waiting lists for one-bedroom units at both Sherman and Homestead Apartments. The Housing Authority's waiting list for the Voucher program had 251 names in July 2010.

Rental Rates

Most of the subsidized units in Aberdeen have rent subsidies available for tenants, so lower income households pay rent based on 30% of income. In some projects, there are units that do not have project-based rent assistance for all units, including 10 units in Mel-Ros Village I, and three units in Lawson View Townhomes. In units without project-based assistance, the individual tenant may still be able to secure a tenant-based Housing Choice Voucher which could be used in the property.

Tenant-Based Rent Assistance

In addition to these subsidized projects, Brown County residents have access to the HUD Housing Choice Voucher Program (formerly Section 8 Existing Program). Housing Choice Vouchers are issued to income-eligible households for use in suitable, private market rental housing units. With the assistance, a household pays approximately 30% of their income for their rent, with the program subsidy paying any additional rent amounts.

In July 2010, 430 households in Brown, Day, Marshall, McPherson and Roberts Counties were participating in the Housing Choice Voucher Program. This included 376 households living in Brown County, primarily within Aberdeen. There was also a waiting list of 251 names, although some of these people had applied in 2009, and their continued need for rent assistance was not known.

Since this rent assistance is tenant-based, and moves with the household, the actual number of participating households within the City can vary from month to month. It is also possible that some of these households may be using their rent assistance in one of the subsidized or tax credit projects, if that project does not have rent assistance available for all tenants. For example, two of the first four tenants moving into the Sunshine Park development were using Vouchers. As a result, the Housing Choice Voucher assistance may add to the overall supply of “deep subsidy” housing in the community, but may also overlap with some of the other subsidized or income-based projects.

According to staff at the Housing Authority, recent economic conditions have had an impact on the rent assistance program. Since some participating households have experienced a reduction in income, the amount of the monthly program subsidy payment has increased. This has resulted in fewer households being served, as the budget can be depleted due to rising contributions. At the time of the 2007 Study, there were 492 participating households in the five-County area. In 2010, this number had dropped to 430 households.

The Housing Authority has also been forced to lower the allowable rent limit for program usage. While this does lower the monthly contribution from the program, it also restricts the number of units available to participants, who must now search for a unit that is priced below the Fair Market Rent.

Housing Authority staff has also indicated that turnover of Vouchers has slowed, as households are remaining on the program for a longer time. This has caused the waiting list to grow, and has slowed the number of new households that may be selected from the waiting list to receive assistance.

Rental Housing Tables

The following tables summarize the findings of the rental housing survey in Aberdeen. Units have been grouped by market rate, tax credit or subsidized housing.

Table 19 Aberdeen Multifamily Rental Housing Inventory

Name	Number of Units / Bedroom Mix	Rent	Vacancy/ Wait List	Tenant Mix	Comments
Market Rate					
Rockford Apartments 906 to 1020 N. 2 nd St.	5 - Efficiency 33 - 1 Bedroom 34 - 2 Bedroom <u>7 - 3 Bedroom</u> 79 Total Units	\$250 \$315-\$375 \$435 \$600 +electric	No vacancies	Mix of tenants including students	Seven apartment buildings in complex, constructed in 1949-1950. Tenants pay electric, but heat included in rent. Amenities include off-street parking, some garages, and coin laundry facilities in each building. Mix of tenants including working people, seniors and students. No vacancies in July, and turnover units for August are already leased. No accessible units. Rents are unchanged from Jan. 2009 survey.
Dakota Farmer Apartments 1216 S. Main	3 - 1 Bedroom 11 - 2 Bedroom <u>1 - 3 Bedroom</u> 15 Total Units	\$520-\$535 \$610-\$845 \$1,020 +heat, electric	1 vacant 2 bedroom unit	Mix of tenants	Older commercial building that was converted to rental housing in the late 1990s. Units are large and have central AC, dishwasher, in-unit laundry hookups, and attached covered parking. Building has mix of tenants from young professionals to seniors. One unit vacant at time of survey. Manager says that higher rents in building limit the number of prospective tenants. When compared to Dec. 2008 survey, 1 bedrooms have increased by \$25 to \$35, some 2 bedrooms are up only \$5, and 3 bedroom is up\$225. Rents at lower end of range are often long-time tenants. Three units are accessible, and some occasional calls for accessible units.
Elmwood Apartments 316 S. Elm St.	5 - Efficiency 36 - 1 Bedroom 35 - 2 Bedroom <u>1 - 3 Bedroom</u> 77 Total Units	\$310 \$425 \$495 \$760 +electric	No vacancies	Mix of tenants including students	Complex includes six buildings, all three-level, constructed in 1976. Most tenants pay electric in addition to rent, but heat is included and efficiency and some one bedrooms also have electric included in rent. In one of the 6 buildings tenants also pay electric heat. Manager reports good demand, with no vacancies. Most rents have increased by \$5 to \$10 compared to Dec. 2008 survey, but 3 bedroom and some 2 bedrooms are lower. No accessible units.
Foxridge Apartments 2011 3 rd Ave. SE	16 - 1 Bedroom 26 - 2 Bedroom <u>6 - 3 Bedroom</u> 48 Total Units	\$335 \$395 \$425 +heat, electric	1 vacant 3 bedroom unit	General mix of tenants including students	Two three-story apartment buildings constructed in the early 1980s. Tenants pay heat and electric in addition to rent. Mix of tenants including some students. Each building has coin laundry room. One unit vacant at time of survey, due to recent turnover, but good demand exists and units fill quickly. Manager has had some problem tenants and looks for good renters. Rents have increased by \$15 to \$20 from Dec. 2008 survey. No accessible units - bathrooms are too small.

Table 19 Aberdeen Multifamily Rental Housing Inventory

Name	Number of Units / Bedroom Mix	Rent	Vacancy/ Wait List	Tenant Mix	Comments
Market Rate					
19 7 th Ave. SE	4 - Efficiency 28 - 1 Bedroom <u>7 - 2 Bedroom</u> 39 Total Units	\$225-\$315 \$335-\$450 \$425-\$595 +heat, electric	No vacancies	Mostly singles, including students	Residential building constructed in 1905 and converted into apartments in 1989. Tenants pay electric and electric heat. Manager reports no vacancies and says that units are always full, with very low turnover rate. Most tenants are singles, including some students. Off-street parking available. Rent increases from Dec. 2008 survey range from \$0 to \$50 depending on the unit, but tenants now pay their own heat bill, so gross rents have increased for all units - tenants like heat control, and demand is still very strong. No accessible units.
Heritage Park Apartments 307 11 th Ave. NW	6 - Efficiency 24 - 1 Bedroom 3 - 2 Bedroom <u>6 - 3 Bedroom</u> 39 Total Units	\$325 \$365-\$450 \$600 \$700 +heat, electric	1 vacant efficiency unit	Mix of tenants including students	Three-story apartment building constructed in 1986; no elevator. Tenants pay heat and electric in addition to rent. Amenities include 16 garages and 8 storage units for additional monthly rent. Mix of tenants including students and seniors. One vacant efficiency at time of survey - unit had been vacant for a few months with limited demand for small units. When compared to Dec. 2008 survey, rates for new tenants are unchanged for efficiencies, up \$25 for 1 bedrooms, up \$120 for 2 bedrooms and up \$50 for 3 bedrooms. One unit is fully accessible, but is not occupied by a disabled tenant - limited demand.
Prairie Springs Apartments 1314 1 st Ave SE	36 - 1 Bedroom <u>29 - 2 Bedroom</u> 65 Total Units	\$595-\$650 \$750-\$800 +heat, electric	All units were pre-leased prior to opening	Mix of tenants	Three-level apartment building that opened for occupancy in July 2010. By May, all units were pre-leased. Amenities include in-unit laundry, dishwasher, balconies for some units and garage parking available for extra \$50. Tenant pays electric heat and electricity in addition to rent. One bedrooms have 1 bathroom and 619 sq. ft. Two bedrooms have 1 bathroom and 912 sq. ft. Second phase of construction has started, and 3 rd phase possible in 2011, depending on demand.
Statesman Apartments 1015 7 th Ave. SE	10 - Efficiency 10 - 1 Bedroom 10 - 2 Bedroom <u>7 - 3 Bedroom</u> 37 Total Units	\$280 \$350 \$425 \$600 +heat, electric	High rate of occupancy	Mix of tenants including some students	Three-level apartment building constructed in 1978. Tenants pay heat and electric in addition to rent. Owner reports an occasional vacancy, but generally good demand, including some students. No accessible units. No comparative rent information from 2008.

Table 19 Aberdeen Multifamily Rental Housing Inventory

Name	Number of Units / Bedroom Mix	Rent	Vacancy/ Wait List	Tenant Mix	Comments
Market Rate					
Rose Park Arms 209 S. Roosevelt, 222 S. Greenwood	1 - 1 Bedroom 4 - 1 Brm+ Den <u>31 - 2 Bedroom</u> 36 Total Units	\$420 \$455 \$480-\$495 + electric	No vacancies	Mix of tenants including students	Complex includes two apartment buildings with 3-stories each, constructed in mid-1970s. Rent includes heat but tenants pay electric. Manager reports good demand with no vacancies. Eight garages available for \$55/month. Rents have increased by \$5 to \$10 from Dec. 2008 survey. No accessible units.
Highland Apartments 11 9 th Ave.	15 - 1 Bedroom <u>18 - 2 Bedroom</u> 33 Total Units	\$435 \$510 +electric	1 vacant 2 bedroom unit	Mix of tenants	Complex has 3 buildings with 11 units per building - constructed in 1950. Tenants pay electric but heat included in rent. Amenities include coin laundry and 6 garages for additional \$60/month. One vacancy and 1 intentional vacancy for remodeling, but demand is good and units will fill. Rents increased by \$10 for 1 bedroom and \$15 for 2 bedroom from Dec. 2008 survey. No accessible apartments.
M&I Apartments 2701-2801 3 rd Ave. SE	<u>32 - 2 Bedroom</u> 32 Total Units	\$850 +heat, electric	No vacancies	Mix of tenants including seniors	Four 8-unit apartment buildings constructed in mid-1990s. Buildings are two-story, with no elevator. Past surveys have found that buildings are popular with older renters, but mainly for ground level units. Tenants pay electric and heat in addition to rent. Amenities include detached garage parking, in-unit laundry connections and dish washers. No vacancies at time of July 2010 survey.
Paramount Estates 8 th Avenue and Roosevelt St.	30 - 2 Bedroom <u>6 - 3 Bedroom</u> 36 Total Units	\$1200-\$1250 \$1300-\$1350 +heat, electric	6 to 7 vacant 2 bedroom units	Mix of tenants	Luxury rental project that opened in May 2008. Three-story apartment building with under ground parking. Units are large, with all 2 bedrooms having more than 1,200 sq. ft., and upper floor units with 14 foot loft ceilings. All units have washer and dryer, patio or deck, high speed wireless internet, additional locked storage spaces and other amenities. Pets are accepted. Project plan includes retail development on adjoining property and two additional phases of apartments. Several units vacant in July 2010 due to large turnover caused by pipeline workers leaving the area.

Table 19 Aberdeen Multifamily Rental Housing Inventory

Name	Number of Units / Bedroom Mix	Rent	Vacancy/ Wait List	Tenant Mix	Comments
Market Rate					
Paramount Place 2802 3 rd Ave SE	6 - 1 Bedroom 21 - 2 Bedroom <u>12 - 3 Bedroom</u> 39 Total Units	\$700-\$750 \$1200-1250 \$1300-1350 +heat, electric	1 vacant 2 bedroom unit	Mix of tenants	Three-story apartment building with under ground parking. Units are large, with all 2 bedrooms having more than 1,200 sq. ft., and upper floor units with 14 foot loft ceilings. All units have washer and dryer, patio or deck, high speed wireless internet, additional locked storage spaces and other amenities. Pets are accepted. One unit vacant in July 2010.
Crystal Apartments I & II 1000, 1010 Roosevelt	<u>30 - 2 Bedroom</u> 30 Total Units	\$855-\$895 + heat, electric	No vacancies	Designated for 55 and older occupancy	Two buildings with 15 units each, constructed in 2002 and 2003. Units are on ground level with no stairs, and are designated for 55 and older occupancy. Tenants pay heat and electric in addition to rent. Apartments have attached garage parking, dish washer, patio and in-unit laundry. Manager reports no vacancies, but demand has dropped as other new apartment projects have been built, and no waiting list exists. Rents have not changed from Dec. 2008 survey. Units are accessible, but not specifically designed for wheel chair occupancy.
Prospect I & II 1702, 1902 Prospect Ave.	<u>30 - 2 Bedroom</u> 30 Total Units	\$755-\$795 +electric	No vacancies	Designated for 55 and older occupancy	Two apartment buildings with 15 units each, constructed in 1990 and 1991. Units are on ground level with no stairs. In 2007, occupancy designation changed to age 55 and older. Tenants pay electric in addition to rent but heat is included in rent. Apartments have attached garage parking. Manager reports no vacancies, but demand has decreased due to new construction of higher rent apartments, and no waiting list exists. Rents are unchanged from Dec. 2008 survey. Units are accessible, but not specifically designed for wheel chair occupancy.
Lakewood Place 27023 rd Ave. SE	20 - 2 Bedroom <u>7 - 3 Bedroom</u> 27 Total Units	\$975 \$1,100 +heat, electric	1 vacant 2 bedroom unit	Mix of tenants including seniors	Three-story apartment building with elevator constructed in 2002. Tenants pay electric and heat in addition to rent. Amenities include attached garage parking, in-unit laundry connections and dish washers. Past surveys have found that this project is popular with older renters. One vacancy reported in July 2010 survey.

Table 19 Aberdeen Multifamily Rental Housing Inventory

Name	Number of Units / Bedroom Mix	Rent	Vacancy/ Wait List	Tenant Mix	Comments
Market Rate					
1224 3 rd Ave. NE	12 - 1 Bedroom 12 - 2 Bedroom 24 Total Units	\$350 \$425 +heat, electric	High rate of occupancy	Mix of tenants including students	Three-level apartment building constructed in 1980. Tenants pay heat and electric in addition to rent. Owner reports occasional vacancies but generally good demand, including some students. No accessible units. No comparative rent information from 2008.
1215 North Dakota St.	6 - Studio 6 - 1 Bedroom 12 - 2 Bedroom 24 Total Units	\$275 \$425-\$485 \$590 +electric	No vacancies	Mix of tenants	Apartments constructed in 1972. Two bedrooms and higher end 1 bedroom tenants pay electric but rent includes heat and garage parking. All utilities included in rent for studio apartments, but they do not have kitchens or garage parking. No vacancies and good demand reported. Rents increased by \$25 for studio, \$10 for 1 bedroom and \$15 for most 2 bedrooms compared to Dec. 2008. No accessible apartments.
605 and 609 North Dakota St.	6 - 1 Bedroom 12 - 2 Bedroom 6 - 3 Bedroom 24 Total Units	\$475 \$615 \$690 +heat, electric	No vacancies	Mix of tenants	Two apartment buildings constructed in 1977. Tenants pay heat and electric, but rent includes garage parking, dishwasher and in-unit laundry connection. No vacancies and good demand reported. Rents increased by \$25 for 1 bedroom, \$15 for 2 bedroom, and \$15 for 3 bedroom from Dec. 2008 survey. No accessible apartments.
J&O Apartments 224 4 th Ave. SE	12 - 1 Bedroom 11 - 2 Bedroom 23 Total Units	N/A	N/A	Mix of tenants	Unable to contact in 2010 survey. Older church building and adjoining house that were converted to rental housing in 1987. Project used tax credits but 15 year compliance has been met and tax credit rules no longer apply. In 2008, 10 tenants had Housing Vouchers - some were original tenants from 1987 that received special allocation for the project. Rents were kept at allowable payment standard for rent assistance program.
Lakewood Mall Apartments 302 Illinois St S	18 - 2 Bedroom 18 Total Units	\$500 +heat, electric	No vacancies	Mix of tenants	Three 6-plexes constructed in 1979. Split foyer design with units on two levels. Tenants pay electric heat and electricity in addition to rent. Amenities include coin laundry. No vacancies reported and good demand for affordable units in good condition. Not included in previous surveys for rent comparison.

Table 19 Aberdeen Multifamily Rental Housing Inventory

Name	Number of Units / Bedroom Mix	Rent	Vacancy/ Wait List	Tenant Mix	Comments
Market Rate					
Le Chateau Apartments 10 9 th Ave. SW	8 - 1 Bedroom 10 - 2 Bedroom <u>4 - 3 Bedroom</u> 22 Total Units	\$350-\$375 \$500-\$575 \$600-\$675 +heat, electric	No vacancies	Some disabled tenants	Older office building converted to rental housing. Tax credits awarded in 1987, but 15 year compliance period has been met. Adjustment Training Center places some tenants - six in July 2010, and most of these have Housing Vouchers. Remaining tenants are not disabled. Tenants now pay for electric heat and electricity - in the past these had been included in rent. As a result, rents are lower than Dec. 2008 for 1 bedrooms, and largely unchanged for 2 and 3 bedrooms. Full occupancy reported.
Treehouse Apartments 607 10 th Ave. SE	1 - Efficiency 15 - 1 Bedroom 3 - 2 Bedroom <u>1 - 3 Bedroom</u> 20 Total Units	\$260 \$325-\$335 \$410-\$450 \$500 includes utilities	No vacancies	Mix of tenants including students	Former convent building constructed in early 1900s that was converted to apartments in the late 1970s, with some later additions. Rent includes all utilities. Approximately 25% of tenants are students - location near University leads to good demand from students. No units vacant at time of survey. Rents have increased by \$10 to \$20 for most units since Dec. 2008 survey. No fully accessible units.
1023 North Dakota St.	6 - Studio <u>12 - 2 Bedroom</u> 18 Total Units	\$275 \$590-\$610 +electric	No vacancies	Mix of tenants	Apartments constructed in 1972. Two bedroom tenants pay electric but rent includes heat and garage parking. All utilities included in rent for studio apartments, but studio units do not have kitchens or garage parking. No vacancies and good demand reported. Rents increased by \$25 for studio and \$15 for 2 bedroom from Dec. 2008 survey. No accessible apartments.
Goehring Apartments 1621 Olive Drive	2 - 1 Bedroom <u>10 - 2 Bedroom</u> 12 Total Units	\$450-\$460 \$550-\$575 +electric	No vacancies	Mostly younger singles and couples	Apartment building constructed in 1975. Tenants pay electric but heat included in rent. Amenities include dish washers, A/C and garage. Mostly couples and younger singles. No vacancies at time of survey with low turnover rate. No accessible units. Two bedroom rents are unchanged from Dec. 2008 survey, but 1 bedrooms are up \$25 to \$35.
1028 S High	6 - 1 Bedroom <u>1 - 2 Bedroom</u> 7 Total Units	\$350 \$480 +electric	No vacancies	Mix of tenants	Older house that was moved to current location and converted into apartments in the 1970s. Rent includes heat but tenant pays electric. Manager reports full occupancy. Not included in previous surveys, so rent comparison is not available.

Table 19 Aberdeen Multifamily Rental Housing Inventory

Name	Number of Units / Bedroom Mix	Rent	Vacancy/ Wait List	Tenant Mix	Comments
Market Rate					
611 North First St.	<u>12 - 2 Bedroom</u> 12 Total Units	N/A	No vacancies	Mix of tenants	Unable to update all information in 2010. Apartments constructed in 1976. Tenants pay heat and electric, but rent includes garage parking for 11 of 12 units. No vacancies in July 2010. No accessible apartments.
203 7 th Ave. SE	<u>10 - 1 Bedroom</u> 10 Total Units	\$300-\$400 +electric	No vacancies	Mix of tenants including students	1900s vintage house that was converted into apartments. Tenants pay electric but heat included in rent. Location near University results in good demand, with some student renters. No vacancies - demand is good but not as strong as in the past for 1 bedroom units. Rents are unchanged from Dec. 2008 survey.
224 2 nd Ave. SW	1 - Efficiency 4 - 1 Bedroom <u>2 - 2 Bedroom</u> 7 Total Units	\$260 \$300-\$375 \$475	No vacancies	Mix of tenants	Older house that was added on to and converted to rental use. Units have both electric and heat included in rent. Some units have high rate of turnover, but multiple calls received when vacancy is advertised. Mix of tenants, but most are working age adults. Rents have increased by \$10 to \$25 for most units compared to Dec. 2008 survey. No fully accessible units.
108 10 th Ave. and 1055 S. Lincoln	10 - 1 Bedroom <u>2 - 2 Bedroom</u> 12 Total Units	\$350-\$460 \$550 +electric	No vacancies	Mostly single renters	Two older apartment building with 4 and 8 units that were substantially renovated in the 1980s. Most units have heat included in rent, but tenants pay electric, and a few units have electric heat. Most tenants are single adults, but some with children. No vacancies and generally good demand for affordable units. One bedroom rents are unchanged but 2 bedrooms have increased by \$50 from Dec. 2008 survey. No fully accessible units.
915 S. Main	5 - Efficiency <u>4 - 1 Bedroom</u> 9 Total Units	\$200 \$300-\$425 +electric	2 efficiencies intentionally vacant for remodel	Mostly single tenants or couples	1900s-vintage house converted into rental apartments. Rent includes heat but tenant pays electric. Manager reports good occupancy with turnover units quickly re-rented. Two efficiency units in the basement are intentionally vacant, and will be converted into a 2 bedroom unit. Lowest-price units have increased by \$25 from Dec. 2008 survey.

Table 19 Aberdeen Multifamily Rental Housing Inventory

Name	Number of Units / Bedroom Mix	Rent	Vacancy/ Wait List	Tenant Mix	Comments
Market Rate					
215 S. Greenwood	<u>8 - 1 Bedroom</u> 8 Total Units	\$295-\$325 +heat, electric	No vacancies	Mix of tenants	Apartments constructed in 1980. Tenants pay heat (electric) and electric in addition to rent. Amenities include off-street parking and coin laundry facilities. No vacancies reported, and very little turn over. Rent at higher end of the range is for new tenants, with longer-term tenants at lower end of range. No accessible units. Rents are unchanged from Dec. 2008 survey.
809/813 McCoy	<u>16 - 1 Bedroom</u> 16 Total Units	\$325 +heat, electric	1 vacant unit	Half of tenants are disabled	Apartments constructed in 1982 and formerly owned by ATC, which still leases a number of the units for clients. Tenants pay heat (electric) and electric in addition to rent. Amenities include off-street parking and coin laundry facilities. Some garages available for extra \$50. No vacancies at time of survey. Rent is unchanged from Dec. 2008 survey.
815 McCoy	<u>8 - 2 Bedroom</u> 8 Total Units	\$500-\$575 +heat, electric	No vacancies	Mix of tenants including some disabled	Apartments constructed in 1982. Tenants pay heat (electric) and electric in addition to rent. Amenities include off-street parking and coin laundry facilities. Some garages available for extra \$50. No vacancies and limited turn over. Some units are leased by ATC for disabled clients. Rents have increased by \$35 to \$50 from Dec. 2008 survey.
616 S. Grand	<u>8 - 1 Bedroom</u> 8 Total Units	\$335 +heat, electric	No vacancies	Mix of tenants including students	Two-level apartment building constructed in 1979. Tenants pay heat and electric in addition to rent. Mix of tenants including seniors and students. No vacancies at time of survey and good demand. Rent has increased by \$10 to \$35 from Dec. 2008 survey. No fully accessible units.
517 11 th Avenue SE	<u>8 - 1 Bedroom</u> 8 Total Units	\$340-\$350 +heat, electric	High rate of occupancy	Primarily students	Two-story apartment building constructed in 1980. Tenants pay heat and electric in addition to rent. Owner reports that some vacancies may occur, but generally there is good demand, primarily from students. No accessible units. No comparative rent information from 2008.

Table 19 Aberdeen Multifamily Rental Housing Inventory

Name	Number of Units / Bedroom Mix	Rent	Vacancy/ Wait List	Tenant Mix	Comments
Market Rate					
1701 Melgaard Road	<u>8 - 2 Bedroom</u> 8 Total Units	\$750-\$850 +heat, electric	No vacancies	Mix of seniors and younger couples	Two-story apartment building constructed in 1995. Security entrance with attached single and double garages. Higher rent listed is for double garage units. Tenants pay heat and electric in addition to rent. No vacancies at time of survey and good demand for better quality units. Rents are up \$10 to \$25 from Dec. 2008 survey. Lower level units are accessible, but not specifically designed for wheel chairs.
830 S. Aldridge	<u>8 - 2 Bedroom</u> 8 Total Units	\$525-\$575 +heat, electric	No vacancies	Mix of tenants	Two-level apartment building constructed in 1980. Tenants pay heat and electric in addition to rent. Garage parking available. Manager reports no vacancies. Rents are unchanged from Dec. 2008 survey. No accessible units.
1005 S. Aldridge and 1410 10 th Ave. SE	<u>8 - 2 Bedroom</u> 8 Total Units	\$525 +heat, electric	No vacancies	Mix of tenants	Two four-plexes constructed in the early 1970s. Tenants pay heat and electric in addition to rent. In-units laundry hookups. No vacancies at time of survey. Rents have not changed from Dec. 2008 survey. No accessible units.
1005 North Dakota St.	<u>1 - 1 Bedroom</u> <u>7 - 2 Bedroom</u> 8 Total Units	\$475 \$540 +electric	No vacancies	Mix of tenants	Apartments constructed in 1963. Tenants pay electric but rent includes heat and garage parking for 2 bedroom units. No vacancies and good demand reported. Rents increased by \$75 for 1 bedroom and \$15 for 2 bedroom from Dec. 2008 survey. No accessible apartments.
Galbrecht Apartments 724 S Congress St	<u>8 - 2 Bedroom</u> 8 Total Units	\$455-\$550 +heat, electric	No vacancies	Mix of tenants	Apartments constructed in 1978. Tenants pay heat and electric in addition to rent. Some units have garage and are at higher end of rent range. Manager reports no vacancies. Rents have increased by \$30 to \$65 from Dec. 2008 survey.
1105 North Main	<u>6 - 2 Bedroom</u> 6 Total Units	\$775 +all utilities	No vacancies	Mix of tenants	Apartments constructed in 1977. Tenants pay all utilities but rent includes garage parking and in-unit laundry. Units are large, at 1000 sq. ft. or more. No vacancies and stable tenant population reported. Rents increased by \$25 from Dec. 2008 survey. No accessible apartments.

Table 19 Aberdeen Multifamily Rental Housing Inventory

Name	Number of Units / Bedroom Mix	Rent	Vacancy/ Wait List	Tenant Mix	Comments
Market Rate					
706 8 th Avenue NE	<u>8 - 2 Bedroom</u> 8 Total Units	\$550 +heat, electric	No vacancies	Mix of tenants	Two level apartment building constructed in 1978. Amenities include in-unit laundry hook-up and dishwasher. Tenants pay for heat and electric in addition to rent. No vacancies at time of survey and good demand. Rents increased by \$15 from Dec. 2008 survey. No accessible apartments.
25 W. Melgaard	<u>3 - 1 Bedroom</u> <u>15 - 2 Bedroom</u> 18 Total Units	\$425 \$530-\$550 +electric	No vacancies	Mix of tenants	Three level apartment building constructed in 1976. Amenities include off-street parking and coin laundry facilities. Heat is included in rent but tenants pay electric. No vacancies at time of survey and good demand. Rents increased by \$10 for 1 bedroom and \$15 for 2 bedroom from Dec. 2008 survey. No accessible apartments.
111 W. Melgaard	<u>3 - 1 Bedroom</u> <u>15 - 2 Bedroom</u> 18 Total Units	\$415 \$515-\$535 +electric	No vacancies	Mix of tenants	Three level apartment building constructed in 1976. Amenities include off-street parking and coin laundry facilities. Heat is included in rent but tenants pay electric. No vacancies at time of survey and good demand. Rents increased by \$10 for 1 bedroom and \$15 for 2 bedroom from Dec. 2008 survey. No accessible apartments.
324 S. Marshall	<u>6 - Efficiency</u> <u>12 - 2 Bedroom</u> 18 Total Units	\$275 \$530-\$550 +electric	No vacancies	Mix of tenants, including seniors	Three level apartment building constructed in 1975. Location near retail options makes this building popular with seniors. Heat is included in rent but tenants in 2 bedrooms pay for electric; efficiency units have all utilities included in rent. No vacancies at time of survey and good demand. Rents increased by \$25 for efficiencies and \$15 for 2 bedroom from Dec. 2008. No accessible apartments.
1916 Prospect	<u>3 - 2 Bedroom</u> <u>4 - 3 Bedroom</u> 7 Total Units	\$1,275 \$1,400 includes utilities	1 vacant 2 bedroom unit	Mix of tenants	Town house rental project that opened for occupancy in July 2009. All units were successfully leased within 2 months. Units have 1 or 2 car attached garage and in-unit laundry. Rent includes utilities. Some tenants are temporary residents with contracts at University or area businesses. Owner has adequate land for a second phase, but has no plans to develop at this time. One unit vacant at time of survey.

Table 19 Aberdeen Multifamily Rental Housing Inventory

Name	Number of Units / Bedroom Mix	Rent	Vacancy/ Wait List	Tenant Mix	Comments
Tax Credit					
Carlyle 1901 Third Ave. SE	42 - 1 Bedroom <u>1 - 2 Bedroom</u> 43 Total Units	\$401-\$505 N/A includes utilities	No vacancies, waiting list	Senior and disabled occupancy	Three-level apartment building with elevator constructed in 2001 using tax credits and HOME funds. 18 units serve households at or below 50% of median income (HOME) and 24 units serve 60% of median income (tax credits). Designated for senior (55 and older) and disabled occupancy. All current tenants are 55+ years old. Rent includes utilities. Amenities include community room, activities room, laundry facilities on each floor, barber/beauty salon on-site, outdoor patio, elevator and dish washers. No vacancies at time of survey and waiting list exists, but senior waiting list can be very specific about type of unit requested, timing of move, etc. Some units are eligible for Housing Voucher assistance, and 12 current tenants have Vouchers. One bedroom rents are \$6 higher than Dec. 2008 survey. Rent increase for October will raise rents by \$5 to \$9 per unit. Two bedroom unit is generally used by manager. Three units are wheel chair accessible, and one unit is designed for hearing impaired. Accessible units are not occupied by disabled people, but some wheel chair residents live in other units.
Sunshine Park	20 - 2 Bedroom 6 - 3 Bedroom <u>2 - 4 Bedroom</u> 28 Total Units	\$428-\$506 \$652 \$777 +heat, electric	Initial occupancy with 4 units leased of 12 completed	General occupancy with 3 at 40%, 9 at 50% and remaining units at 60%	New tax credit project awarded credits in 2009, with 12 units completed in July, and remaining units coming online through fall. Town house-style with attached garage and in-unit laundry connection. All units serve households at or below 60% of median income, with 3 units designated for households at 40% and 9 units for households at 50% of median. Manager said that lease-up was proceeding well with 4 units leased, including 2 Voucher holders. Income verification slows processing time for applicants.

Table 19 Aberdeen Multifamily Rental Housing Inventory

Name	Number of Units / Bedroom Mix	Rent	Vacancy/ Wait List	Tenant Mix	Comments
Subsidized					
Bi-Centennial Apartments 1212 S. Lawson	<u>48 - 1 Bedroom</u> 48 Total Units	30% of income	No vacancies	Senior and disabled occupancy	HUD Section 8 project constructed in the 1980s for senior and disabled occupancy. Project also received tax credit in 1989 for ownership change, but 15 year tax credit commitment has been met. All tenants have rent assistance available that allows rent based on 30% of income. Project has full occupancy, but no waiting list, and last available unit was vacant for a few months. Seven units are fully accessible, but usually occupied by elderly tenants, but not wheel chair tenants.
Dakota Square 1902 North Dakota St.	2 - 1 Bedroom 32 - 2 Bedroom 20 - 3 Bedroom <u>1 - 4 Bedroom</u> 55 Total Units	30% of income	Some units intentionally vacant for remodeling	General occupancy	HUD Section 8 subsidized project for general occupancy. Rental assistance available that allows tenants to pay rent based on 30% of income. Major remodeling underway in 2010 using HOME funds with 1/3 of units intentionally vacant. Prior to remodeling, project had long waiting lists. Three units are wheel chair accessible.
5 th Avenue South Apartments 506N S. 1 st St.	<u>49 - 1 Bedroom</u> 49 Total Units	30% of income	High rate of occupancy	Senior and disabled occupancy	HUD Section 8 subsidized project for senior and disabled occupancy. Rental assistance available that allows tenants to pay rent based on 30% of income. Five units are wheel chair accessible. Owner reports high rate of occupancy and good demand. Market for senior and disabled housing is stable.
Golden West Apartments	14 - 1 Bedroom <u>14 - 2 Bedroom</u> 28 Total Units	\$483 \$645 30% of income	No vacancies	General occupancy	Section 221(d)(3) and Section 8 New Construction subsidized housing for general occupancy constructed in the 1960s. Rental assistance available for all units that allows rent based on 30% of income up to market rents listed. Full occupancy at time of survey - low turnover rate. Project does not promote a waiting list since few units are typically available. No units specifically designed as accessible.
Homestead Apartments 2222 Third Ave. SE	73 - 1 Bedroom <u>2 - 2 Bedroom</u> 75 Total Units	\$350 \$400 30% of income	Any available units are filled from waiting list	Senior and disabled occupancy	HUD Low Rent Public Housing project constructed in 1972 designed for senior (62 and older) and disabled tenant occupancy. Tenants pay rent based on 30% of income up to maximum rents listed. Meals on Wheels and home health care services available. Units do turn over, but any vacancies are filled from waiting list, which currently has 10 to 15 names. Three units are specifically designed for accessibility.

Table 19 Aberdeen Multifamily Rental Housing Inventory

Name	Number of Units / Bedroom Mix	Rent	Vacancy/ Wait List	Tenant Mix	Comments
Subsidized					
Mel-Ros Village I 1501 15 th Ave. SE	20 - 2 Bedroom 16 - 3 Bedroom <u>4 - 4 Bedroom</u> 40 Total Units	\$475 \$525 \$655 30% of income	No vacancies, waiting list for 3 and 4 bedrooms	General occupancy	HUD Section 236 and Section 8 New Construction subsidized housing for general occupancy constructed in 1972. Tax credits also awarded in 1987 for ownership change, but 15 year tax credit compliance has been met. 30 units have rent assistance available that allows rent based on 30% of income; remaining tenants pay market rents listed; 1 tenant has Housing Choice Voucher. Units are fully occupied, but no waiting list for 2 bedrooms and some turnover expected soon. Waiting lists do exist for 3 and 4 bedrooms, but many families do not want to be on waiting list - need immediate housing option. No accessible units.
Lawson View Townhomes S. High St. and S. Lawson St.	22 - 2 Bedroom 6 - 3 Bedroom <u>4 - 4 Bedroom</u> 32 Total Units	\$598 N/A N/A 30% of income	Any vacancies are filled from waiting list	General occupancy	Formerly known as Mel-Ros Village II, this general occupancy project was constructed in the 1970s using HUD Section 236 and Section 8 New Construction subsidies. Acquired by the Aberdeen Housing Authority and tax credit assistance in 2007 for major renovation, which is now complete. Rental assistance available for 29 units that allows rent based on 30% of income; 3 tenants pay tax credit rents listed. Waiting lists in July 2010 had 74 names on 2 bedroom, 56 names on 3 bedroom and 12 names on 4 bedroom waiting lists - but some names date back to 2009, so may not be active.
Public Housing Scattered Site	4 - 2 Bedroom 16 - 3 Bedroom <u>5 - 4 Bedroom</u> 25 Total Units	30% of income	No vacancies, waiting list	General occupancy	HUD Low Rent Public Housing scattered site units for general occupancy built in 1972. All tenants pay rent based on 30% of income. Limited unit turnover results in long waiting list - 131 names on 2 bedroom, 16 names on 3 bedroom and 13 names on 4 bedroom waiting lists - but some names date back to 2008, so may not be active. Units are not designed as fully accessible, but some have been modified with ramps or other accessibility features.

Table 19 Aberdeen Multifamily Rental Housing Inventory					
Name	Number of Units / Bedroom Mix	Rent	Vacancy/ Wait List	Tenant Mix	Comments
Subsidized					
Sherman Apartments 223 S. Main St.	<u>51 - 1 Bedroom</u> 51 Total Units	\$25 - \$618 30% of income	Some intentional vacancies for remodeling waiting list	Senior and disabled occupancy	HUD Section 8 New Construction high rise located in downtown and designated for senior (62 and older) and disabled occupancy. Constructed in 1981. Tenants pay rent based on 30% of income, subject to basic rent and maximum rent listed. Some units were intentionally vacant in July 2010 to facilitate remodeling, but short waiting list exists. Downtown location makes this project more appealing to younger disabled tenants. Three units are fully accessible.
Sunrise Apartments 1109 S. High St. 827 Aldrich	<u>6 - 1 Bedroom</u> <u>8 - 2 Bedroom</u> 14 Total Units 24 to 28 person capacity	30% of income	N/A - Housing for ATC clients only	Developmentally disabled housing	HUD subsidized apartments (2 bedroom units) and congregate housing (6 units) targeted for persons with developmental disabilities. Housing is for clients of the Adjustment Training Center. Six sleeping rooms in congregate building have 12 person capacity with shared occupancy, but actual occupancy could be lower depending on space requirements of residents, such as wheelchair access. Rent subsidy available that allows rent based on 30% of income.
Section 8 Housing Choice Vouchers	Program participation of 430 households in five County region	30% of income	N/A	N/A	HUD Housing Choice Vouchers provide tenant-based rent assistance that can be used in any suitable rental unit. Tenant rent contribution is based on 30% of income, with the assistance program paying additional subsidy. In July 2010, program had 430 participating households in Brown, Day, Marshall, McPherson and Roberts Counties. Approximately 376 Vouchers in use in Brown County, primarily in Aberdeen. In past years, program has had very limited turnover and rising assistance contribution, resulting in a lowering of the payment standard to FMRs. Waiting list exists with 251 households in July 2010.

Source: Community Partners Research, Inc.

Senior Housing with Services

Aberdeen has a number of specialized housing projects that provide housing with supportive services, primarily for an elderly population. In some cases, “continuum of care” systems have been built by service providers. These allow seniors to effectively age-in-place, by starting out in an independent living, or a light services housing project, and then eventually moving into more service-intensive housing as they age.

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

Due to the higher level of regulation, the Assisted Living Centers can be identified through State licensing. In the case of Residential Living Centers, where registration is required but inspections are not required, it is possible that some properties are not registered.

In the summary of providers that follows, we have used our own classification for units based on the type of housing provided. We have also examined those properties that are licensed or registered with the State in determining the type of housing.

Subsidized Housing with Light Services Available

One of the subsidized projects in Aberdeen that is designated for senior occupancy also has some light services available in the facility. The Homestead Apartments, with 75 total units, provides subsidized housing for lower income seniors and disabled tenants. The building has a Meals-on-Wheels program available, and also has some services that can be provided through a home health care agency. However, the project itself does not provide services. Interested tenants must contract directly with the services provider. Some of the other subsidized senior projects may offer similar arrangements, but this was not identified in the rental survey. Homestead Apartments is not registered by the State as a Residential Living Center.

Independent Senior Housing in Continuum of Care Projects

One of the “continuum of care” providers has a senior housing option that is designed for completely independent living. Primrose Villas are part of the

larger Primrose system, which has senior housing facilities in various locations around the City. The Villas are rental units in twin home configurations. There are 12 total units. Rental rates are at \$1,800 per month. Primrose Villas is not registered by the State as a Residential Living Center.

Light Services/Congregate Senior Housing

There are three rental projects that provide light services to residents. These projects are sometimes described as either independent living or congregate senior housing. Services are limited in each of these projects, but all three buildings do provide a daily meal to residents.

Parkside Retirement Community is part of the Bethesda senior complex, and has 61 units. Davis Court Apartments is part of the Avera Mother Joseph Manor complex and has 50 units. Primrose Independent Living is part of the Primrose system and has 36 total units. Parkside and Davis Court are registered as Residential Living Centers, but Primrose is not included on the list provided by the Department of Health.

Combined, these three projects have 147 total rental units. Only one vacancy was identified in our 2010 survey, and this unit had just turned over and had not yet been filled. All three projects reported waiting lists for occupancy.

Rental rates vary widely for this type of housing. Parkside Retirement Community was constructed in 1985 and offers one-bedroom units for \$455 per month and two-bedroom units for \$515 per month, with the tenant making an up-front deposit of \$30,000, or more, at the time of move-in. Davis Court Apartments, constructed in 1997, charges \$1,250 for a one-bedroom unit, and \$1,625 for a two-bedroom unit. Primrose Independent Living, constructed in 1991, charges between \$1,500 and \$1,700 per month, depending on the unit. It is important to note that these projects may include different service offerings within the monthly rent, making direct comparison difficult.

Board and Lodging-style Living

There are two projects offering housing with services in a smaller, residential facility. Gellhaus Carehaus II has capacity for nine residents in seven rooms. Gellhaus Carehaus II is not licensed as an Assisted Living Center or as a Residential Living Center. Red Rose Care Home (formerly the Gellhaus Carehaus) has six rooms with seven person capacity. Red Rose is registered as a Residential Living Center. These projects provide all meals and services with 24-hour staffing. Both projects were fully occupied at the time of the 2010 survey.

Assisted Living Centers

There are three providers of more service-intensive, assisted living for seniors in an apartment-style project. These projects provide all meals, assistance with daily living services, house keeping, laundry, medication dispensing and have 24-hour staffing.

Bethesda Town Square is part of the Bethesda complex and has 40 one-bedroom and efficiency units. Nano Nagle Village is part of the Avera Mother Joseph Manor complex and has 32 units in efficiency, one-bedroom and two-bedroom apartments. Primrose Place has 22 units in efficiency and one-bedroom apartments. All three of these projects are State-licensed as Assisted Living Centers.

Combined, these projects offer 94 units of apartment-style assisted living. Occupancy rates were high, with only one vacant unit at the time of our survey, and this unit had just turned over and had not yet been filled. All three projects reported waiting lists for occupancy.

Rental rates for assisted living can vary depending on the actual level of services provided. Rates generally start at \$2,500 or more per month.

A fourth licensed Assisted Living Center is Angelhaus Regional Basic Care. It is a board-and-lodging style facility that is licensed for 16 residents in 14 rooms. In the 2007 Housing Study, Angelhaus was listed as a provider of memory care housing. In the 2010 survey, staff said it provides housing for people needing assisted living as well as memory care. The project was fully occupied in 2010.

Memory Care Housing

There are two secured facilities in Aberdeen that are specifically designed to provide housing for people with memory care needs. Primrose Cottages is part of the Primrose system and has capacity for 21 residents. This capacity has increased by five people since 2007. Primrose Cottages is State-licensed as an Assisted Living Center.

The second provider of memory care housing is new since the 2007 Study. Aberdeen Health Care Center has dedicated 24 beds to secured, memory care use, known as the Birchwood Wing. According to staff, the memory care option has been very successful. While Birchwood represents a net gain in memory care beds, it also represents a reduction in nursing home beds in the community.

As stated above, Angelhaus Regional Basic Care was identified in the 2007 Study as a memory care facility, but discussions with staff in 2010 indicate that this project has a mix of traditional assisted living residents as well as people with memory care needs. The use of some beds for traditional assisted living may have resulted from an expansion of memory care beds at Primrose Cottages and Birchwood.

The only other secured facility in the Aberdeen area is in Groton. Golden Living Center is a nursing home that is licensed for 55 beds including a 17-bed secured, Alzheimer's wing. In 2010 this facility reported a high rate of occupancy, but did not have a waiting list, and indicated that no expansion was being planned.

Housing for people with memory care issues may also be provided in other senior complexes, including nursing homes, provided the resident does not need to be in a secured facility.

As noted in the 2007 Study, Aberdeen had once had an additional provider of memory care housing. Until 2006, Manor Care Health Services did have a 20-bed wing dedicated to memory care needs, but these beds were converted to short-term rehab care, with many of the residents of the memory care wing relocated into traditional nursing home beds.

Skilled Nursing Homes

There are four State-licensed skilled nursing homes in Aberdeen. Patterns for utilization of skilled nursing beds have changed in recent years. In the past, many residents lived in nursing homes for a longer time period. Increasingly, nursing home stays are growing shorter. Many people enter nursing homes for only a rehab/recovery stay. Others enter nursing homes late in their life after living in other forms of specialized senior housing. As a result, turnover rates tend to be quite high, and occupancy rates have been lowered. This has tended to result in some ongoing reductions in capacity.

Bethesda Home is licensed for 86 beds in 2010, consistent with the findings in the 2007 Housing Study.

Avera Mother Joseph Manor is licensed for 81 beds in 2010, consistent with 2007. However, this facility has added eight beds for supportive care, which are registered as a Residential Living Center.

Aberdeen Health Care Center had a new owner in 2007 and was planning some changes. This facility had 115 licensed beds in 2007, but has de-licensed some

beds and has 105 in 2010, including the 24 beds dedicated to memory care residents.

Manor Care Health Services is licensed for 99 beds in 2010 but only has 92 beds in active use. This is consistent with the 2007 Study.

While we did not complete a detailed survey of nursing home occupancy rates, each project was asked about occupancy patterns. While most reported good occupancy rates, it did not appear that there was a shortage of beds. With high rates of turnover, each facility needed some continued demand to fill available beds. Even with a reduction of beds through either de-licensing, discontinued use, or conversion to other types of care, it did not appear that a shortage of beds existed.

Table 20 Aberdeen Senior Housing with Services Inventory					
Name	Number of Units /Bedroom Mix	Rent	Vacancy/ Wait List	Tenant Mix	Comments
Senior Housing with Services - Bethesda Options					
Parkside Retirement Community 1324 12 th Ave. SE	26 - 1 Bedroom 35 - 2 Bedroom 61 Total Units	\$455 \$515 +electric, Initial deposit	No vacancies , long waiting list	Senior independent living	Senior apartments constructed in 1985. Recent remodeling project added library and expanded dining room. Independent living, but noon meal available through senior nutrition program, and transportation and social activities provided. State registered as Residential Living Center. Part of senior continuum of care campus that includes Bethesda Town Square, Bethesda Home and Bethesda Community Services. Initial deposit of \$30,00 or \$35,000 at time of move-in. Manager reports full occupancy and long waiting list. Many residents are long-term occupants and often in their 80s.
Bethesda Home of Aberdeen 1224 S. High St.	86 bed skilled nursing facility	N/A	Good occupancy rate	Skilled nursing facility	Skilled nursing home licensed for 86 beds. Part of senior continuum of care campus that includes Bethesda Town Square, Parkside Retirement Community and Bethesda Community Services. Over time, stays in nursing homes have grown shorter - average may now be 1 year, but Bethesda serves both long-term and short-term needs. Good occupancy rate reported.
Bethesda Towne Square 1425 15 th Ave. SE	Efficiency and 1 Bedroom 40 Total Units and licensed for 52 person capacity	\$2,810 to \$3,060	2 available units, waiting list	Assisted Living Center	Apartment-style assisted living facility constructed in 1997 and licensed for 52 residents. Monthly rent includes all meals, weekly house keeping and laundry, medication dispensing and other assistance with daily living. Part of senior continuum of care campus that includes Parkside Retirement Community, Bethesda Home and Bethesda Community Services. Staff report 2 vacant units on date of survey due to turnover - project does have a waiting list that is notified when vacancies occur. Private-pay facility.

Table 20 Aberdeen Senior Housing with Services Inventory					
Name	Number of Units / Bedroom Mix	Rent	Vacancy/ Wait List	Tenant Mix	Comments
Senior Housing with Services - Avera Mother Joseph Manor Options					
Davis Court Apartments 321 9 th Ave. SE or 1002 N. Jay St.	1 Bedroom <u>2 Bedroom</u> 50 Total Units	\$1,250 \$1,625	Fully occupied, waiting list	Senior independent living	Independent living apartments for seniors constructed in 1997 that is part of the Avera Mother Joseph Manor Retirement Community continuum of care complex. Registered as Residential Living Center. Noon meal available and emergency call system that rings into attached nursing home. Fully occupied with waiting list - greatest demand for 2 bedroom units. Rents have increased by \$125 to \$200 from 2007 survey.
Nano Nagle Village 1020 N. Jay St.	8 - Efficiency 22 - 1 Bedroom <u>2 - 2 Bedroom</u> 32 Total Units	\$2,500 \$2,750 \$2,500/ per person	Fully occupied, waiting list	Assisted Living Center	Apartment-style assisted living center constructed in 1999. Monthly rent includes all meals, weekly house keeping and laundry, medication dispensing and other assistance with daily living. Not licensed to provide skilled nursing services. Part of Avera Mother Joseph Manor continuum of care complex. Fully occupied with waiting list. Project has approximately 8 Medicaid recipients, but reimbursement rate generally makes this a private-pay facility.
Avera Mother Joseph Manor	81 bed skilled nursing facility with 8 supportive care beds	N/A	Good occupancy rate	Skilled nursing facility	Skilled nursing home licensed for 81 beds. Eight additional beds provide lower-level, supportive care and are registered as a residential living center. Part of senior continuum of care campus that includes Davis Court Apartments and Nano Nagle Village. High occupancy rate reported.

Table 20 Aberdeen Senior Housing with Services Inventory					
Name	Number of Units /Bedroom Mix	Rent	Vacancy/ Wait List	Tenant Mix	Comments
Senior Housing with Services - Primrose Options					
Primrose Independent Living 1701 3 rd Ave. SE	6 - 1 Bedroom 26 - 2 Bedroom <u>4 - 3 Bedroom</u> 36 Total Units	\$1500 to \$1700	No vacancies vacancy, waiting list	Senior independent living	Independent living apartments constructed in 1991. Rent includes all utilities, a daily meal and transportation services. Part of the Primrose senior housing options that include independent living town homes, assisted living and memory care housing options. While interconnected, these facilities are on separate sites. No vacant at time of survey and a waiting list exists.
Primrose Place 1701 3 rd Ave. SE	Efficiency <u>1 Bedroom</u> 22 Total Units with 36 licensed ALC capacity	N/A	No vacancies vacancy, waiting list	Assisted Living Center	Apartment-style assisted living facility constructed in 2000. Licensed as Assisted Living Center with capacity for 36 residents. Rent includes all meals, weekly house keeping and laundry, medication dispensing, and other assistance with daily living. Skilled nursing staff services available. Part of the Primrose senior options that include independent living town homes and apartments, and memory care housing options. While interconnected, these facilities are on separate sites. No vacancies at time of survey and waiting list exists.
Primrose Villas 1701 3 rd Ave. SE	<u>12 - 2 Bedroom</u> 12 Total Units	\$1800	No vacancies vacancy, waiting list	Senior-designated twin homes	Independent living twin home rental units that opened for occupancy in 2005. Units are two bedroom, two bathroom and attached garage. Part of the Primrose continuum of care options that include independent living apartments, assisted living and memory care housing. Fully occupied with waiting list
Primrose Cottages 1701 3 rd Ave. SE	21 resident capacity	N/A	2 vacant beds	Assisted Living Center providing memory care housing	Secured, memory care/intensive service housing constructed in early 1990s and later purchased by Primrose. Licensed as an Assisted Living Center. Part of the Primrose senior options that include independent living town homes and apartments, and assisted living. While interconnected, these facilities are on separate sites. This project has added 5 beds since 2007. Two beds vacant at time of survey due to turnover. While waiting list exists, memory care residents can rarely wait for a unit to come available.

Table 20 Aberdeen Senior Housing with Services Inventory

Name	Number of Units / Bedroom Mix	Rent	Vacancy/ Wait List	Tenant Mix	Comments
Senior Housing with Services - Stand-Alone Options					
Aberdeen Health Care Center 1700 N. Highway 281	105 bed skilled nursing facility including 24 beds for memory care	N/A	Typical occupancy rate of 95%	Skilled nursing facility with dedicated memory care wing	Skilled nursing facility that is licensed for 105 beds - down from 115 in 2007. Beds still exist but are de-licensed. Since 2007, renovations have occurred including a dedicated 24-bed memory care wing known as Birchwood. Memory care has been very successful. Trend is to shorter stays, but facility offers both long-term and short-term with no dedicated units other than memory care. Typical occupancy rate is around 95%.
Angelhaus Regional Basic Care 1717 E. Melgaard Road	15 rooms with 16 resident capacity	N/A	Fully occupied, waiting list	Assisted Living Center with memory care	Residential-style facility licensed as Assisted Living Center. Project can provide housing for people with memory care needs, but not all residents are memory care. Project has capacity for 16 residents in 14 private rooms and 1 shared room. Fully occupied at time of survey with waiting list. Affiliated with Gellhaus Carehaus II facility.
Gellhaus Carehaus II 1005 Redwood Lane	7 rooms with 9 person capacity but all rooms have single occupancy in 2010	N/A	Fully occupied, waiting list	Board and lodging for seniors	Board and lodging-style facility providing senior housing with services in a smaller, residential setting. Facility is not licensed as Assisted Living Center or Residential Living Center. Constructed in 1996 with nine resident capacity in private occupancy and shared occupancy rooms, all with private bath rooms, but all 7 rooms are single occupancy in 2010. All meals provided and 24-hour staffing. Full occupancy with waiting list. Affiliated with Angelhaus. Private-pay facility.
ManorCare Health Services 400 8 th Ave. NW	99 bed skilled nursing facility with 92 beds in use	N/A	N/A	Skilled nursing facility	Skilled nursing home licensed for 99 beds but only 92 in active use. Memory care wing was converted to short-term rehab care in 2006 due to greater demand. Memory care units had generally been full, but many of these residents could be accommodated in traditional nursing home beds. Shorter term stays are typical, but facility serves long- and short-term occupancy. They have Medicaid recipients that could be served by assisted living, but reimbursement rate forces them into skilled nursing homes.

Table 20 Aberdeen Senior Housing with Services Inventory					
Name	Number of Units / Bedroom Mix	Rent	Vacancy/ Wait List	Tenant Mix	Comments
Senior Housing with Services - Stand-Alone Options					
Red Rose Care Home (formerly Gellhaus Carehaus) 2522 13 th Ave SE	6 rooms with 7 person capacity	Approx. \$2,000 /person	Fully occupied	Residential Living Center for seniors	Board and lodging-style facility providing housing with services for seniors in a smaller, residential setting. State registered as a Residential Living Center. Constructed in 1992 with five private occupancy rooms and one shared occupancy room, all with private bath rooms. All meals and services provided, including 24-hour staffing. Ownership and name has changed since 2007. Owner reports full occupancy. Private pay facility.

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.

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

Employment information for Aberdeen is available at the Micropolitan Statistical Area (MiSA) level, which includes both Brown and Edmunds Counties.

Table 21 MiSA Average Annual Labor Force 2000 -2010*						
Year	Labor Force	Employed	Unemployed	Unemployment Rate	Unemployment Rate - SD	Unemployment Rate - US
2000	22,615	22,055	560	2.5%	2.7%	4.0%
2001	22,640	21,950	690	3.1%	3.1%	4.7%
2002	22,270	21,550	720	3.2%	3.3%	5.8%
2003	22,555	21,825	730	3.2%	3.5%	6.0%
2004	22,765	22,045	720	3.2%	3.7%	5.6%
2005	22,890	22,170	720	3.1%	3.7%	5.1%
2006	22,870	22,270	600	2.6%	3.1%	4.6%
2007	23,250	22,695	555	2.4%	2.9%	4.6%
2008	23,285	22,705	580	2.5%	3.1%	5.8%
2009	23,310	22,495	815	3.5%	4.8%	9.3%
2010*	23,393	22,569	824	3.5%	4.8%	N/A

Source: South Dakota Department of Labor

* 2010 information is for January through August.

The Aberdeen MiSA has experienced gradual growth in the size of the available labor force in recent years. Between 2000 and 2009, the labor force increased by 695 people, or 3.1%. Through the first eight months of 2010, the size of the labor force has increased by 83 people.

Although the Aberdeen area appears to have been impacted by the national recession, this impact has been minor. When 2009 is compared to 2007, the employed work force has decreased by only 200 people, but this reduction is less than 1%. Through the first eight months of 2010, the size of the employed work force has increased by more than 70 people, compared to 2009.

Throughout the time period reviewed, the unemployment rate in the MiSA has stayed very low, and has been at or below the Statewide rate for each year since 2000. The Statewide unemployment rate has consistently remained well below the national average.

Labor market information is also available at the City level, but only from 2006 forward. In 2009, approximately 64% of the available labor force and the employed workforce in the MiSA are based in the City of Aberdeen.

Table 22 Aberdeen Average Annual Labor Force 2006 -2010*						
Year	Labor Force	Employed	Unemployed	Unemployment Rate	Unemployment Rate - SD	Unemployment Rate - US
2006	14,570	14,175	395	2.7%	3.1%	4.6%
2007	14,845	14,480	365	2.5%	2.9%	4.6%
2008	14,880	14,495	385	2.6%	3.1%	5.8%
2009	14,935	14,360	575	3.8%	4.8%	9.3%
2010*	14,979	14,384	595	4.0%	4.8%	N/A

Source: South Dakota Department of Labor

* 2010 information is for January through August.

Between 2006 and 2010, the available labor force in Aberdeen has increased by 409 people, or 2.8%. The employed work force has grown by 209 people, or 1.5%. With the available labor force growing faster than the employed work force, Aberdeen has seen a gradual rise in the unemployment rate, from 2.7% in 2006, to 4.0% through the first eight months of 2010.

Although Aberdeen has witnessed employment growth if 2010 is compared to 2006, the local situation actually peaked in 2007 and 2008. In 2007, the unemployment rate reached a low of 2.5%. In 2008, the average annual employed work force reached a high of 14,495 people. Since then, the employed work force has declined by 111 people.

Average Annual Wages by Industry Sector

The following table shows the annual employment and average annual wages by major employment sector in 2009, 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 Brown County.

Table 23 Brown County Average Annual Wages by Industry Detail: 2009		
Industry	2009 Employment	2009 Average Annual Wage
Total All Industry	19,890	\$32,991
Natural Resources, Mining	159	\$32,926
Construction	1,009	\$40,253
Manufacturing	2,339	\$39,107
Trade, Transportation, Utilities	4,384	\$29,101
Information	358	\$38,478
Financial Activities	1,099	\$43,831
Professional and Business Services	1,814	\$36,966
Education and Health Services	3,266	\$36,973
Leisure and Hospitality	2,007	\$12,180
Other Services	596	\$18,878
Government	2,860	\$37,006

Source: South Dakota Department of Labor

The average weekly wage for all industry in 2009 was \$32,991, up 8.7% from the average annual wage in 2007. The highest paying wage sectors were Financial Activities and Construction, with average annual wages of \$43,831 and \$40,253, respectively. The lowest paying wage sector was Leisure and Hospitality, with an average annual wage of only \$12,180.

Major Aberdeen Employers

Major employers in the Aberdeen area with 100 or more employees include:

▶ Avera St. Luke's	1,379 employees
▶ 3M	605 employees
▶ Aberdeen Public Schools	600 employees
▶ South Dakota Wheat Growers	567 employees
▶ Aman Collection Services Inc.	450 employees
▶ Wyndham Worldwide	350 employees
▶ Wal-Mart	350 employees
▶ Northern State University	310 employees
▶ Mid-States Printing/Quality Quick Look	300 employees
▶ City of Aberdeen	264 employees
▶ Hub City Inc.	257 employees
▶ Molded Fiber Glass	255 employees
▶ Kessler's	250 employees
▶ Wells Fargo Financial	230 employees
▶ Student Loan Finance Corporation	186 employees
▶ Twin City Fan/Aerovent	179 employees
▶ Verifications	175 employees
▶ Banner Engineering	168 employees
▶ Presentation College	157 employees
▶ BAE Systems, Inc.	135 employees
▶ BNSF	130 employees
▶ Coventry Health Care	100 employees

Source: Governor's Office of Economic Development

In addition to the employers listed above, Aberdeen has some ongoing development projects, including some industries that have recently entered the community, and have the potential to add employment in the future.

Northern Beef Packers has still not opened a plant in Aberdeen. This project was anticipated in 2007, and is still viewed as a potential project for the future. If this facility eventually becomes operational, it has the projected capacity to initially employ approximately 220 workers. One new aspect of the project that has changed is a decision by City residents to establish a special taxing district for the plant. Projections are that the plant will open in 2011.

Another major employment development since 2007 is the construction of a new Sanford Hospital in Aberdeen. This project will provide approximately 200 job opportunities.

According to City staff, 3M Company is planning an expansion that could result in 800 employees in Aberdeen.

Another existing employer that is projected to expand is Molded Fiberglass. The State's economic development website lists 255 employees at this operation in 2010, but some estimates place the future employment level as high as 700 employees.

Although there have been some significant job expansions, and potential expansions on the horizon, the Aberdeen area has had a small loss of jobs since 2007, according to the State employment statistics provided earlier in this section.

Findings and Recommendations Overview

In 2007, a comprehensive housing study was completed for the City of Aberdeen by Community Partners Research. In 2010, the City contracted with Community Partners Research to update that document. For the Findings and Recommendations section, the approach that has been used is to follow the same format of the 2007 Study and provide the latest information on the topics and issues that had been identified.

In the pages that follow, we have updated the information that summarized our findings on growth trends and projections, growth trends by age group, and our findings of unit demand and tenure.

Following this summary information, we have updated the specific housing topics and recommendations from 2007. The findings/recommendations have been organized in the following five categories:

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

Update on Growth Trends and Projections

The 2007 Study had examined long-term growth statistics for Aberdeen. Over the past several decades, the City had experienced a pattern of modest annual household growth, but an equally consistent pattern of population loss. The City had followed the broader, nationwide trends of fewer people in the average household. With fewer people per household, population losses were occurring even when households were being added, as the level of household growth was insufficient to compensate for the decline in household size.

The best available information in 2010 indicates that numeric growth in number of new households in Aberdeen has increased within the past few years. As a result, modest population growth has started to occur, as the number of new households has more than countered the continuing decrease in the number of people per household. Based on the official estimates, this trend is relatively recent, but the City now appears to be adding both households and population.

Although population changes are often viewed as an indicator of community growth, household growth directly impacts demand for housing. In the decade of the 1980s, Aberdeen averaged approximately 33 new households per year. In the 1990s, this average annual growth increased to approximately 56 households. While conflicting information exists for actual growth in the last decade, the best indications are that the City added between 65 and 70 new households per year. Going forward, this Update has used a projection range that the City will average between 67 and 80 new households per year between 2010 and 2015. At this level of household growth, population growth should also continue to be present.

When the results of the 2010 Decennial Census are released, it will provide an opportunity to better evaluate the changes that have occurred over the past ten years. It is the opinion of Community Partners Research that the current-year estimates tend to be too low. The household estimates, and resulting projections, used in this Update have been formed in part using housing construction statistics, and the net gain in unit availability since the year 2000.

Although Aberdeen continues to grow, the remainder of Brown County has not fared as well. Excluding Aberdeen, the rural townships and small cities in the County have had little or no household growth, and probable population losses. It is very possible that people previously living elsewhere in Brown County have moved to Aberdeen as new housing opportunities have been created. Going forward, it is likely that only minimal Brown County household growth will occur outside of the City of Aberdeen. It is very possible that consolidation will continue to occur near the City, as more of the County's population orients toward the City of Aberdeen, including the small cities and townships within easy commuting distance.

Update on Growth Projections by Age Group

The 2007 Housing Study had examined the projection information that was available for the Aberdeen area for age patterns of the population. Projections by age group had also been utilized. The projections anticipated changes that were expected to occur through the year 2011.

In general terms, the previously issued projections showed that the number of households with a head of household age 55 and older was expected to increase. Net household growth was particularly strong within the age cohort between 55 and 64 years old. The basis for this projection was the large “baby boom” generation advancing through the aging cycle.

The original age-based projections tended to also show a net decrease in the number of households in most age cohorts 54 and younger. The only exception within the younger age groups was some increase in households between 25 and 34 years old.

It is important to recognize that most of the changes that occur with defined age ranges are simply the result of the existing population aging over time. The newest age-based projections, now extended to the year 2015, tend to show most of the same trends as those reviewed in 2007.

The most recent projection data once again show that the number of households age 55 and older should continue to increase, lead by the 65 to 74 year old cohort and then by the 55 to 64 year old cohort. This would still reflect the aging “baby boomers”, nearly all of whom will be age 55 or older by the year 2015.

The most recent projections also tend to show net losses in the number of younger households, age 54 and under. While these projections could hold true, there is reason to believe that Aberdeen will attract some additional young adult households. The age-based projections from Claritas reviewed for this Update were very conservative in projecting overall growth within the community. It is reasonable to assume that a faster rate of growth will occur, and that this would tend to reflect younger households moving to the area for jobs. There is some speculation that job opportunities being created in Aberdeen will attract racial and ethnic minority immigrants, some coming from international locations. These populations often tend to be younger households that are willing to relocate for employment opportunities.

It is very important to note that these age-based projections represent an informed prediction of future growth. Actual market activity and economic growth could substantially alter these expectations.

Update on Housing Unit Demand and Tenure

The best available information on tenure for the City of Aberdeen indicates that the rate of home ownership continues to increase. At the time of the 2000 Census, the ownership tenure rate was 59.2%. By 2008, the American Community Survey reported that the rate of home ownership had increased to 62.6%. While the past decade was a very strong period for new home construction in the City, the American Community Survey may be too conservative when estimating the number of renter households. However, even if the renter-household count is adjusted upward, it appears that the City's ownership tenure rate has moved above 60%, and is probably between 61% and 62%, a significant increase when compared to the year 2000.

Housing construction activity shows that nearly 64% of the units constructed since 2000 were intended for owner-occupancy. A large number of the renter-occupancy units were actually permitted in 2009 or 2010, so prior to the past year, an even larger share of the new construction was serving the owner-occupancy market.

For this Housing Study Update, Community Partners Research examined different calculations of the expected changes in demand over the next five years. The best indicators would project that demand from net household growth within the City of Aberdeen will be for 61% to 65% owner-occupancy, and between 35% and 39% for renter-occupancy housing.

The changing age patterns of the area will continue to add to the number of households age 55 and above. An increase in the number of empty-nester and younger senior households should generate demand for age-appropriate ownership housing options, such as trade-up houses, and lower maintenance units, such as twin homes or town houses.

Rental Housing Recommendations

Findings: The 2007 Housing Study had examined rental housing development patterns between 2000 and 2006. At that time, rental construction activity had been relatively limited in scale, with fewer than 150 new rental housing units built within the City of Aberdeen. Through the first seven years of the decade, rental housing development had been at a rate of approximately 20 units per year in an average year.

Since the 2007 Study was completed, development activity of multifamily rental housing has accelerated. In 2007, 44 units were built, primarily in the Paramount Estates project. In 2008, only 19 rental units were added, closer to the average in the previous years. However, in 2009, building permits were issued for 160 new units. Major projects in 2009 included the first phase of Prairie Springs Apartments (65 units), Paramount Place (39 units), and Sunshine Park Townhomes (28 units). Through August 2010, only one multifamily permit had been issued, but this building will have 65 units and is a second phase of the Prairie Springs complex.

The demand calculations that have been used for this Update expect that annual household growth and the replacement of older or lost rental housing will generate adequate demand for between 37 and 47 rental units per year within the City of Aberdeen. Over a five-year projection period, this would result in the need for 185 to 235 additional rental housing units.

An argument can also be made that pent-up demand continues to exist for rental housing in Aberdeen. The City has maintained a low rate of vacancy in multiple rental surveys completed since January 2007. The most recent survey, found very high rates of occupancy in 2010 in the multifamily market rate, tax credit and subsidized segments of the market. However, a few new projects had just come on-line in 2010, and there were some indications that this had impacted older properties. This may be most pronounced among units in small rental structures, including single family homes that are rented. Vacancy rates appear to have risen within this segment of the market, as more multifamily projects became available.

Although new projects have had some impact on pent-up demand, there is still additional need for new construction to help address the low rate of vacancy within the City. The addition of between 100 and 150 multifamily units would help to address the pent-up demand.

When projections of demand for rental housing caused by growth, unit replacement and pent-up demand are combined, they yield a need for approximately 60 to 70 additional units per year between 2010 and 2015.

1. Market Demand for 30 to 40 Market Rate Rental Housing Units Per Year

Findings: In the 2007 Housing Study, we had recommended the development of between 110 and 120 additional market rate rental units over a five-year period. On an annual average, this was between 22 and 24 units per year between 2007 and 2011. Actual production since 2007 has been well above this level, mainly due to a large volume of market rate construction activity in 2009. Including the second phase of Prairie Springs, which was under construction in 2010 and should be available for occupancy in 2011, actual market rate production will be closer to 266 units between 2007 and 2011, for an annual average of approximately 53 units per year.

Even with the introduction of many additional units in the past few years, the vacancy rate in multifamily market rate housing remains low. In the 2010 rental survey, nearly 1,000 market rate multifamily units were contacted and the vacancy rate was only 1.5%. However, this vacancy rate was up from the 1.0% vacancy rate in December 2008, or 0.4% vacancy rate in January 2008.

Although unit expansion has not had a great impact on older multifamily projects, there were some indications that the vacancy rate was higher in single family rentals and smaller rental properties in the community. Realtors and landlords with units in single family houses, duplexes and similar small properties stated that vacancies were more common than in the past. One property manager contacted in 2010 estimated that a vacancy rate between 5% and 10% was present in the small-structure portion of the rental market. Since single family houses used for rental units can vary greatly in condition, quality and amenities, some of the vacancies may also be a function of desirability.

In the 2007 Study, we had stated that it was often difficult to produce new rental housing units that were viewed as “affordable”, when compared to existing rental housing. Two of the larger multifamily rental projects constructed since 2007 have catered to the upper end of the local rental market. Both Paramount Estates and Paramount Place have contract rents of \$1,200, or more, for a two-bedroom unit.

However, the Prairie Springs Apartments project does charge rents that are more affordable. Gross rents for most two-bedrooms in Prairie Springs are between \$800 and \$900 per month. These gross rents are within the prevailing range within the community, and are reasonably close to the estimated average two-bedroom gross rent of \$740 per month. In November 2010, Prairie Springs had instituted a rent increase of \$50 per month. Most current tenants

are under a one-year lease, but the rent increase will impact second year occupancy and will also be in place for phase II of the project, which is scheduled to open in May 2011. With the higher rent structure, Prairie Springs will move closer to the upper end of the prevailing rent range for apartments in Aberdeen.

Phase one of Prairie Springs was the largest single apartment project built in Aberdeen in many years. It contains a mix of market rate one-bedroom and two-bedroom apartments. In its first full year of occupancy, this project has been very successful with area renters. All of the units were pre-leased prior to the completion of construction.

In response to the market acceptance of the Prairie Springs project, the developers began construction of a second, 65-unit phase of construction in 2010. Phase II will open for occupancy in May 2011. Active pre-leasing of units will not occur until January 2011. Depending on lease-up of phase II, a third project is possible for construction in 2011. If all three phases of Prairie Springs are eventually developed, this project alone would add nearly 200 units to the available inventory.

With the exception of the Paramount and Prairie Springs projects, most of the other market rate development has been in small buildings, often with eight or fewer units.

Based on the relatively small percentage of newer rental units, we also believe that some level of pent-up demand exists for higher quality market rate units. Our review of income information would indicate that 25% or more of all rental households can afford \$1,000 or more for housing, yet the percentage of units in this higher price range is much smaller.

The age-based projections used for this Study show that the percentage of households age 55 and older will continue to grow over the five-year projection period, while the number of households age 54 and younger will decrease in number. Older rental households looking to rent their housing will often look for a unit with a higher level of amenities. Most of the rental projects constructed in Aberdeen since 2000 have catered to this segment of the market, by providing high quality units with modern amenities.

Recommendation: Our demand calculations show that Aberdeen will need between 300 and 350 additional rental housing units constructed over the next five years. We would recommend that conventional, market rate rental housing represent approximately half of this production goal. On an annual basis, this would equal between 30 and 40 units per year.

This level of production would be below the recent average, as the City has seen construction exceed 50 units per year since 2007. However, prior to 2007, the average annual production of market rate rental housing had been approximately 15 units per year.

It is important to recognize that much of the unit production that we are recommending is either under construction, or in the planning stage. Phase two of Prairie Springs should open 65 units for occupancy in 2011. If demand for that project is adequate, phase three could proceed, with 65 more apartments being available as early as 2012. It is also possible that another phase of Paramount could proceed. In 2010, there were some vacancies in Paramount Estates.

In the 2007 Study we had predicted that new market rate housing would require unit rents that would be well above prevailing rates in the community. Although units in Prairie Springs are higher than average, they are reasonably close to the prevailing range for existing housing in Aberdeen, with some two-bedroom units at a gross rent of approximately \$800 per month. This appears to be a very attractive price point for area renters, who were quick to lease units in phase one.

As cited in the 2007 Study, there are a number of Aberdeen renter households that can afford a month rent of more than \$1,000. The latest income statistics would indicate that more than 10% of all renter households have incomes above \$50,000. While Paramount Estates and Paramount Place have catered to this segment of the market, luxury units still make up less than 5% of all rental housing in the City.

Since much of the growth in market potential through the year 2015 will come from households age 55 and older, we would continue to recommend units that can appeal to empty-nester and senior renter households. For example, the Prairie Springs Apartments all have in-unit laundry and garage parking available, which are attractive amenities for renters.

2. Market Need to Develop 65 to 75 Tax Credit Moderate Income Rental Housing Units by the Year 2015

Findings: The federal low income housing tax credit program continues to be one of the only consistent subsidy sources still available for the production of more affordable rental housing. Within the past few years, some additional resources have also come available for affordable housing production in South Dakota, including the Neighborhood Stabilization Program, created in response

to rising rates of home foreclosures. The South Dakota Housing Development Authority has also committed some of its federal HOME allocation to affordable rental projects.

At the time of the 2007 Housing Study, Aberdeen had only one rental project operating under the tax credit regulations. There had been some additional projects awarded tax credits in the late 1980s or early 1990s, but these older projects had all fulfilled their contractual obligations. In 2007, Carlyle Apartments was Aberdeen’s only active project.

Carlyle Apartments was a new construction project that received a tax credit allocation and HOME funds in 2001. The project has a mix of units that serving some households at 50% or less of median income, due to the use of HOME funds, and other units serving households at or below 60% of median income, due to the use of tax credits. All 42 units in Carlyle are one-bedroom apartments, and the building is designated for disabled or senior occupancy, defined as age 55 and older. Contract rents in 2010 range from \$401 to \$505 per month, depending on the income level served. At the time of the 2010 rental survey, there were no vacant units and a waiting list was present.

Since the 2007 Study was completed, two additional projects have been awarded tax credits in Aberdeen. One of these, Lawson View Townhomes, was an existing subsidized rental property. Tax credits were used for rehabilitation at the time of an ownership change. This project is now owned by a nonprofit subsidiary of the Aberdeen Housing Authority, and continues to operate as subsidized housing. Since this was an existing project, it did not expand the supply of affordable housing in the City, but did preserve some affordable units.

The other new project is Sunshine Park Townhomes. This development created 28 new construction town house units. Part of the project was still under construction at the time of the Research for this Update, and initial occupancy was occurring in some of the units. Sunshine Park primarily offers two-bedroom units, but three-bedroom and four-bedroom units were also constructed. This project is also owned by the nonprofit subsidiary of the Housing Authority.

The use of tax credits results in income limits and occupancy restrictions on residents. The maximum income limits are set at 60% of the County median family income level. For 2010, the maximum income is as follows:

One person	\$25,200	Four person	\$35,940
Two person	\$28,800	Five person	\$38,820
Three person	\$32,400	Six person	\$41,700

In addition to income limits, the tax credit program places gross rent caps on the rental units. The 60% of income gross rent limits in 2010 are as follows:

<u>Bedroom Size</u>	<u>Maximum Allowable Rent</u>
One-Bedroom	\$675
Two-Bedroom	\$810
Three-Bedroom	\$934
Four-Bedroom	\$1,042

The gross unit rents in both Carlyle Apartments and Sunshine Park Townhomes are well below the maximum tax credit limits. Both projects have gross rents that are below the rent limits established for households at 50% of the median income level.

The maximum rents allowable under the tax credit program are generally above the prevailing rates for most market rate units in Aberdeen, and are above the calculated average rents in 2010. To stay competitive with other rental projects in the City, the tax credit developments often charge rents that are well below the maximum federal limits.

Another limitation of tax credit housing that impacts Aberdeen is the prohibition of full-time students, unless other members of the household have incomes. With a student population in the community, a tax credit project could not accept renter households if all the household members were full-time students.

Recommendation: In the 2007 Housing Study, we had recommended that between 55 and 70 moderate rent tax credit units be developed in Aberdeen. Through 2010, only 28 units have been constructed, in the Sunshine Park Townhomes project.

Going forward to the year 2015, we would recommend that between 65 and 75 units be developed to serve the moderate rent segment of the market. Most of this recommendation is based on projected demand from household growth and replacement of lost affordable rental units. Additional units could be created to capture a larger share of existing area renters, but this could have a negative impact on older, existing market rate housing. New tax credit projects tend to have a competitive advantage over older housing by offering more attractive features, amenities and styles of units.

As we had stated in the 2007 Study, our research has found that tax credit units often represent up to 2.0% of all households in a city. For Aberdeen, this would represent between 175 and 225 tax credit units. Excluding Lawson View Townhomes, which operate as subsidized housing, Aberdeen's current inventory is only 70 tax credit units. This represents only 0.6% of all households in the

City, which is a very small distribution of units. For comparison, in the City of Sioux Falls, tax credit units represent between 2.7% and 3.0% of all housing opportunities. Based on this comparison, Aberdeen has a very small inventory of tax credit units. Even with the additional units recommended in this Update, Aberdeen will still have a below-average distribution of tax credit housing.

We would continue to recommend that tax credit housing construction be completed in smaller phases to address part of the annual demand that we have calculated for new rental opportunities through our five-year projection period. We would also continue to recommend that the need for this type of housing be closely monitored in the community. For a number of years there has been the prospect of large-scale growth in food processing industries. If this occurs in the future, in-migration to the City could accelerate. An in-migration of younger workers to fill lower wage jobs could alter the demographic of households looking for rental housing, and even more affordable units may be necessary.

Gross unit rents must also remain below the maximum allowable levels. Existing tax credit projects tend to charge rents below the 50% of median income limits. The Fair Market Rents, used by the Housing Choice Voucher Program, are even lower than the 50% rent limits. Many lower income renters look to utilize this tenant-based assistance when shopping for a housing unit. It would be preferable if some or all of the new tax credit units could charge rents that would be allowable under the Voucher Program. To achieve this lower rent structure, other types of financial assistance, including HOME and Neighborhood Stabilization Program funds will probably be required.

3. Goal of Developing 40 to 50 Subsidized Rental Housing Units Over a Five-Year Period

Findings: Consistent with the 2007 Study, this Update defines subsidized housing as rental units that can serve very low to moderate income households. In nearly all cases, subsidized housing has utilized federal resources that provide a “deep subsidy”, allowing very low income people access to the housing at an affordable price. Typically, subsidized housing has project-based rent assistance, or a similar subsidy available, that allows tenant rent to be based on 30% of the household’s monthly income.

The inventory of project-based subsidized housing in Aberdeen has not changed in recent years. The City has 10 federally subsidized apartment projects, with 417 units of subsidized rental housing. In some communities, there has been a loss of subsidized housing projects. Most subsidized housing was constructed in the 1960s, 1970s, or 1980s, and had specific contractual compliance

requirements. When the compliance requirements have been met, some privately-owned projects have provisions that allow them to terminate their subsidy contracts and effectively convert to market rate housing. We were not able to identify any subsidized housing in Aberdeen that has been lost in recent years or is at risk of being lost in the near-future.

The occupancy situation is also consistent. In the rental survey completed in July 2010 there were no vacancies identified in subsidized rental housing. The rental survey completed in December 2008 also found no vacancies. In January 2008, the vacancy rate was at 1.5%. At the time of the 2007 Study, the vacancy rate was 1.0%.

Even when some vacant units have been identified in past surveys, they were often in the process of being filled, as most subsidized properties keep waiting lists of prospective tenants. According to Aberdeen Housing Authority staff, a waiting list exists for each type of unit owned or managed by that agency. In July 2010 there were 131 names on the two-bedroom list, 16 names on the three-bedroom list and 13 names on the four-bedroom waiting list. The Housing Authority also has waiting lists for one-bedroom units at both Sherman and Homestead Apartments.

In addition to subsidized projects, Aberdeen residents have access to the HUD Housing Choice Voucher Program. Vouchers are issued to income-eligible households for use in suitable, private market rental housing units. With the assistance, a household pays approximately 30% of their income for their rent, with the program subsidy paying any additional rent amounts.

In July 2010, 430 households in Brown, Day, Marshall, McPherson and Roberts Counties were participating in the Housing Choice Voucher Program. This included 376 households living in Brown County, primarily within Aberdeen. There was also a waiting list of 251 names, although some of these people had applied in 2009, and their continued need for rent assistance was not known.

Since Voucher assistance is tenant-based, and moves with the household, the actual number of participating households within the City can vary from month to month. It is also possible that some of these households may be using their rent assistance in one of the subsidized or tax credit projects, if that project does not have rent assistance available for all tenants. For example, some of the initial residents of Sunshine Park Townhomes are using tenant-based rent assistance. As a result, Voucher assistance may not add to the overall supply of "deep subsidy" housing in the community, and may overlap with some of the other subsidized or income-based projects.

One of the changes that has occurred in the Voucher Program since 2007 is a lowering of the Fair Market Rent limits. Economic conditions in 2010 have placed greater demands on the available subsidy budget. The Housing Authority has been forced to lower the allowable rent limit for program usage. While this does lower the monthly contribution from the program, it also restricts the number of units available to participants, who must now search for a unit that is priced less than the Fair Market Rent.

Housing Authority staff has also indicated that turnover of Vouchers has slowed, as households are remaining on the program for a longer time. This has caused the waiting list to grow, and has slowed the number of new households that may be selected from the waiting list to receive assistance.

This Update had new information on renter household cost burdens, taken from the 2008 American Community Survey. When compared to the information contained in the 2000 Census, there were few changes in the number of cost burdened households. Although the fact that the problem has not grown much is relatively good news, the problem had also not improved. Overall, there were still nearly 1,300 renter households in Aberdeen that were paying more than 30% of their income for housing, and most of these were paying more than 35% of their monthly income. It is very possible that the situation has grown worse since 2008, as the unemployment rate in the area has risen.

Recommendation: In the 2007 Housing Study, we had recommended that the City set a goal of developing eight to ten additional subsidized units per year over a five-year period. This unit recommendation was less than the identified need, but was made with the realistic understanding that producing “deep subsidy” units, with rent based on income, was very difficult to achieve. At that time, it was estimated that more than 1,250 renter households were paying more than 30% of their income for housing.

In 2010, there is still evidence that the problem continues. The City still has a large number of lower income renters with a housing cost burden, and the low vacancy rates in existing subsidized projects. Waiting lists have tended to grow longer, due in part to limited turnover in subsidized options as the economy has moved into a recession.

Since the 2007 Study, there has been no real expansion of the subsidized opportunities in the City. The recent construction of the Sunshine Park Townhomes project will add three units for households earning 40% or less of the median income level, but even these units will require an annual household income of approximately \$20,000 to avoid a housing cost burden.

The Aberdeen Housing Authority has applied for a special allocation of rent assistance Vouchers that would serve disabled renters. The Housing Authority has also secured some additional rent assistance for veterans. However, at the same time, the number of traditional renter households that can be served by the Voucher Program has dropped, as the higher monthly contribution per household has decreased the number of households that can be served under the existing budget. In 2007, approximately 490 households were participating in the five-County area. By 2010, this number had decreased to approximately 430 households.

The status of resources for subsidized housing has not changed significantly since 2007. There are still very few resources for building deep subsidy units. Although some funds may be available for targeted rent assistance programs, significant competition exists for these resources. We would continue to recommend a modest goal that the City attempt to expand the supply of subsidized housing by between 40 and 50 units during the next five years. While this number of new units would have a limited impact on households that have a rental cost burden, without large-scale federal production programs from the federal government it will be difficult to create a large volume of new housing. If additional resources can be secured, the large number of lower income renters would justify a higher level of unit production.

Another important community strategy will be to prevent the future loss of any of the existing project-based subsidized housing. Our review did not identify any subsidized housing that is at risk of being lost. However, if units are at risk in the future, it may be appropriate for public or nonprofit housing agencies to become involved in attempts to preserve the remaining subsidized housing resources. The Aberdeen Housing Authority did become involved in the preservation of subsidized housing through the purchase and rehabilitation of Mel-Ros Village II, now known as Lawson View Townhomes.

4. Develop Additional Senior Housing with Services Units

Findings: Senior housing with services can cover a wide range of housing types. Assisted living and memory care housing are generally the most service-intensive units outside of nursing homes. Service-intensive housing provides 24-hour staffing and a high level of assistance with daily living needs of residents. Under South Dakota law, service-intensive senior housing must be licensed as an Assisted Living Center or a Nursing Home.

Lower-service housing, sometimes referred to as congregate senior housing, generally offers a daily meal, access to transportation services and weekly light housekeeping. While a resident can contract for more intensive services

through a home health care provider agency, additional services are not available through the housing project. South Dakota law requires these light-service housing providers to register with the State as Residential Living Centers. These facilities are not subject to the same standards as the Assisted Living Centers, including the inspection requirements. As a result, some of the lower-service senior providers do not register with the State.

When compared to the last Citywide Housing Study in 2007, there have only been a few changes in the specialized segments of the senior housing inventory. No new projects have been built, although there has been some addition to the number of memory care beds, and some reduction in the number of general use beds in nursing homes.

There were also no pending projects identified in the 2010 research. Despite generally high levels of demand for these various types of senior housing, no current providers are actively planning an expansion of units.

Updated Senior Demographics

Specialized senior housing in Aberdeen has the potential to attract residents from a large geographical area. The age-based population projections used for this Study have focused on Brown County as the primary market area for senior housing, but the potential exists to attract people from the neighboring Counties of McPherson, Edmunds, Faulk, Spink, Day and Marshall.

As highlighted in the earlier demographic sections of this Update, there are various demographic estimates available, and there are some differences between the estimating sources. To determine the size of the area's senior population, this Update examined the 2009 population by age estimates available from the Census Bureau. The age-based information is at the County level only.

At the time of the 2000 Census, there were 4,251 senior citizens residing in Aberdeen, and 5,744 seniors in all of Brown County. Within these senior age ranges, there were 3,052 Brown County residents age 75 and older, and 2,692 younger seniors, age 64 to 74 years old. For housing with services, older seniors tend to utilize this type of housing at a much greater rate than younger seniors.

By the year 2009, the estimated number of senior citizens in Brown County had increased by approximately 100 people, or approximately 1.8%. The increase was attributable to older seniors, age 75 and above. Between 2000 and 2009, the number of seniors age 75 and older increased by 216 people, or 7.1%, while the number of younger seniors actually decreased.

The modest growth of the older senior population in Brown County should have resulted in additional local demand for housing with services. However, the increase in Brown County appears to have been caused by a shift of senior residents from neighboring Counties. If the five-County area of Day, Edmunds, Faulk, McPherson and Marshall is added to Brown County, the number of older seniors, age 75 and above remained essentially unchanged between 2000 and 2009, and there was a fairly large decrease (700+) in the number of younger seniors, age 65 to 74 years old.

While it appeared that Aberdeen became the location of choice for older seniors within the larger region, the underlying demand within the six-County market area did not increase due to senior population growth. This may explain why no existing providers of specialized senior housing have expanded their offerings in recent years.

Market Share

Using the 2009 age-based population estimates, it is possible to compare the market share that is being captured by the various types of senior housing with services.

Aberdeen has three primary providers of senior housing with light services - Parkside Retirement Community with 61 apartments, Davis Court with 50 apartments, and Primrose Independent Living with 36 units. We would classify all of these units as market rate, congregate-style apartment housing. Two of the three projects are registered as Residential Living Centers. Combined, these three projects have 147 total rental units available.

In the 2010 rental survey, high rates of occupancy were reported in all three projects, and all three reported that a waiting list is maintained. When compared to the senior population, approximately 2.7% of all Brown County seniors are currently living in a light services project. This calculation makes an adjustment for seniors already residing in more service-intensive housing, such as assisted living. If only older seniors (age 75+) are examined, the capture rate jumps to approximately 5.2%. Since there has been very limited change in either the unit supply or the senior population in Brown County, these market percentages are generally similar to those that were calculated in the 2007 Study.

Aberdeen has four projects that are licensed as Assisted Living Centers and provide assisted living for seniors. These projects are Bethesda Town Square with 40 one-bedroom and efficiency units, Nano Nagle Village with 32 units in efficiency, one-bedroom and two-bedroom apartments, and Primrose Place with 22 units in efficiency and one-bedroom apartments. The fourth project,

Angelhaus, is a board-and-lodging style facility. In the 2007 Study, Angelhaus was identified as a memory care housing provider, but the 2010 survey found that the project can also serve residents without memory care issues.

Some of the projects are licensed for more assisted living beds than units, assuming that some double-occupancy would be possible. If unit count is viewed as a better indicator of supply, then 110 units would be available. If licensed occupancy limits are used, then 149 beds are available in Assisted Living Centers.

Excluding the seniors living in nursing homes or memory care facilities, the current supply of units in Aberdeen represents a market penetration rate of approximately 2.0% of all seniors in Brown County. If only older seniors (age 75+) are analyzed, the existing units represent a market penetration rate of 3.8%. If some level of double-occupancy is achieved, and the number of available beds is a better indicator of supply than units, then the percentages would increase, as more seniors could be served through the existing providers.

Aberdeen has two projects designed to provide secure housing for people with memory care needs. This is one of the only areas of specialized senior housing where expansion has occurred since 2007. Primrose Cottages increased its capacity from 16 residents to 21 residents. Aberdeen Health Care Center converted a wing into specialized housing for memory care and has 24 beds in Birchwood. These two expansions added 29 beds to the local inventory.

One of the memory care providers identified in 2007, Angelhaus, may not be providing exclusive memory care housing in 2010. There is also a nursing home in Groton has capacity for 17 residents in a secured wing. If all 16 beds in Angelhaus are added, along with the 17 beds in Groton, the potential inventory expands to 78 beds in the immediate area, compared to 49 beds in 2007.

When compared to the entire population of seniors in the County, full occupancy would require a capture rate of 1.3%. In the older senior population, age 75 and above, the available inventory would need a capture rate of 2.4%. Since the supply of memory care beds has grown at a faster rate than the senior population, the capture rate percentage required to achieve full occupancy has increased since 2007.

Projected Change in Senior Population

The 2007 Housing Study had included projections to the year 2011. These projections had expected a small increase in the total senior population, with most of the growth occurring among seniors in the age range between 65 and

74 years old. Very limited growth was expected within the senior population age 75 and older.

While it is still too early to accurately gauge the original 2011 projections, the most recent evidence would suggest that Brown County is on course with limited growth in the total senior population. However, through 2009, there has been more growth than expected within the older senior ranges, and less growth than expected in the younger senior groups. The growth of the older senior population in the County may be due to the senior housing options and the expanded medical care that is available in Aberdeen.

Going forward to the year 2015, the best available projection information would expect that only limited growth will occur in the number of seniors age 75 and older. While this age range has outperformed the previous projection, there are also fewer younger seniors than projected. Over the next five years, there will be fewer than expected young seniors advancing through the age cycle. Community Partners Research would forecast that the population of older seniors in Brown County will be between 3,300 and 3,400 people by the year 2015.

The size of the younger senior population should grow between 2010 and 2015. During this time, a number of older "baby boomers" will progress into the senior ranges. Longer-term, the advancing baby boom generation should yield higher numbers of seniors, although this impact may not be present until after the year 2020. Community Partners Research would forecast that the population of younger seniors in Brown County will be between 2,800 and 2,900 people by the year 2015.

Some growth in the senior population by the year 2015 should result in increased demand for senior housing with services through our five-year projection period. Additionally, our rental survey found a high rate of occupancy in nearly all of the current projects providing housing with services, and most existing projects had waiting lists for occupancy. This indicates that some level of pent-up demand also exists at this time.

Recommendation: While Aberdeen does have a wide variety of life-cycle housing options, we do believe that some market opportunities exist. Options will be discussed by housing type.

Assisted Living - The 2007 Housing Study had calculated that between 26 and 31 assisted living units could be added to the Aberdeen inventory by the year 2011 to meet expected demand. Since 2007, there have been no additions to the local inventory, although one Assisted Living Center, Angelhaus Carehaus, may have changed its focus from providing memory care housing to a mix of

traditional assisted living and memory care. However, Angelhaus has capacity for only 16 residents, so adding some assisted living beds did not have a significant impact on the market.

Going forward, we continue to believe that a modest expansion of 30 or more units can be justified to meet growth in demand. All of the existing providers have high rates of occupancy and waiting lists. However, none of the existing providers is actively planning an expansion. This may be due to an overall decrease in the number of senior citizens residing within the six-County region.

As noted in the 2007 Study, Aberdeen already has excellent providers of specialized senior housing. Three of the licensed assisted living centers offer a continuum of care options that allow seniors to age-in-place. These facilities are able to gauge demand for service-intensive housing based on their internal usage of different senior housing products.

It is important to recognize that Aberdeen, like most of the larger Cities in South Dakota, has assisted living options for private-pay residents, but very few options for low income seniors. The Medicaid/waivered services reimbursement rate that is paid is well below the typical monthly charge for a private-pay resident. As a result, some assisted living centers do not admit new residents using Medicaid, while others limit the number of residents that are in occupancy at any time.

The recommendation for additional units is based on a private-pay model. Managers of existing assisted living centers indicate that a large unmet demand exists from low income seniors that cannot afford an assisted living unit with monthly rates of \$2,500 or more.

Light Service/Congregate Housing - The 2007 Housing Study had calculated demand for 19 to 31 additional units of market rate, congregate-style apartment housing. Since 2007, no additional units have been created. Going forward, we continue to believe that a modest expansion of 20 to 30 units can be justified to meet unmet demand. All of the existing providers have high rates of occupancy and waiting lists. However, none of the existing providers is actively planning an expansion. This may again be due to an overall reduction in the number of younger seniors within the six-County region.

Once again, Aberdeen already has excellent providers of this type of housing, and these facilities are able to determine demand changes for light-service versus assisted living options.

Memory Care Housing - In the 2007 Housing Study we had determined that the supply of specialized memory care units in the Aberdeen area was adequate

to meet near-term demand. Since that time, there has been a significant expansion in this segment of the market. After 2007, Aberdeen Health Care Center created a special, secure wing for memory care residents, with 24 beds. Another provider, Primrose Cottages, added five beds to its existing facility.

Some of the addition of memory care beds may have been offset by a possible change in focus for another project. The research in 2007 had identified Angelhaus Gellhaus as another specialized memory care option. In 2010, this project appears to provide traditional assisted living in addition to having memory care residents. While it is possible that the 2007 research was incorrect in identifying Gellhaus as a memory care housing provider, it is also possible that this project has expanded its service offerings in response to increased competition for memory care residents.

While occupancy rates remain relatively high in 2010, Primrose Cottages had two vacant beds at the time of our survey, and the memory care wing in Groton also had two unoccupied beds. Since memory care housing can have a high rate of turnover, these unoccupied beds may have been a timing issue, but they may also indicate that the recent expansion of options has resulted in an adequate supply of beds in the Aberdeen area.

Based on the recent additions, and the concentration of beds that already exist, this specialized form of senior housing should be adequate through the year 2015, and no further expansion is recommended.

5. Opportunity to Provide Housing with Services to Lower Income Seniors

Findings: In the 2007 Study, an issue was identified regarding the difficulty of serving lower income seniors. Most of Aberdeen's assisted living projects catered to private-pay residents. Lower income seniors had few options, as most private-pay facilities did not accept Medicaid/waivered services residents.

The State reimbursement rate for waived services is typically between \$1,600 and \$1,700 per month, while most private-pay assisted living providers start at \$2,500 per month. As a result, most assisted living centers will not Medicaid recipients. Nano Nagle Village did have 25% of its units available to Medicaid recipients in 2010, but it was one of a few facilities to accept Medicaid recipients as new admissions. Some of the other providers may allow existing residents to remain in occupancy after they have depleted their assets and begin receiving Medicaid assistance.

Recommendation: The research for the 2010 Update found that the Medicaid/waivered services reimbursement rate remains an issue in Aberdeen. If lower income seniors cannot gain access to an assisted living center, they may eventually live in a nursing home instead.

In the 2007 Study, we had stated that opportunity may exist to utilize existing subsidized senior housing projects to serve low income seniors needing some level of services with their housing. In Minnesota, the delivery of services in public housing high rises and other senior subsidized buildings was fairly common.

One of the senior subsidized projects in Aberdeen does facilitate the delivery of services. Homestead Apartments, a public housing building owned by the Aberdeen Housing Authority, does have a meals-on-wheels program, and also facilitates services through a home health care provider. This building was offering these services in 2007, and continues to do so in 2010. This was the only subsidized rental project in the City that was identified as trying to assist seniors needing some services with their housing.

Another relatively affordable option that continues to exist is Parkside Retirement Community, which offer light-services housing. One-bedroom units in this project have a gross rent less than \$500, but a \$30,000 initial deposit is required at the time of move-in. In Parkside, residents have access to a noon meal, and transportation services.

We continue to encourage creative options for low income seniors, including the use of senior subsidized projects. This will remain a very difficult issue to address, as significant resources will be needed to create senior units with services that can be accessed by low income people.

6. Student Housing Recommendations

Findings: The 2007 Study had included some information on students living in Aberdeen and housing issues impacting students.

Northern State University has continued to see increases in enrollment since 2007. However, enrollment statistics for fall 2010 had not yet been released when the research for this Update was completed. While the enrollment increase may be partially due to non-traditional students or to on-line learning opportunities, it is known that the size of the freshman class has been increasing in the last few years. South Dakota requires freshmen and sophomores to live on-campus at State universities, and the increase in first and second year students has created demand for on-campus housing.

In 2007, we had reported that 645 students were living in campus housing options. By fall 2010, this number had increased to 800 students. In 2007, on-campus student living capacity was 870 beds. By 2010, this number had dropped to 850 beds. While excess capacity still exists in campus housing, the number of unused beds has been declining.

In 2007, the University had completed a renovation project that converted a traditional dormitory into suite-style living. Since 2007, a second renovation project has been completed. The attractive options created by dormitory renovations into student suites have helped to attract more students to live on-campus. While future building/renovation projects are being considered, no formal plans exist for student housing in 2010.

The majority of Northern State University students continue to live off-campus in private market housing. While new apartments have been built in Aberdeen, University staff believes that much of the newest housing is above the price range typically paid by students. As a result, many students continue to live in lower-priced options, including single family houses, which may be in substandard condition.

Presentation College reported an enrollment of 720 students in 2010. While overall enrollment for the College has been growing, they have two campuses outside of Aberdeen, and specific enrollment figures for the Aberdeen campus were not available. In addition to remote campuses, some of the growth in enrollment has been due to on-line learners not living in Aberdeen. Presentation College also has a high percentage of non-traditional students, which often reduces the need for college-oriented housing.

On-campus housing options at Presentation College have not changed from 2007. The College has capacity for 137 students. There are plans to expand the supply of on-campus housing by 48 to 65 beds. However, an expansion of 48 beds was also being discussed in 2007, but has not yet occurred.

In the 2011 academic year, Presentation will add a football team. This will increase enrollment among traditional student populations. Part of the planning for more on-campus housing may relate to demand projected from enrollment growth.

Although most Presentation students live in off-campus housing, many of these are non-traditional students that had secured housing prior to returning to school. Presentation staff also believes that many of Aberdeen's newest apartment developments are priced beyond the range of a typical student, but older options do exist.

Despite some increase in the private market rental inventory in Aberdeen, vacancy rates remain low in most multifamily developments. There is some indication that vacancy rates in single family rentals and small rental property has increased somewhat in 2010. These types of units do remain popular with students.

Recommendation: Some improvements have been made on student housing issues at Northern State University since 2007, with additional conversion of traditional dormitory rooms into student suites. More attractive options, combined with growth in enrolment, have resulted in better utilization of available University housing resources.

General demographic trends in South Dakota and neighboring States had pointed to a probable decline in the number of traditional college-age students. This is due to a continued annual decrease in the number of high school graduates. However, Northern State University has run counter to these trends, and has added students, including incoming freshmen. The economic recession of the past few years, causing higher rates of unemployment, has resulted in more young people attending college. While this trend could reverse if the economy improves, in the near-term there is increased demand for housing. Northern State still has some unused capacity on campus, and is discussing options for additional modifications to its inventory.

No significant changes have occurred at Presentation College, although discussions continue on possible expansions of on-campus housing. When the school adds a football program, it will have an impact on enrollment from traditional college-age students.

While students may have some difficulty finding available and affordable options off-campus, the biggest issues that remain appear to be related to the quality of some private market units. In the 2007 Study, we had recommended the adoption of a Rental Housing Licensing and Inspection Program to assure that student rental units are safe, sanitary and in compliance with codes.

Although a rental licensing/inspection program has not been done, discussions continue on possible implementation. The City has also been aggressive in removing substandard structures that may otherwise have been used for rental housing. Between 2007 and 2010, approximately 125 housing units have been demolished, according to City records.

The City, Northern State University and Presentation College should continue to monitor student enrollment and the City's and colleges' housing vacancy rates to assure that adequate housing is available. If student enrollment significantly increases, there will be a need to develop additional student housing in the

future. The rental recommendations included in this Study to construct additional rental housing in Aberdeen can assist with addressing student housing needs.

7. Continue to Utilize the Housing Choice Vouchers Program Allocations when Available from HUD

Findings: The 2007 Housing Study had identified rent assistance Vouchers as a very important part of the City's approach to providing affordable housing. The subsidized housing recommendation made earlier in this section, had provided some updated information about the status of the Voucher Program.

One of the biggest developments since 2007 is the impact of economic conditions on the Program budget. Since participating households contribute approximately 30% of their household income toward rent, the Voucher subsidy increases when household incomes go down. During the period of economic recession in recent years, there have been greater demands on the Voucher budget, as the contribution per household has increased. This has resulted in fewer households being assisted each month. It has also forced the Housing Authority to lower the maximum allowable rent that can be charged, forcing participating households to search for a suitable unit that can meet the rent restrictions.

Turnover of Vouchers has also decreased. In the past, some participating households would see income gains, and they would leave the rent assistance program. As the economy has slipped, fewer households have been leaving, causing the waiting list to lengthen.

In 2007, approximately 492 households were utilizing Voucher assistance in the five-County service area. By July 2010, the number of participating households had dropped to approximately 430, and the waiting list had 251 names.

Recommendation: Although budget restrictions have resulted in some decrease in Voucher availability since 2007, the Aberdeen Housing Authority continues to look for additional resources. The Housing Authority has applied for a special allocation of Vouchers to serve disabled, non-elderly renters. The Housing Authority has also been seeking rent assistance that can be used by low income or homeless veterans. We continue to believe that from a practical standpoint, the tenant-based Voucher Program is the single best way that Aberdeen can provide very affordable housing.

8. Continue with Innovative Efforts to Assist Renter Households

Findings: Aberdeen has a large number of renter households and rental housing units. Although accurate tenure information is difficult to obtain, it appears that approximately 38% to 39% of the City's households rent their unit in 2010.

The 2007 Housing Study had discussed different rental housing programs that could improve the quality of life for renters. One of the recommended actions was a Crime-Free Multifamily Housing Program. Another recommendation was the development of a rental housing licensing and inspection program. Although these initiatives have not been implemented, there have been other actions taken. The City has been aggressive in removing substandard housing that may have otherwise been used for renter-occupancy.

One innovative rental housing program that has been recently created is a Security Deposit Program. The Aberdeen Housing Authority secured a \$21,000 HOME Program grant from the South Dakota Housing Development Agency. The Program can provide up to \$300 to eligible households for a security deposit. At the time of the research for this Update, approximately 45 households had been assisted. The Program goal was to assist between 70 and 80 households. The Housing Authority was planning to apply for additional grant funds to extend the Program.

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

Recommendation: The City and the Housing Authority have been active in rental housing issues. We would continue to recommend that innovative programs be pursued to improve the situation for area renter households. As the City continues to grow, more households will need to migrate from other parts of the country. Newly arriving households will often look for rental housing until they get acclimated to the community and look for ownership options. Ongoing efforts to assist area renters and rental housing conditions will be an important strategy for community growth.

Home Ownership Recommendations

Findings: The 2007 Housing Study had stated that the expansion of home ownership opportunities was a housing goal for many cities. High rates of home ownership tend to promote stable communities and strengthen the local tax base. Since 2007, Aberdeen has been successful in achieving this goal. As stated earlier in this section, the best available information indicates consistent growth in the rate of home ownership in the City.

At the time of the 2000 Census, the ownership tenure rate was 59.2%. By 2008, the American Community Survey reported that the rate of home ownership had increased to 62.6%. While the past decade was a very strong period for new home construction in the City, the American Community Survey may be too conservative when estimating the number of renter households. However, even if the renter-household count is adjusted upward, it appears that the City's ownership tenure rate has moved above 60%, and is probably between 61% and 62%, a significant increase when compared to the year 2000.

Housing construction activity shows that nearly 64% of the units constructed since 2000 were intended for owner-occupancy. A large number of the renter-occupancy units were actually permitted in 2009 or 2010, so for most of the past decade, an even larger share of the new construction was serving the owner-occupancy market.

Based on recent sales, the median owner-occupied home value in Aberdeen is estimated to be \$120,500 in 2010. Although house prices have remained relatively stable, there is some indication that a small decrease has occurred as the national economy has weakened. However, Aberdeen did not experience a "housing bubble", as prices had been rising gradually over the years. Since there was not a rapid increase in existing home values, the City also avoided any rapid decrease, which occurred in many other parts of the U.S.

Our analysis of area demographic trends shows an increasing number of households in the traditionally strong home ownership age ranges between 55 and 74 years old. While most households in these age ranges already own their housing, this group can represent a strong potential market for 'trade-up' housing. Increasingly, the older age ranges within this group also look for lower maintenance housing options, such as twin home, town house and condominium developments.

Most forecasts show limited growth in the number of households age 54 and younger in the Aberdeen area. However, these projections are based on past patterns. To the extent that the City is successful in attracting new people to

the community to fill available jobs, it is probable that younger adult populations could grow. Younger households are often more willing to relocate to secure employment.

It is also very possible that job opportunities will attract more racial and ethnic minority households in the future. These populations also tend to have more young adults and fewer senior citizens.

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

9. Utilize and Promote all programs that Assist with Home Ownership

Findings: The 2007 Study had encouraged ongoing efforts to promote home ownership. In 2007, the City was nearing its peak for single family home construction. That year the City issued building permits for 98 single family houses, the highest production year in the last decade.

Aberdeen has been one of the most successful Cities in South Dakota in promoting and encouraging affordable home ownership. The Homes Are Possible, Inc. organization, better known as HAPI, has been a model that has been replicated in other communities.

In addition to affordable subdivision development and home construction, HAPI has been active in offering assistance programs to potential buyers. HAPI offers home ownership training and closing cost assistance. HAPI can also direct home buyers to other financial resources, such as Rural Development mortgage programs. HAPI staff stated that up to 70% of their home sales have utilized Rural Development Programs.

Recommendation: HAPI has a successful track record in assisting first-time buyers achieve home ownership. The combination of economic conditions and uncertainty in national housing markets has contributed to a lower volume of home building activity in the past few years. Continued emphasis on home buyer education and financial assistance programs will become increasingly important as the City attempts to return to pre-recession levels of home building.

10. Develop Purchase/Rehabilitation Programs

Findings: The 2007 Housing Study had identified an opportunity to promote a program designed to allow both purchase and rehabilitation of older homes. Aberdeen has a stock of older, lower valued homes, some of which need repairs. As lower valued homes are listed for sale, they may not be an attractive option for potential home buyers because of the amount of repair work that is required.

A purchase-rehabilitation loan program may provide an opportunity to encourage more of these houses to be used for owner-occupancy, by combining the loans into a single transaction that is borrower-friendly. Among the difficulties of the purchase-rehab approach is the potential that the after-improvement value of the home will be less than the amount invested in the mortgage and rehabilitation loan. If this is the case, then some or all of the rehabilitation assistance may need to be offered as a deferred payment loan, recaptured at resale, or possibly forgiven over time. Any program structured as a deferred loan or grant would probably need to involve City or State assistance.

Another administrative difficulty with the purchase-rehab approach is assuring that the improvement work actually gets completed in a satisfactory manner by the home owner. This requires staff time after the initial sale transaction, and monitoring of the use of the rehab portion of the loan.

Recommendation: The research completed in 2010 did not identify the existence of any coordinated purchase-rehab program. As mortgage lending requirements have grown more strict following the home foreclosure crisis, it may be difficult to structure a program that involves a loan which exceeds the home's value prior to rehabilitation.

The large banking presence in South Dakota has resulted in some special public-private collaborations to assist with housing projects. It may be possible to work with larger banks to create a specific lending program.

In the past, both FHA and Fannie Mae have had purchase/rehab loan products available. Individual banks have also made these types of loans. For example, Wells Fargo Bank offers a special loan called *Purchase & Renovate*. This loan is specifically structured to allow borrowers to use the home's value after the improvements are made when qualifying for the loan.

11. Develop a Lease-to-Purchase Program

Findings: The 2007 Study had identified a program opportunity for lease-purchase. This type of program can assist families that want to buy a home, but do not qualify for available mortgage programs due to credit problems or lack of savings for down payment/closing costs.

Within the past year, HAPI has developed a plan to build and sell two houses using the lease-to-purchase model. The South Dakota Housing Development Agency will assist with this effort as a pilot program for use elsewhere in the State.

An alternate lease-to-purchase program has also been used successfully in Sioux Falls. In 1996, a group of private investors was awarded federal low income housing tax credits for a lease-to-purchase project, known as Homestead Trails. Detached single family houses were constructed, with occupancy starting in 1997.

Because the tax credit program had a 15-year affordable rental requirement, tenants will be given the chance to buy their unit starting in 2012. Original tenants have the first right to buy the home for \$60,000. This project is still proceeding, and eight original tenants still remain in occupancy.

Following on the success of the original Homestead Trails, three additional phases of development were completed in Sioux Falls, and in total, 118 lease-to-purchase units were constructed. The two most recent phases will not be eligible to convert to home ownership until 2020 and 2022, respectively.

Since the Sioux Falls projects were completed, the tax credit award requirements in South Dakota have been modified, and there may be additional time restrictions imposed before the units can be sold.

Recommendation: Aberdeen has acted on this recommendation and has a pilot program underway to develop and sell two homes under the lease-to-purchase concept. If successful, it is probable that this approach can be replicated.

The successful Sioux Falls model using federal low income housing tax credits could also be examined. However, longer-term requirements on recent tax credit awards may make this concept unworkable. In the past, tax credit units had to remain as affordable rental housing for 15 years. Now, there may be a requirement of 25 years or more. Unless this restriction on sale could be waived, it is doubtful that a project could proceed.

12. Initiate Employer Involvement in Home Ownership Programs

Findings: The 2007 Housing Study had promoted the involvement of Aberdeen area employers as part of the effort to generate more affordable housing. At that time, the unemployment rate was very low, and significant job expansion was anticipated. Finding an adequate supply of qualified workers was a primary concern for some companies.

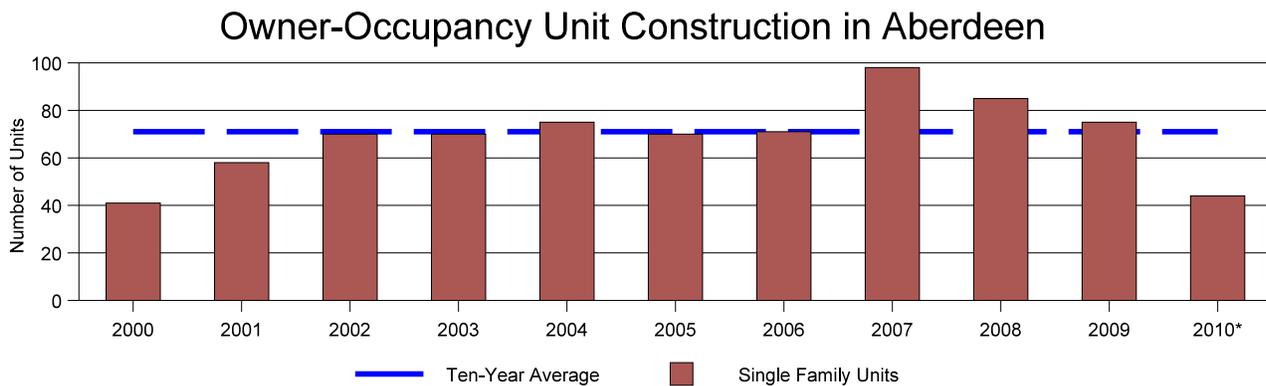
For the year 2007, the unemployment rate in the Micropolitan Statistical Area (Brown and Edmunds Counties) was at 2.4%, the lowest level reached during the past decade. Since that time, the unemployment rate has risen, and was up to 3.7% for the first six months of 2010. While this rate of unemployment is still very low by national standards, there is some greater flexibility in the available labor force. Although certain industries have expanded, there have been job losses in others, and the number of employed workers has remained almost unchanged from 2007 to 2010.

Recommendation: The research completed in 2010 did not identify any significant action on this recommendation. While major employers should still have an interest in assisting with affordable housing, this is a lower priority issue than in 2007, when the unemployment rate was extremely low.

The Sioux Empire Housing Partnership, based in Sioux Falls, has had some success in working with employers on housing programs, including John Morrell & Company. If the beef packing plant becomes operational in the future, the Sioux Falls model may be appropriate to research for applicability in Aberdeen.

Single Family Housing Development

Findings: The decade of the 2000s was a period of strong housing production in the City of Aberdeen. Based on building permit issuance, more than 700 owner-occupancy housing units were built between 2000 and 2009. A detailed breakdown of unit type is not available from building permit reports, but the large majority of new units were single family detached houses. There was some additional construction of attached units, including twin homes, town houses and possibly some condominiums.



Like most communities across the U.S., Aberdeen saw a gradual rise in construction activity over the course of the decade, before peaking in 2007. As national housing markets began to collapse, and economic conditions worsened, the level of owner-occupancy construction activity began to slow. While only partial-year information exists for 2010, it appears that Aberdeen is on course to see its lowest level of single family construction since the year 2000.

Between 2000 and 2009, the average annual production of single family units was 71 per year. The highest level of production was 2007, when building permits were issued for 98 single family units. The year 2007 was one of the peak years nationally for the housing boom. It was also a year when Aberdeen had a significant flood event, which caused some homes to be demolished. The above-average level of production in both 2007 and 2008 may have been partly impacted by flood damage replacement activity.

Aberdeen was able to maintain above-average unit production in 2009, at a time when many other communities were experiencing a very significant drop in new home construction. However, production has slowed in 2010. Through the first eight months of the year, building permits had been issued for only 44 new homes.

As cited previously in this section, Aberdeen's rate of owner-occupancy housing tenure has been consistently rising, from 59.2% in the year 2000, to an estimated level of 61% to 62% in the year 2010. Growth in the rate of home ownership is directly linked to the new housing options that have been created, as nearly 64% of the housing starts since 2000 appear to be units that were intended for owner-occupancy.

Going forward, the household growth projections used for this Update expect the City to add between 67 and 80 additional households per year through the year 2015. Average annual growth at the upper end of this range appears to be the most realistic forecast, based on the housing construction patterns. The trend of increased demand for owner-occupancy units yields a forecast that household growth will generate approximate demand for 55 units per year. With some allowance for unit replacement, and pent-up demand from changing age patterns, average annual demand between 65 and 75 owner-occupancy units per year appears to be a very realistic projection over the next five years.

This level of production would be very consistent with the construction patterns that have been present over the past decade. However, it is doubtful that the year 2010 will reach this level. Most national housing predictions also expect 2011, and possibly 2012, to have below-average new construction activity. While Aberdeen may defy national trends, it is very likely that 2010 and 2011 will have construction levels below 65 to 75 units per year, and the years approaching 2015 will have production that is above this range.

13. Update on Lot Availability and Development

Findings: The 2007 Housing Study had included some information on residential lots and subdivision development in the City. At that time, there was no definitive list of available lots, but most reliable estimates indicated that approximately 150 buildable lots were available in several different subdivisions.

There were also a large number of lots that were in the planning phase in 2007, including options for single family homes, twin homes, town houses and condominiums. Additional lots existed outside of the City limits, in both rural townships and neighboring small cities.

Research in 2010 indicates that subdivision development activity has slowed since 2007, although this may be due to the large number of lots that were being developed at that time. While new home construction activity has remained relatively strong, there has been some reduction in construction volume since 2007, which may limit developer interest in advancing new projects.

A search of the Multiple Listing Service in September 2010 identified 127 land parcels actively listed for sale. While some of these were located outside of the City limits, the large majority were within Aberdeen, and had a listing price below \$70,000. A review of the MLS listings showed that lots are available in multiple subdivisions, and are listed by a number of different real estate agencies.

Interviews with local Realtors indicated that lot and land availability was not an issue for Aberdeen. There are believed to be more than 100 improved lots in the City that are available for sale, and multiple undeveloped parcels that could be developed in response to demand. Most of the improved lots are in a price range between \$19,900 and \$45,000.

In addition to lots located within newer subdivisions, Aberdeen continues to have a supply of infill lots located within existing neighborhoods. As discussed elsewhere in this section, the City has been aggressive in clearing substandard structures, with nearly 100 single family homes demolished since 2007. While some of the infill lots may not be suitable for replacement home construction, many are being used for residential redevelopment. Over the past three years, HAPI has utilized approximately 14 infill lots for new home construction, often placing Governor's Homes on suitable lots.

Recommendation: The research completed for the 2010 Update indicates that lot and land availability is not an issue that will limit future construction in Aberdeen.

Using an approximate standard that a 2½ year supply of lots should be available in the marketplace, based on annual lot usage, our projections would show the need for between 150 and 170 lots. This calculation makes an adjustment for some use of infill parcels. Although the current, improved lot inventory may be below the 150 to 170-lot target, at least three of the existing subdivisions have remaining parcels that can be developed as needed. In addition, the HAPI organization is planning to develop a 17-acre parcel that will add approximately 50 affordable lots.

Land developers do not want to have a large inventory of unsold, improved lots. Infrastructure costs and property taxes can quickly reduce potential profit if a lot remains unsold for more than two years. Aberdeen has a successful private development community with significant market experience. These developers will attempt to coincide any future subdivisions with market demand.

14. Utilize Infill Lots for Affordable Housing Development

Findings: The 2007 Study identified infill lots in the City as a possible resource for affordable housing development. A housing condition analysis completed as part of that Study had counted 36 houses in older City neighborhoods that appeared to be candidates for demolition. At that time, construction was already occurring on infill lots around the community.

Since 2007, Aberdeen has been very active in clearing substandard structures. According to City records, as many as 95 single family houses have been demolished over the past five years. While a limited number were cleared following the 2007 flood event, most were the result of general deterioration.

Infill construction also continues to occur, including an emphasis on reuse by HAPI. Over the past three years, HAPI has done approximately 14 infill projects, often placing a Governor's Home on an existing lot. However, HAPI has found that some lots have limited reuse potential due to the narrow width of some older plats.

Recommendation: Significant activity continues to occur on this recommendation. Infill lots can be very cost effective because infrastructure services are already in place. HAPI's use of Governor's Homes and financial incentive programs have resulted in some very affordable units, with recent houses selling for \$81,000 or less. Over the past three years, HAPI has averaged nearly five infill projects per year.

This activity represents an extremely affordable approach to home ownership development. It also promotes neighborhood revitalization, by replacing a substandard structure with a newly built home. With continued growth projected for the community, and growing demand for owner-occupancy units, ongoing redevelopment of infill parcels is recommended.

The 2007 Study had also identified the Community Land Trust approach as a possible companion to infill development. In recent years the first Community Land Trust has become operational in South Dakota. The Dakota Land Trust is now operating in the Black Hills.

While the Dakota Land Trust (DLT) could serve as a model, their experiences would not necessarily support the creation of a Land Trust in Aberdeen. One of the primary reasons that the DLT was formed was in response to the rapidly rising price for lots in the Black Hills, partly due to recreational buyers. Since infill parcels in Aberdeen have relatively low values, the need for a Land Trust to reduce lot costs is less pressing. The DLT is also estimating that 200 parcels will need to be developed and sold in order for the operation to be sustainable. A portfolio of this size in Aberdeen could take many years to be assembled.

15. Continue to Support Affordable Subdivision and Home Development

Findings: At the time of the 2007 Study, Homes Are Possible, Inc. (HAPI) was already very successful in developing affordable lots and constructing affordable homes. HAPI's first subdivision had been completed, and the second phase of development was well underway. At that time, approximately 71 houses had been constructed or were being constructed.

HAPI continues to be a very successful initiative. Representatives of the organization estimate that between 70 and 100 homes have been constructed in their subdivisions since 2007. Some of this unit count would overlap with the unit numbers reported as under construction in the 2007 Study.

Over the past few years, HAPI has moved away from using Governor's Homes in its subdivisions, and now primarily has stick-built homes constructed. Based on their analysis, there is a relatively small price difference between stick-built homes and pre-built product. Most of the construction is being completed by private home builders, although HAPI has constructed approximately 10 of the houses. HAPI does use Governor's Homes for infill redevelopment parcels, as discussed in the previous recommendation.

Home prices within the HAPI developments continue to represent a fairly wide range of options, from a low of approximately \$128,000, to a high of \$220,000. Homes at the lower end are generally those constructed and sold by HAPI.

Most of the buyers in the HAPI developments continue to qualify for financial incentives. According to representatives of the organization, approximately 60% of buyers have an annual income below \$68,195, the maximum limit for cost write-downs. An estimated 70% are able to qualify for a mortgage through USDA Rural Development.

HAPI continues to incorporate cost-saving measures into its projects, including the use of Tax Increment Financing for the infrastructure, down payment assistance to qualified buyers, and special incentives for home builders to encourage construction.

HAPI has acquired 17 additional acres for future residential development. This will allow for the creation of two additional streets in 2011, and should provide between 48 and 55 additional affordable lots.

Recommendation: HAPI continues to achieve significant success in the affordable home ownership market. The 2007 Study had projected that HAPI

could expect continued demand, and that 25 to 30 homes per year was a realistic goal. Based on the level of construction since 2007, this projection was relatively accurate.

Going forward, this Update has used a slightly higher projected level of overall household growth in the City. Demand for owner-occupancy units will exceed demand for rental housing, with up to 65% of the households looking to own their unit. This should create sustained demand for new construction at a level that is equal to, or slightly greater than the recent past.

With a ten-year track record of offering affordable options, HAPI should continue to capture a large share of the local housing demand. The new subdivision phase planned for 2011 will provide approximately 50 additional lot options, which should provide adequate capacity for development over the next two years. HAPI should also have continued success with its infill projects, which sell for a substantially lower price than houses in the new subdivisions.

While we do see sustained demand for new construction over the five-year projection period, there is no guarantee that actual production will be equally distributed in each year. Economic conditions in 2010 have somewhat suppressed single family construction, and national predictions for 2011 expect reduced activity. Many national experts do not expect housing markets to fully recover until after 2012. Within our five-year projection period it is very possible that annual production will be below the average in 2010 and 2011, but then exceed the annual average in the years approaching 2015.

16. Promote Twin Home, Town House and Condominium Development

Findings: The 2007 Study reviewed single family construction activity between 2000 and 2006. Based on building permit reports, approximately 24% of the single family housing units constructed in Aberdeen had been in some form of attached housing, including twin homes, town houses or condominiums.

Less information is available from 2007 to 2010, as the City's annual building reports do not allow for easy determination of the types of units constructed. Anecdotal information would suggest that attached housing has represented a smaller share of single family unit production. However, in August 2010, building permits were issued for 12 twin home units, so it is likely that attached units will exceed 20% of all single family construction this year.

There may be multiple reasons for a decrease in attached housing construction. One is simply due to the strength of the detached single family market.

In 2007 and 2008, new construction of single family houses reached a high point for the decade, as the local economy was strong. As economic conditions weakened, all types of single family activity slowed, but attached housing can be a greater concern, as buyers worry about the prospect of a drop in home values.

The website Realtor.com listed 16 attached single family units available for sale in September 2010 in Aberdeen. These units represented a mix of condominiums, twin homes and town houses, ranging in price from \$295,000 to \$128,500. Seven of the 16 listings appeared to be newly constructed units in a single development. Listed as 2010 for year of construction, these seven units were in a price range between \$134,900 and \$141,900.

Consistent with the findings of the 2007 research, this Update has projected that most of the net household growth in Aberdeen over the next five years will be due to an increase in households age 55 and older. The largest net growth should occur among households age 65 to 74 years old, followed by households age 55 to 64 years old. Household growth from empty-nester and senior households should result in continued demand for attached single family units.

Recommendation: In the 2007 Study, we had projected that attached single family housing development would reach a market share of approximately 30% of all single family construction activity. Although actual statistics have been difficult to obtain, it does not appear that town house, twin home and condominium development has been as successful in the recent past, and it is doubtful that the 30% target was reached.

In most housing markets across the country, there has been some retreat in the popularity of attached housing construction. As people began to worry about possible declines in home values, there was less interest in attached housing.

The updated projections to the year 2015 still show that most of the net household growth will be from households in the 55 to 74 age ranges. This represents a strong target market for attached housing options. Although we have lowered our estimate of market share somewhat, we would project that up to 25% of the new owner-occupancy housing units constructed in Aberdeen over the next five years will be in the form of attached housing. This would equate to 16 to 20 units annually.

Most of the unit production in Aberdeen is likely to occur in twin home and town house units. Condominium development has been directly impacted by changes in financing requirements. Nationwide, condominium projects that were built before the national housing downturn were unable to fund their

associations when sales slowed. As a result, there is now an emphasis on either pre-funding the condominium associations, which is expensive for developers, or delaying the start of construction until most units are pre-sold. This has had the effect of stopping most development activity in this segment of the market.

17. Develop Home Ownership Awareness Programs

Findings: The 2007 Housing Study had identified information sharing as an important part of promoting home ownership. Potential home buyers may not be fully aware of financing programs, special incentives or information on subdivision options.

Since 2007, the rate of home ownership has continued to grow in Aberdeen, as the City has been very successful in building a large number of attractive ownership housing options. At the time of the 2000 Census, the ownership tenure rate was below 60%. By 2010, it is probable that the ownership rate has reached a level between 61% and 62% of all City households.

Recommendation: Aberdeen has been very successful in attracting home buyers to the community. In the more affordable segment of the new construction market, Homes Are Possible, Inc., (HAPI) has been able to offer affordable lots and houses along with education programs, down payment assistance, and cost write-downs to income-qualified buyers. This system has contributed to ongoing sales of HAPI homes and lots.

Going forward, the potential exists that people moving to Aberdeen will be more diverse. Promoting home ownership among racial and ethnic minority populations can present a challenge, especially if there are language or cultural barriers. To continue with its success in achieving home ownership, the City and area nonprofits may need to expand the information and resources that are available to minority, non-English speaking populations.

Housing Rehabilitation

Findings: The 2007 Housing Study had included a detailed analysis of certain older neighborhoods in Aberdeen. Four defined neighborhoods were identified, and nearly 1,100 homes were viewed and rated, based on exterior condition features. This served as the basis for some of the recommendations that follow.

The 2010 Update did not include a housing condition component, so no new information is available on the physical condition of houses. However, some new statistical information is available, along with summary information of actions that have been taken by area housing agencies.

Rehabilitation of older housing units should remain a high priority. Existing units represent the large majority of the affordable housing opportunities in Aberdeen. 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. As the existing stock ages, more maintenance and repair will be required. Without rehabilitation assistance, the affordable stock could shrink, creating an even more difficult affordability situation.

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

18. Promote Rental Housing Rehabilitation Programs

Findings: In the 2007 Housing Study, information from the 2000 Census was presented on the age and composition of the City's rental housing stock. According to the Census, approximately 33% of the rental units were in single family homes, mobile homes or duplex/two unit structures. The remaining 67% of all rental units were in multifamily buildings with three or more units.

There was concern that rental houses, duplexes and mobile homes could often represent lower-valued units that had been converted from owner-occupancy to renter-occupancy over time.

The 2008 American Community Survey appears to underestimate the size of the City's rental housing inventory. Still, more than 1,000 rental units were counted in small properties, including 843 single family homes, and 126 mobile homes used as rental housing. Overall, approximately 30% of all rental units were in one or two-unit structures, based on 2008 estimates.

Age of structure information from the American Community Survey shows that nearly 26% of all rental units were constructed prior to 1940, and nearly 45% are pre-1960 construction.

It is often 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. In South Dakota, HOME funds are the primary source of funds for rental rehabilitation.

Recommendation: There is only limited new information in 2010 on rental rehabilitation. The City has been very aggressive in removing substandard structures. Between 2007 and 2010, there were 95 single family homes and 30 multifamily units that were demolished. While pre-demolition tenure information is not available, it is probable that many of the removed structures may have been rental housing at one time. Removal of substandard structures may be required when rehabilitation activity does not occur.

HAPI has become involved in housing rehabilitation since 2007, but their efforts have been aimed at owner-occupied houses. HAPI was able to secure a grant from the Federal Home Loan Bank. In the future, it would be advisable to explore special funding opportunities that may exist for rental rehabilitation.

19. Promote Ongoing Owner-Occupied Housing Rehabilitation Programs

Findings: The 2007 Study had supported the need for continued efforts in the rehabilitation of older owner-occupied housing. The housing condition analysis completed in 2007 rated 425 homes as needing minor repair and 273 homes as needing major repair. This count was based on the exterior condition review of 1,079 houses within four defined neighborhoods. While some of these homes were being used as rental housing, the majority were believed to be owner-occupied units.

Recommendation: Aberdeen has made significant progress on this recommendation. In addition to the ongoing efforts of NESDCAP in providing rehabilitation assistance, Homes Are Possible, Inc., (HAPI) has also become actively involved in rehabilitating owner-occupied units.

HAPI has secured a grant from the Federal Home Loan Bank that provides \$5,000 per house in rehabilitation assistance, with a goal of rehabilitating 100 homes. Other available funding sources are combined with this program to complete the repair work.

As of the date of the research for this Update, 42 rehab projects had been completed. The program is being offered in a 25-County area, but HAPI indicated that approximately half of the completed projects were within the City of Aberdeen. HAPI intends to apply for another grant award to continue the program and rehab another 100 houses.

20. Develop a Rental Housing Licensing and Inspection Program

Findings: At the time of the 2007 Study, Aberdeen was considering the adoption and implementation of a Rental Housing Licensing and Inspection Program. The Study was supportive of this concept, citing the large number of rental housing units in the City. Multiple benefits of rental inspection programs were identified, including health and safety, and neighborhood stabilization.

Cities with a large student population often benefit from rental licensing and inspection requirements. Students are often willing to accept substandard conditions because they will be in the unit for a limited time period. Property owners are therefore able to rent the unit without the need for continued reinvestment into maintenance and improvement.

Recommendation: The City of Aberdeen has not adopted a rental licensing and inspection program, although discussion on the issue has continued. The interviews completed for this Update found differing opinions among public officials. Some thought that a program should be implemented, while others believed that economic conditions were not conducive to applying more requirements on rental housing. There was a fear that any increased costs of compliance would be passed through to lower income renters.

Community Partners Research would continue to recommend the development and implementation of a Rental Housing Licensing and Inspection Program to assure that all rental units in Aberdeen comply with housing laws and codes. The Rental Housing Licensing and Inspection Program will assure that Aberdeen rental units are safe and sanitary, by removing blighted and unsafe conditions.

Other Housing Issues

21. Develop a Neighborhood Revitalization Program

Findings: As stated previously, the 2007 Study included a visual housing condition survey within four older neighborhoods in Aberdeen. This recommendation provided specific information about each of these neighborhoods, including a breakdown of the condition ratings. The Study had recommended that a coordinated revitalization approach be developed within each neighborhood.

Recommendation: It does not appear that a specific revitalization plan has been developed for any of the neighborhoods. However, housing activities have proceeded Citywide. Between 2007 and 2010, there have been 95 houses and 30 rental units that have been cleared, mainly due to substandard condition. In some cases, the cleared lots have been used for affordable housing redevelopment.

There has also been a renewed emphasis on owner-occupied housing rehabilitation, as HAPI has secured a grant that has already assisted more than 20 households in Aberdeen.

The City of Sioux Falls has developed a coordinated plan for one of its older neighborhoods, Pettigrew Heights. A copy of this plan can be accessed at http://www.siouxfalls.org/Planning/neighborhoods/pettigrew_heights . Although this plan may be more elaborate than needed in Aberdeen, it could serve as a model for a neighborhood revitalization approach. According to Planning Department staff in Sioux Falls, this plan does meet specific State criteria, and allows the City to offer programs such as tax abatement within Pettigrew Heights.

22. Develop Downtown Housing

Findings: The 2007 Study identified opportunities to add housing units in the City's downtown area. Some downtown buildings were underutilized, and offered opportunities for additional housing development through conversions.

The 2007 Study had identified the need for hundreds of additional rental and owner housing units over a five-year period. This created an opportunity for some additional development in the downtown area.

Recommendation: The research completed in 2010 did not identify any larger-scale housing development projects within the downtown area.

According to City officials, some projects have been considered, but were not viewed as financially feasible. One previous downtown housing project, the conversion of the Ward Hotel, was not completely successful in selling condominium units. Unsold units were then converted into luxury rental housing.

The research completed for this Update continues to project household growth for the community, with up to 80 additional households being added in an average year. This will continue to generate demand for both owner and renter-occupancy units.

Communities such as Fargo have had some success with rental projects in their downtown areas that are oriented to single individuals. In many cases, these people work downtown in lower wage jobs. The Aberdeen Housing Authority has a working relationship with Beyond Shelter, Inc., a Fargo-based nonprofit group that has worked on affordable downtown rental projects.

23. Housing Assistance for the Homeless and Hard to House

Findings: The 2007 Study discussed the impact of “hard to house” populations in the attempt to provide affordable housing. As a regional center, with a large number of renter households, Aberdeen had some issues with problem tenants. Providing housing for this group was difficult, as landlord screening would often limit the housing choices. Some of the hard to house populations had issues that made them homeless or near-homeless.

The City of Aberdeen did have several agencies and organizations that were actively working on these issues, including the Housing for the Homeless Consortium, the Salvation Army, Brown County Poor Relief and several churches.

Recommendation: The 2007 Study had identified some approaches that could be used with hard to house populations. Some additional innovative ideas have been identified recently.

One of the most successful initiatives to deal with this segment of the renter population is the Tenant Education and Self-Sufficiency Program (TESS) utilized in Sioux Falls. TESS is administered by the InterLakes Community Action Partnership. It is a very labor-intensive program that includes active case management, especially in the financial affairs of the participating household.

By all reports, this approach has tended to be very successful, and is highly regarded by some property managers who have worked with program graduates.

24. Support Community Task Forces

Findings: At the time of the 2007 Study, Aberdeen had created an Affordable Housing Task Force and a Rental Housing Task Force. These task forces included broad representation from Aberdeen citizens. The Study had been supportive of community efforts to promote affordable housing development.

Recommendation: In 2010, these citizen groups are largely inactive. However, a number of housing agencies and nonprofit groups have increased their level of involvement, including the Aberdeen Housing Authority and Homes Are Possible, Inc.

25. Diversity Issues

Findings: the 2007 Housing Study reviewed information on racial and ethnic minority populations. According to the 2000 Census, approximately 4.2% of Aberdeen's households were ethnic or racial minorities. The largest minority group in Aberdeen was Native Americans. It was anticipated that Aberdeen would become more diverse as job creation attracted new residents to the community.

The 2010 Update has some access to new information on minority populations in Aberdeen. However, since these populations are still relatively small, much of the more detailed information is suppressed in the American Community Survey (ACS). According to the ACS, the number of racial and ethnic minority households had increased to 6.0% in the City by 2008.

A separate estimate by Claritas, Inc., examines population trends. According to the Claritas estimates for Aberdeen, the population of racial and ethnic minorities has been growing in the community, but still represents only a small percentage of the total population. Within the defined racial groups, the White population in 2010 still represents 93.2% of all City residents. In 2000, the White population accounted for 94.6% of all residents.

Only 1.5% of the City's population is estimated to be of Hispanic/Latino ethnicity in 2010. In 2000, only 0.8% of the population identified themselves as Hispanic/Latino.

The 2007 Study discussed various barriers that can impact minority households, including language, culture, income, transportation, discrimination and other factors.

Recommendation: The 2007 Study discussed various approaches that can be used to help the community to address housing needs that may arise as the City becomes more diverse. In 2010, the City has still not seen a large influx of racial or ethnic minority households. However, some of the proposed jobs that may be created in the City could attract more immigrant populations in the future.

Because of the data suppression that exists in American Community Survey, not much detailed information exists about the housing status of minorities in Aberdeen. A recent analysis completed by Community Partners Research in Sioux Falls found that home ownership rates tended to be well below average for most minority households in 2008. The notable exception was Hispanic/Latino households, which had the highest rate of home ownership of any group, surpassing White, Non-Hispanic households.

Depending on the changes that occur in the future, there may be opportunities for special programs targeted to minority households to promote the attractive ownership options in Aberdeen.

26. Acquire and Demolish Dilapidated Structures

Findings: The 2007 Study acknowledged the significant progress made by the City in the identification and removal of severely substandard houses. According to building permit records, from 2000 through 2006, 103 single family homes and two apartment buildings had been demolished.

Despite the significant number of structures that had been removed, the housing condition survey in 2007 still found a number of houses in the City's older neighborhoods that appeared to be deteriorated beyond repair. Continued emphasis on demolition had been recommended.

Recommendation: The City continues to take aggressive action on this issue. Between 2007 and 2010, another 95 houses and 30 multifamily units were removed. While some of this was due to flood damage in 2007, the majority of units were cleared because of general deterioration.

Usable lots created by the removal of structures have been used for affordable housing development. In the past three years, HAPI has placed 14 new homes on infill lots. These houses have been sold for less than \$85,000.

27. Consider a Mobile Home Park Improvement Program

Findings: The 2007 Study included a condition survey of the mobile homes in Aberdeen's seven mobile home parks. This survey rated 645 mobile homes in the City and just outside the City limits. The survey rated only 24% of the mobile homes as being in Sound Condition. There were 84 mobile homes rated as Dilapidated.

No similar condition survey was completed as part of the 2010 Update.

Recommendation: The 2010 research did not identify any specific initiatives that have been taken to address issues with substandard mobile homes. It is possible that the City's clearance efforts have removed some of the severely dilapidated units.

28. Create a Plan and Develop a Coordinated Effort Among Housing Agencies

Findings: The 2007 Study had encouraged the City to establish a plan and dedicate staff resources to address housing issues.

Recommendation: Aberdeen has been very active in addressing many of the needs and recommendations contained in the previous Study. In particular, the Aberdeen Housing Authority and Homes Are Possible, Inc., have undertaken multiple initiatives related to the creation and preservation of affordable housing. The City of Aberdeen has provided the Housing Authority with significant financial resources that will allow the agency to hire two new staff people to assist with housing programs.