City of Miller
HOUSING STUDY

March 2013

An analysis of the overall housing needs
in the City of Miller and the Town of Saint Lawrence

Community Partners Research, Inc.
1011 Newhall Drive
Faribault, MN 55021

List of Sections

Introduction

Overview

Local elected and public officials are often held responsible for conditions and circumstances over which they have limited control. This is particularly true of housing. Many of the housing units in Miller, St. Lawrence and Hand County are privately owned and were constructed with private funds. On an increasing scale, however, the public is demanding that public officials control what happens in this largely private housing market by eliminating blight, protecting individual investments, and generating new housing growth to meet economic development needs. Community Partners Research, Inc., was hired by the On Hand Development Corporation to conduct a study of the housing needs and conditions in the City of Miller and the Town of St. Lawrence.

Goals

The multiple goals of the study include:

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

Methodology

A variety of resources were utilized to obtain information for the Housing Study. Community Partners Research, Inc., collected and analyzed data from December 2012 to February 2013. Data sources included:

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

Limitations

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

This study was prepared by:

Community Partners Research, Inc.
1011 Newhall Drive
Faribault, MN 55021
(507) 838-5992
cpartners@charter.net

Section Table of Contents

Demographic Data Overview

Sources of Data

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

To supplement the decennial Census, the Census Bureau has created the American Community Survey, an annual sampling of households. The American Community Survey provides detailed demographic characteristics, replacing information once collected by the decennial Census. However, because the American Survey is based on sampling data, there is a margin of error that exists for each estimate. The following tables incorporate the 2010 Census data, when available, or the 2011 American Community Survey data.

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

Population Data and Trends

Table 1 Population Trends - 1980 to 2010

	1980 Population	1990 Population	2000 Population	% Change 1990-2000	2010 Population	% Change 2000-2010
Miller	1,931	1,678	1,530	-8.8%	1,489	-2.7%
St. Lawrence	223	223	210	-5.8%	198	-5.7%
Hand County	4,948	4,272	3,741	-12.4%	3,431	-8.3%

Source: U.S. Census

- The 2010 U.S. Census Bureau's population data provided a new benchmark for population levels. Miller, St. Lawrence and Hand County all lost population from 2000 to 2010.

- Miller's population was 1,489 in 2010. This is a 41-person decrease since 2000, which is a population loss of 2.7%.

- St. Lawrence's population was 198 in 2010. This is a 12-person decrease since 2010, which is a population loss of 5.7%.

- Hand County's population was 3,431 in 2010. This is a 310-person decrease since 2000, which is a population loss of 8.3%.

- Miller, St. Lawrence and Hand County also experienced significant population decreases in the 1990s. Miller's population decreased by 148 people, St. Lawrence's population decreased by 13 people and Hand County's population decreased by 531 people.

- Miller's population is primarily White and non-Hispanic. At the time of the 2010 Census, approximately 98% of the City's residents identified their race as White, with the Native American population representing approximately 0.5% of the City total. Approximately 0.6% of the City's residents were identified as Hispanic/Latino.

- St. Lawrence's population is also primarily White and non-Hispanic/Latino. At the time of the 2010 Census, 99.5% of the City's residents were White and 0.5% were Native American.

- According to the Census Bureau, 61 Miller residents live in group quarters.

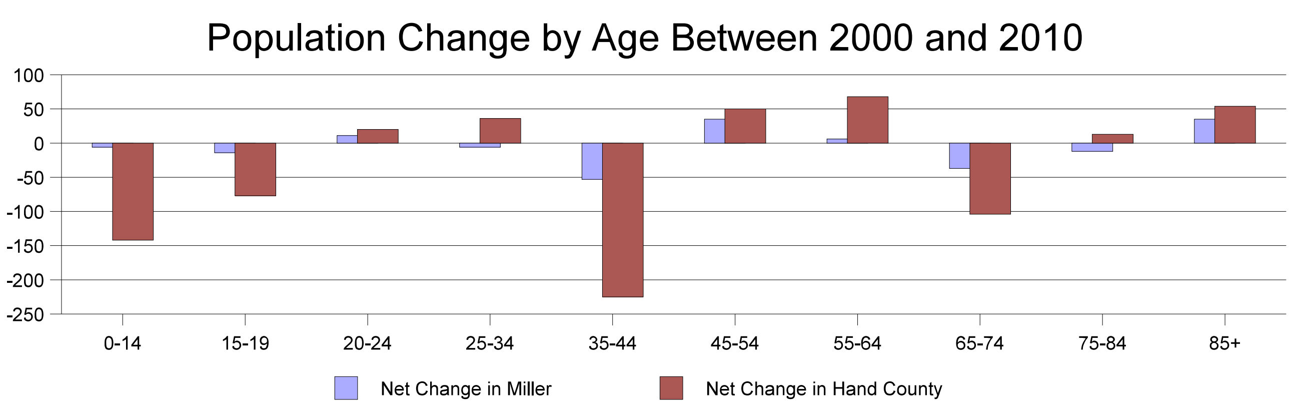
Population by Age Trends: 2000 to 2010

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

Table 2 Population by Age - 2000 to 2010

Age	Miller			Hand County		
	2000	2010	Change	2000	2010	Change
0-14	233	227	-6	724	582	-142
15-19	89	75	-14	278	199	-77
20-24	38	49	11	109	129	20
25-34	135	129	-6	283	319	36
35-44	188	135	-53	552	327	-225
45-54	173	208	35	499	549	50
55-64	165	171	6	392	459	68
65-74	207	170	-37	455	351	-104
75-84	208	196	-12	335	348	13
85+	94	129	35	114	168	54
Total	1,530	1,489	-41	3,741	3,431	-310

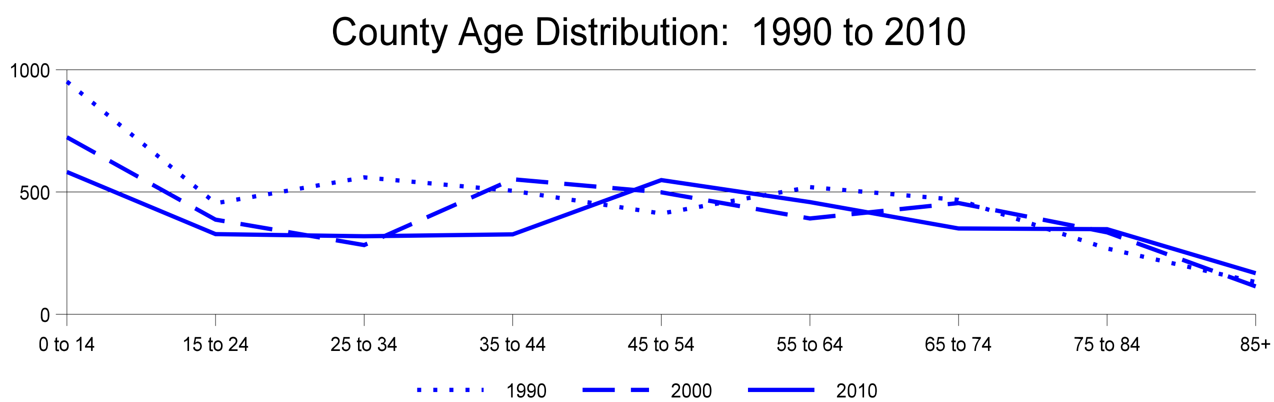
Source: U.S. Census



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

Between 2000 and 2010, Miller had a net gain of 41 people and Hand County had a gain of 118 people in the age ranges between 45 and 64 years old. In 2010, nearly all of the baby boomers were within these age ranges. The aging of the baby boomers is reflected in the numeric net gain in the 45 to 64 age ranges.

The City and County also had an increase of older senior citizens, age 85 and older. There was a gain of 35 people in Miller and a gain of 54 people in Hand County in the age 85 and older age range.



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

Population Projections

The following table presents population projections using two different sources.

The South Dakota State Data Center has issued preliminary population projections to the year 2030 for Hand County. The following table shows the Data Center projection for 2015.

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

Table 3 Population Projections Through 2015

	2010 Population Census	2015 Projection from 10-year trend	2015 Projection from 20-year trend	2015 Projection State Data Center
Miller	1,489	1,469	1,447	N/A
St. Lawrence	198	192	192	N/A
Hand County	3,431	3,276	3,262	3,264

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

- The growth projections based on 10-year and 20-year growth trends estimate population losses from 2010 to 2015 for Miller, St. Lawrence and Hand County. The State Data Center also projects population losses for Hand County.

- The 10-year and 20-year growth trend population projections for Miller estimate a decrease of 20 to 42 people by 2015.

- The 10-year and 20-year growth trend population projections for St. Lawrence estimate a decrease of six people by 2015.

- Hand County's population, based on 10-year and 20-year growth trends, is projected to lose between 155 and 169 people from 2010 to 2015. The State Data Center projects Hand County will lose 167 people by 2015.

Household Data and Trends

Table 4 Household Trends - 1980 to 2010						
	1980 Households	1990 Households	2000 Households	% Change 1990-2000	2010 Households	% Change 2000-2010
Miller	795	752	720	-4.3%	724	0.6%
St. Lawrence	85	91	90	-0.1%	74	-17.8%
Hand County	1,768	1,625	1,543	-5.0%	1,494	-3.2%

Source: U.S. Census

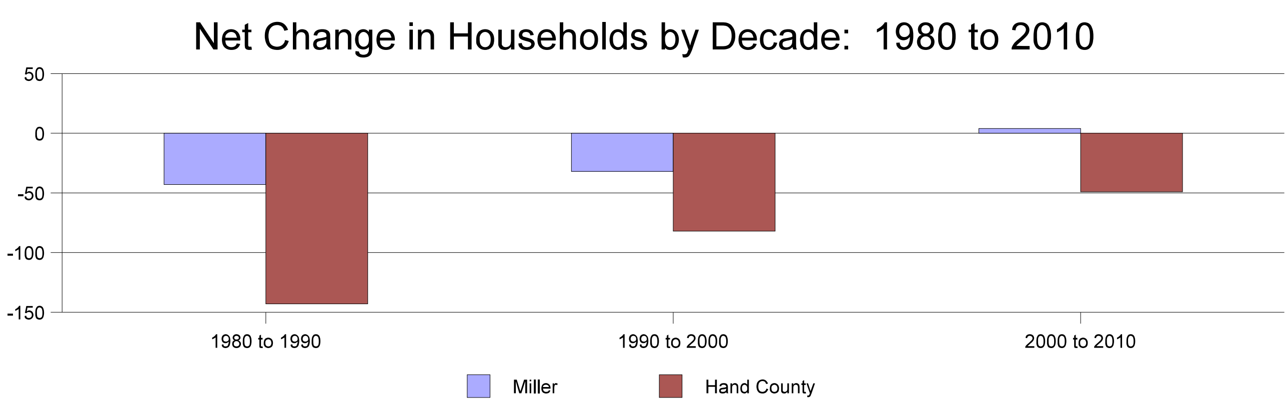
- The 2010 U.S. Census provided a new benchmark for household levels. Between 2000 and 2010, Miller gained households, but St. Lawrence and Hand County lost households during the decade.

- Miller had 724 households in 2010. This is an increase of four households since 2000, which is a household gain of 0.6%.

- St. Lawrence had 74 households in 2010. This is a loss of 16 households since 2000, which is a household decrease of 17.8%.

- Hand County had 1,494 households in 2010. This is a loss of 49 households, which is a household decrease of 3.2%.

- Miller, St. Lawrence and Hand County experienced household decreases during the 1990s. Miller lost 32 households, St. Lawrence lost one household and Hand County lost 82 households from 1990 to 2000.



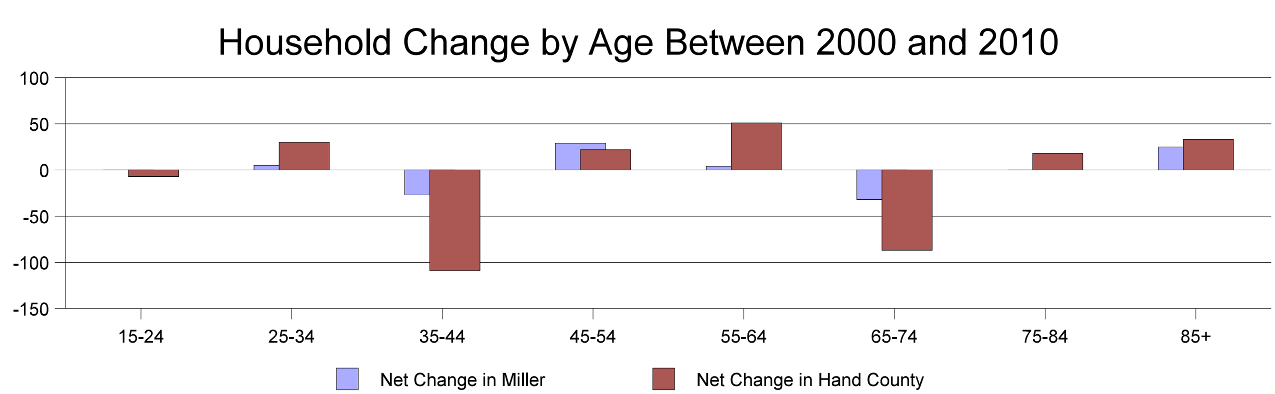
Household by Age Trends: 2000 to 2010

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

Table 5 Households by Age - 2000 - 2010						
Age	Miller			Hand County		
	2000	2010	Change	2000	2010	Change
15-24	20	20	0	47	40	-7
25-34	72	77	5	139	169	30
35-44	102	75	-27	281	172	-109
45-54	100	129	29	277	299	22
55-64	95	99	4	211	262	51
65-74	135	103	-32	285	198	-87
75-84	142	142	0	231	249	18
85+	54	79	25	72	105	33
Total	720	724	4	1,543	1,494	-49

Source: U.S. Census

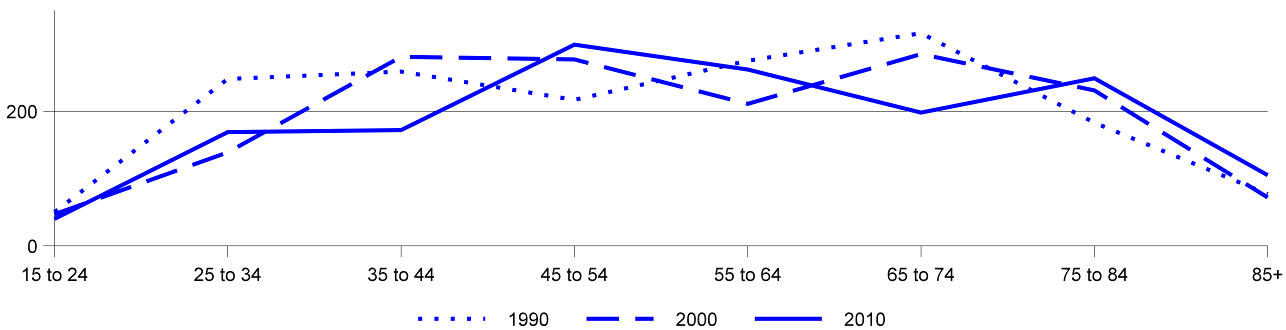
Consistent with the population by age data presented earlier, the household patterns show most of the net change occurring in the baby boomer age groups. For both Miller and the Hand County, there was a large net growth in households in the age ranges between 45 and 64 years old. For all of Hand County there was an increase of 73 households in these age ranges.



Miller and Hand County had a net decrease in the number of households age 44 and younger. In 2010, Miller had 22 fewer households and Hand County had 86 fewer households in the age groups less than 45 years old, than in the year 2000.

For Miller and Hand County there was an increase in the number of older senior-headed households. From 2000 to 2010, Miller gained 25 households and Hand County gained 33 households, age 85 and older.

Two-County Area Households by Age of Householder: 1990 to 2010



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

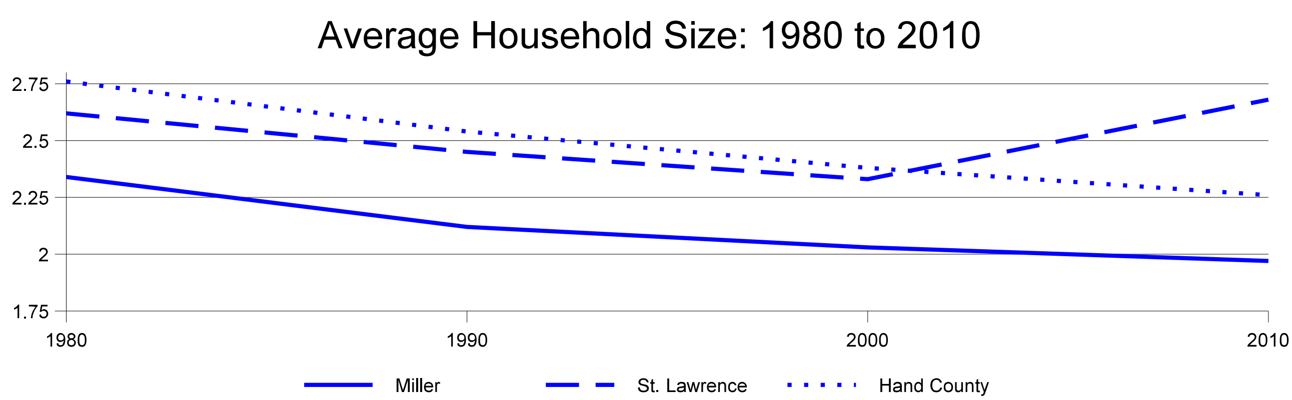
Average Household Size

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

Table 6 Average Number of Persons Per Household: 1990 to 2010				
	1980 Census	1990 Census	2000 Census	2010 Census
Miller	2.34	2.12	2.03	1.97
St. Lawrence	2.62	2.45	2.33	2.68
Hand County	2.76	2.54	2.38	2.26

Source: U.S. Census

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



The average household size in Miller and Hand County has continued to decrease over the past three decades. In Miller, the average household size has decreased from 2.34 persons per household in 1980 to 1.97 persons in 2010. St. Lawrence's average household size decreased from 1980 to 2000, but increased substantially from 2.33 in 2000 to 2.68 in 2010.

Hand County's average household size decreased from 2.76 in 1980 to 2.26 in 2010.

Household Projections

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

Table 7 Household Projections Through 2015			
	2010 Census	2015 Projection from 10-year trend	2015 Projection from 20-year trend
Miller	724	726	717
St. Lawrence	74	67	71
Hand County	1,494	1,470	1,461

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

- The growth projections based on 10-year and 20-year trends estimate household losses for St. Lawrence and Hand County. The 10-year growth projection estimates household gains for Miller, while the 20-year growth projection estimates household losses.

- From 2010 to 2015, the projections for Miller range from a gain of two households to a loss of seven households.

- Hand County is projected to decrease by 24 to 33 households from 2010 to 2015.

- From 2010 to 2015, St. Lawrence is projected to lose from four to seven households.

Household by Age Projections: 2010 to 2015

With the release of the 2010 Census, a new benchmark has been established for Hand County age-related statistics. In the following table, Community Partners Research, Inc., has generated age-based household projections for Hand County to the year 2015.

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

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

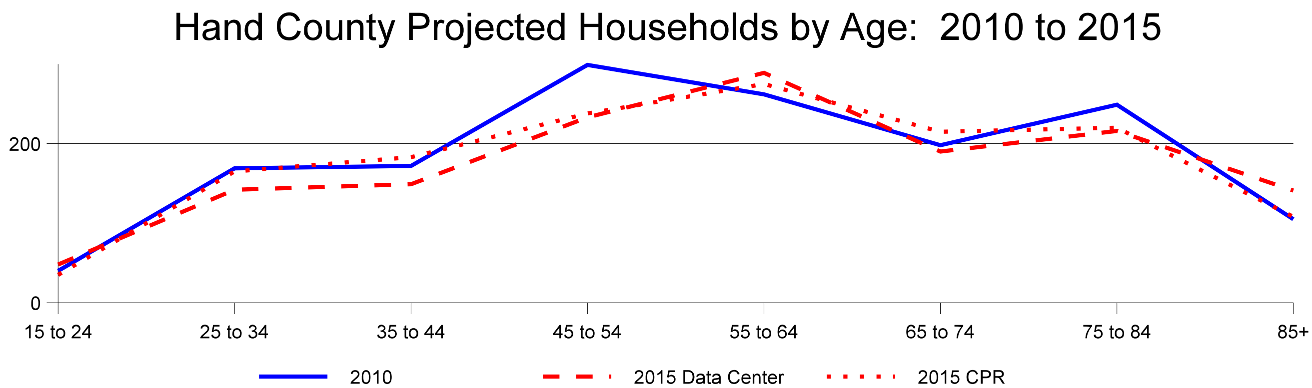
Both sets of projections assume that historical patterns will continue into the near-future, especially related to household formation and household size within specific age groups. If the County loses population at a rate that is slower than past patterns would suggest, traditional age-based forecasts could be altered.

Table 8 Hand County Projected Households by Age - 2010 to 2015

Age Range	2010 Census	Extrapolated from State Data Center		Community Partner Research	
		2015 Projection	Change from 2010	2015 Projection	Change from 2010
15-24	40	48	8	35	-5
25-34	169	142	-27	165	-4
35-44	172	149	-23	183	11
45-54	299	233	-66	238	-61
55-64	262	289	27	275	13
65-74	198	190	-8	215	17
75-84	249	216	-33	220	-29
85+	105	141	36	108	3
Total	1,494	1,408	-85	1,439	-55

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

While the two projection methods do yield some differences for the age-based forecasts, in general terms they offer a somewhat similar expectation through the year 2015. The following line chart shows the progression of the age ranges from 2010 to 2015.



The projections from the State Data Center tend to be more optimistic for the number of younger households age 15 to 24 and households 85 and older. The extrapolation from the State Data Center indicates a probable gain of eight households within this younger adult group while Community Partners Research, Inc., projects a loss of five households.

The extrapolated projections from the Data Center show growth among households age 85 and older, with a probable gain of 36 households, compared to a gain of three households under the Community Partners Research, Inc., projection. It is the analysts' opinion that to achieve the growth in older seniors that the Data Center projects, Hand County would need to attract older people from outside the immediate area.

Community Partners Research, Inc., is more optimistic in the 35 to 44 and 65 to 74 age ranges. Community Partners Research, Inc., projects a gain of 11 households in the 35 to 44 age range while the Data Center projects a loss of 23 households. Community Partners, Inc., projects a gain of 17 households in the 65 to 74 age range and the Data Center projects a loss of eight households.

Households by Type

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

Table 9 Miller Household Composition - 2000 to 2010			
	2000 Census	2010 Census	Change
Family Households			
Married Couple with own children	125	101	-24
Single Parent with own children	35	42	7
Married Couple without own children	225	233	8
Family Householder without spouse	22	20	-2
Total Families	407	396	-11
Non-Family Households			
Single Person	302	313	11
Two or more persons	11	15	4
Total Non-Families	313	328	15

Source: U.S. Census

Between 2000 and 2010, Miller experienced losses in the total number of family households. Most of the family household losses were due to a decrease in the number of married couple families with children. The City did have an increase in married couples without children and single parents with children.

The City had a net increase in "non-family" households. This was primarily due to an increase in single person households, although, there also was an increase in the number of unrelated individuals living together.

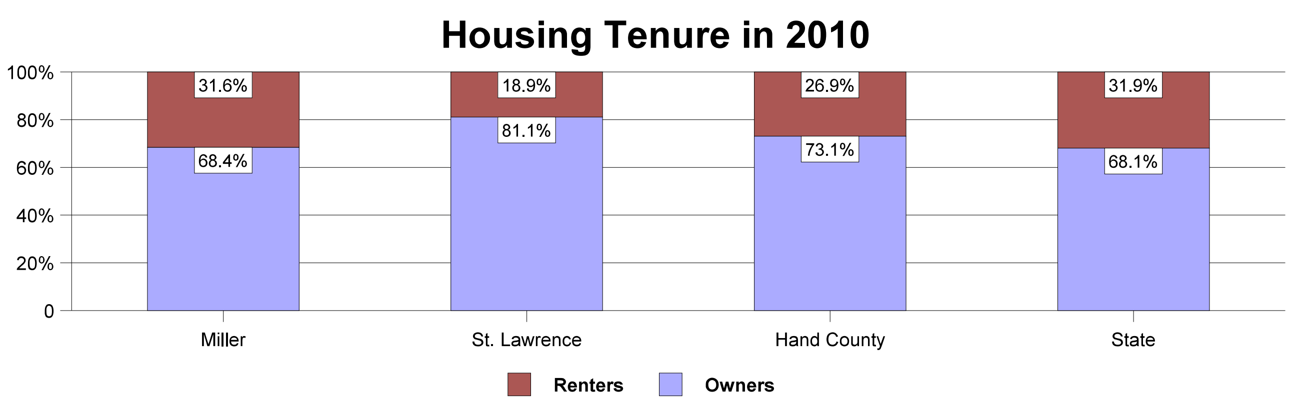
Housing Tenure

The 2010 Census provided an updated look at housing tenure patterns. The following table examines overall tenure rates for Miller, St. Lawrence and Hand County.

Table 10 Household Tenure - 2010				
	Number of Owners	Percent of all Households	Number of Renters	Percent of all Households
Miller	495	68.4%	229	31.6%
St. Lawrence	60	81.1%	14	18.9%
Hand County	1,092	73.1%	402	26.9%
State	-	68.1%	-	31.9%

Source: U.S. Census

According to the 2010 Census, the ownership tenure rate in the City of Miller was 68.4% and 81.1% in St. Lawrence. Hand County's ownership rate was 73.1%.



Households by Housing Tenure

The following table examines the changes in housing tenure patterns from 2000 to 2010 for the City of Miller and Hand County.

Table 11 Households by Housing Tenure - 2000 to 2010						
Tenure	Miller			Hand County		
	2000	2010	Change	2000	2010	Change
Owners	498/69.2%	495/68.4%	-3	1,139/73.8%	1,092/73.1%	-47
Renters	222/30.8%	229/31.6%	7	404/26.2%	402/26.9%	-2
Total	720	724	4	1,543	1,494	-49

Source: U.S. Census

Miller's ownership tenure rate decreased slightly over the last decade, from 69.2% in 2000 to 68.4% in 2010.

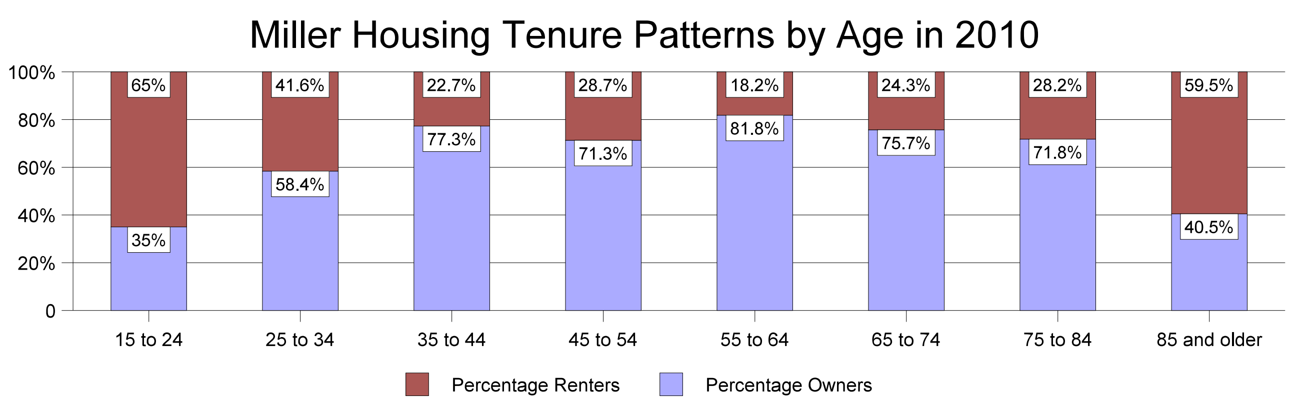
For Hand County, there was also a slight decrease in the rate of owner households between 2000 and 2010. The ownership tenure rate decreased from 73.8% in 2000 to 73.1% in 2010.

Tenure by Age of Householder

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

Table 12 Miller Tenure by Age of Householder - 2010				
Age	Owners		Renters	
	Number	Percent within age	Number	Percent within age
15-24	7	35.0%	13	65.0%
25-34	45	58.4%	32	41.6%
35-44	58	77.3%	17	22.7%
45-54	92	71.3%	37	28.7%
55-64	81	81.8%	18	18.2%
65-74	78	75.7%	25	24.3%
75-84	102	71.8%	40	28.2%
85+	32	40.5%	47	59.5%
Total	495	68.4%	229	31.6%

Source: U.S. Census



Within the defined age ranges, typical tenure patterns were present, with households at the lowest and highest ends of the age spectrum showing greater preference for rental housing, while middle-aged adult households were primarily home owners. Approximately 65% of the households age 24 and younger rented their unit, and approximately 60% of households age 85 and older were renters. Home ownership rates for each of the 10-year age cohorts between 35 and 84 years old were above 71%.

Tenure by Household Size

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

Table 13 Miller Tenure by Household Size - 2000 to 2010

Household Size	Owners			Renters		
	2000	2010	Change	2000	2010	Change
1-Person	157	160	3	145	153	8
2-Person	200	215	15	47	43	-4
3-Person	54	46	-8	14	17	3
4-Person	55	40	-15	9	12	3
5-Person	24	27	3	6	3	-3
6-Person	8	3	-5	1	1	0
7-Persons+	0	4	4	0	0	0
Total	498	495	-3	222	229	7

Source: U.S. Census

Over the past decade, there was a decrease in the number of owner households and an increase in renter households in Miller. There was an increase of 18 owner households with one or two household members, and a decrease of 23 owner households with three of four household members. There was an increase of eight renter households with one person. There was a gain of six renter households with three or four people. Approximately 86% of the renter households in Miller are one or two person households.

2011 Income Data

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

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

Table 14 Median Household Income - 2000 to 2011			
	2000 Median	2011 Median	% Change
Miller	$28,929	$40,357	39.5%
St. Lawrence	$32,583	$51,250	57.3%
Hand County	$32,377	$44,375	37.1%
South Dakota	$35,271	$46,369	31.5%

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

Table 15 Median Family Income - 2000 to 2011			
	2000 Median	2011 Median	% Change
Miller	$39,293	$54,833	39.5%
St. Lawrence	$34,583	$58,056	67.9%
Hand County	$38,017	$51,974	36.7%
South Dakota	$43,237	$58,958	36.4%

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

Information contained in the 2011 American Community Survey shows local income levels and income growth over the past decade. Both the median household income level and the median family income for Miller were below the respective medians for the State of South Dakota. However, the median household income for St. Lawrence is higher than the median for South Dakota and St. Lawrence's median family income is slightly below the state family median income.

The family median income for Miller, St. Lawrence and Hand County increased substantially from 2000 to 2011.

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

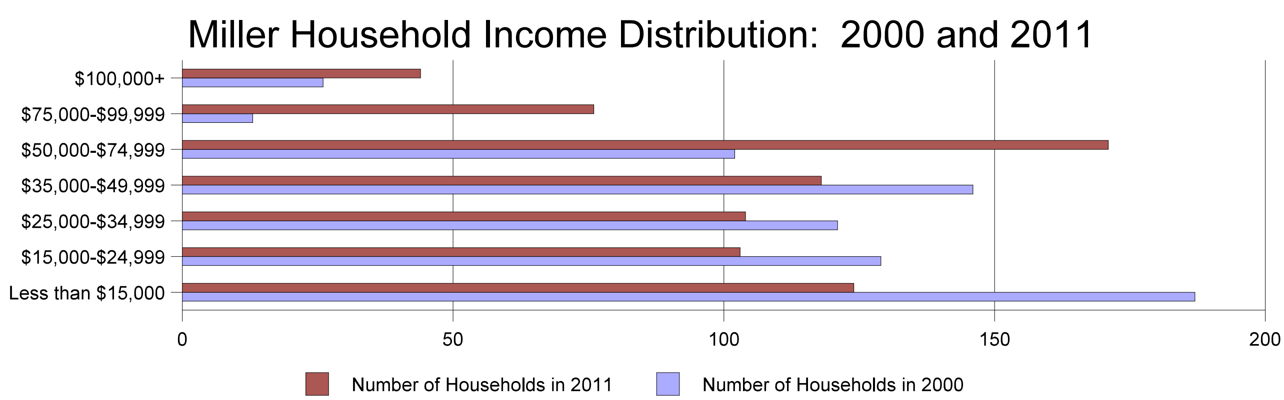
Using the commonly accepted standard that up to 30% of gross income can be applied to housing expenses without experiencing a cost burden, a median income household in Miller could afford approximately $1,009 per month for ownership or rental housing in 2011. A median income family could afford approximately $1,371 per month for housing. A St. Lawrence median income household could afford $1,281. However, as will be detailed later in this section, renter households tend to be below the overall median, while owner households tend to be above the overall median level.

Miller Household Income Distribution

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

Table 16 Miller Household Income Distribution - 2000 to 2011			
Household Income	Number of Households 2000	Number of Households in 2011	Change 2000 to 2011
$0 - $14,999	187	124	-63
$15,000 - $24,999	129	103	-26
$25,000 - $34,999	121	104	-17
$35,000 - $49,999	146	118	-28
$50,000 - $74,999	102	171	69
$75,000 - $99,999	13	76	63
$100,000+	26	44	18
Total	724	740	16

Source: 2000 Census; 2011 ACS



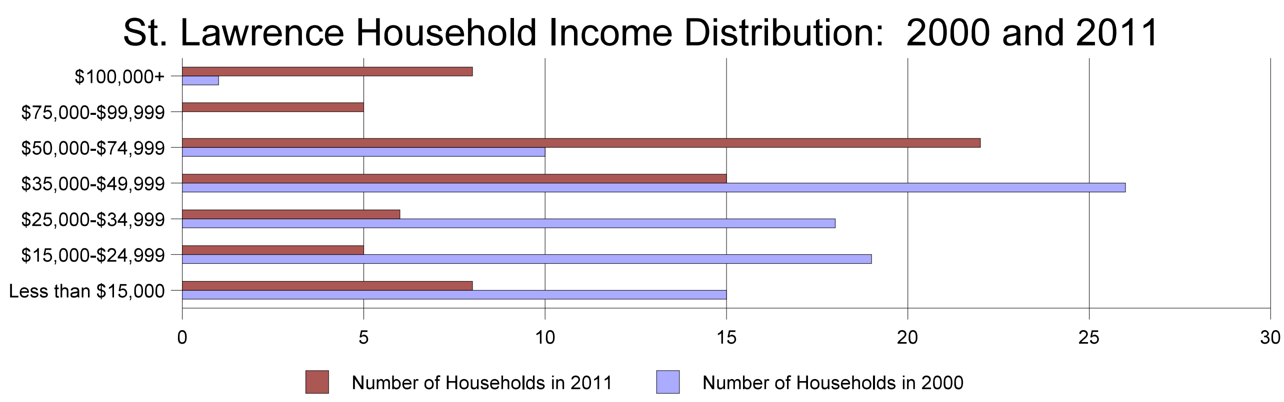
According to income estimates contained in the 2011 American Community Survey, household incomes have generally improved in Miller. When compared to the 2000 Census (1999 income), the number of households with an income of $50,000, or more, increased by 150 households. Although there was a decrease in the number of households in each of the lower income ranges, there were still 227 households with an income below $25,000 in 2011.

St. Lawrence Household Income Distribution

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

Table 17 St. Lawrence Household Income Distribution - 2000 to 2011			
Household Income	Number of Households 2000	Number of Households in 2011	Change 2000 to 2011
$0 - $14,999	15	8	-7
$15,000 - $24,999	19	5	-14
$25,000 - $34,999	18	6	-12
$35,000 - $49,999	26	15	-11
$50,000 - $74,999	10	22	12
$75,000 - $99,999	0	5	5
$100,000+	1	8	7
Total	89	69	-20

Source: 2000 Census; 2011 ACS



According to income estimates contained in the 2011 American Community Survey, household incomes have generally improved in St. Lawrence. When compared to the 2000 Census (1999 income), the number of households with an income of $50,000, or more, increased by 24 households. Conversely, there was a decrease of 21 households with an income below $25,000.

Miller Income Distribution by Housing Tenure

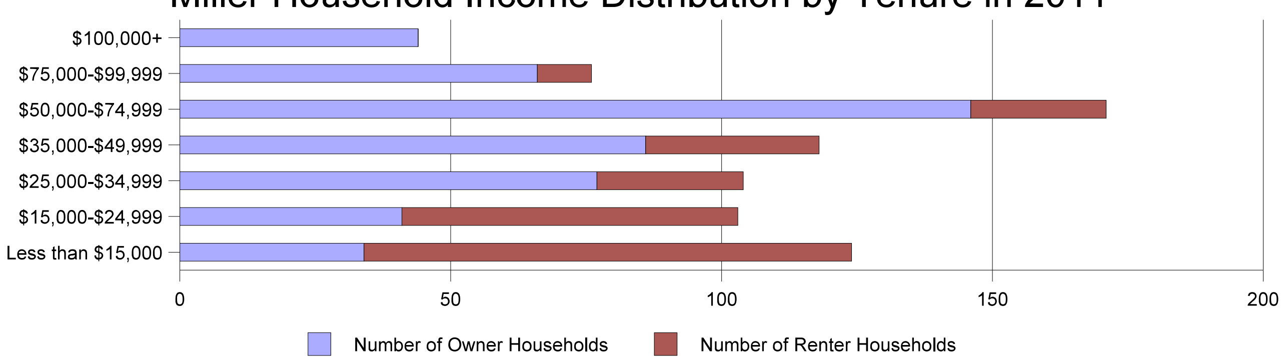
The 2011 American Community Survey provides an estimate by owner and renter status. The following table examines income distribution within the City of Miller. The American Community Survey is an estimate, based on limited sampling data, and there are some differences when compared to the 2010 Census. For total households, the American Community Survey reported 16 more households than the Census, a difference of 6.3%. The American Community Survey estimated one less owner household than the Census, and 17 more renter households. Since owner households tend to have higher incomes than renters, the over-weighting of renters in the estimate probably results in some lower totals in the higher income ranges.

Table 18 Miller Household Income Distribution by Tenure - 2011

Household Income	Number of Owner Households	Number of Renter Households	Total Households
$0 - $14,999	34/27.4%	90/72.6%	124
$15,000 - $24,999	41/39.8%	62/60.2%	103
$25,000 - $34,999	77/74.0%	27/26.0%	104
$35,000 - $49,999	86/72.9%	32/27.1%	118
$50,000 - $74,999	146/85.4%	25/14.6%	171
$75,000 - $99,999	66/86.8%	10/13.2%	76
$100,000+	44/100.0%	0/0%	44
Total	494/66.8%	246/33.2%	740

Source: 2011 American Community Survey

Miller Household Income Distribution by Tenure in 2011



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

In 2011, approximately 73% of all renter households in Miller had an annual income below $35,000. At 30% of income, these households would have $875, or less, that could be applied to monthly housing costs.

Conversely, most owner households had a substantially higher income level. Approximately 52% of all owner households had an annual income of $50,000 or more. At 30% of income, an owner could afford $1,364 or more per month for housing costs.

2011 Estimated Income and Housing Costs - Renters

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

Table 19 Gross Rent as a Percentage of Household Income - Miller		
Percentage of Household Income for Housing Costs	Number of Renter Households 2011	Percent of All Renter Households 2011
0% to 19.9%	68	27.6%
20% to 29.9%	56	22.8%
30% to 34.9%	23	9.4%
35% or more	66	26.8%
Not Computed	33	13.4%
Total	246	100%

Source: 2011 American Community Survey

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

According to the American Community Survey, approximately 36% of all renters in the City were paying 30% or more of their income for rent. The large majority of these households were actually paying 35% or more of their income for housing. Federal standards for rent subsidy programs generally identify 30% of income as the maximum household contribution. When more than 30% of income is required, this is often called a "rent burden". When more than 35% is required, this can be considered a "severe rent burden".

2011 Estimated Income and Housing Costs - Owners

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

Table 20 Ownership Costs as a Percentage of Income - Miller		
Percentage of Household Income for Housing Costs	Number of Owner Households 2011	Percent of All Owner Households 2011
0% to 19.9%	345	69.8%
20% to 29.9%	78	15.8%
30% to 34.9%	14	2.9%
35% or more	52	10.5%
Not Computed	5	1.0%
Total	494	100%

Source: 2011 ACS

Based on the 2010 Census, the 2011 American Community Survey slightly underestimated the number of owner households in the City by only one household. The 2010 Census reported 495 households in 2010.

Most owner-occupants, which would include households with and without a mortgage, reported paying less than 30% of their income for housing. Approximately 13% of all home owners reported that they paid more than 30% of their income for housing. Most of these households were paying more than 35% of income for housing costs.

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

Occupancy Status of Housing Units - 2010

Table 21 Occupancy Status of Housing Units - 2010						
	Occupied Units		Vacant Units			
	Owner	Renter	For Rent	For Sale	Seasonal Use	Other Vacant
Miller	495	229	32	9	21	53
St. Lawrence	60	14	2	0	0	16
Hand Co.	1,092	402	38	10	87	186

Source: U.S. Census

- In 2010, according to the U.S. Census, there were 87 seasonal housing units in Hand County, including 21 units in Miller.
- There were 321 total vacant housing units in Hand County in 2010, including 115 units in Miller and 18 units in St. Lawrence.

Existing Home Sales

This section examines houses that have been sold in Miller in 2010, 2011 and 2012. It is important to note that the number of houses that have sold is limited, and may not be an accurate indicator of overall home values in the City. However, this sample does provide some insight into those units that are turning-over in a given year.

This table primarily reflects existing home sales. New construction sales activity would generally not be recorded in the data that was used for this analysis.

Table 22 Median Value of Residential Sales - 2010 to 2012			
Calendar Year	Number of Good Sales	Median Sale Price	Average Sale Price
2010	28	$62,500	$61,107
2011	32	$55,000	$68,313
2012	18	$89,450	$91,556

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

- From 2010 to 2012, there were 78 residential sales of single family houses in Miller that were considered to be "arms length" transactions, according to the County's Director of Equalization. Sales that are not "arms length" include, but are not limited to, sales between relatives, forced sales and foreclosures, and estate transfers that are not available on the open market. Only the "arms length" transactions have been reviewed for this study.

- In 2010, there were 28 residential sales in Miller. The median sales price was $62,500. The highest valued sale was for $130,000 and the lowest valued sale was for $6,000.

- In 2011, there were 32 residential sales in Miller. The median sales price was $55,000. The highest valued sale was for $170,000 and the lowest valued sale was for $3,000.

- In 2012, there were 18 residential sales in Miller. The median sales price was $89,450. The highest valued sale was for $250,000 and the lowest valued sale was for $21,060.

Housing Construction Activity

Based on information provided by the City of Miller and the U.S. Census Bureau, 30 single family homes and two duplexes were constructed in Miller from 2000 to 2012. One single family home and one duplex were constructed in St. Lawrence from 2000 to 2012.

In addition to the single family homes and duplexes, several homes have been constructed outside the corporate limits of Miller and St. Lawrence.

Miller Housing Condition

Community Partners Research, Inc. representatives conducted a visual 'windshield' survey of 455 single family/duplex houses in three Miller neighborhoods.

The boundaries of the three neighborhoods are:

Neighborhood No. 1: South - E. 1st St., North - Hwy 14, East - E. 8th Ave., West - E. 1st. Ave.

Neighborhood No. 2: South - 3rd St., North - 7th St., East - E. 5th Ave., West - N. Broadway Ave.

Neighborhood No. 3: South - W. 1st St., North - W. 7th St., East - N. Broadway Ave., West - W. 5th Ave.

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

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

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

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

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

Table 23 Windshield Survey Condition Estimate - 2012					
	Sound	Minor Repair	Major Repair	Dilapidated	Total
Neighborhood No. 1	36/34.6%	25/24.1%	33/31.7%	10/9.6%	104
Neighborhood No. 2	56/41.2%	37/27.2%	35/25.7%	8/5.9%	136
Neighborhood No. 3	70/32.6%	77/35.8%	52/24.2%	16/7.4%	215
Total	162/35.6%	139/30.5%	120/26.4%	34/7.5%	455

Source: Community Partners Research, Inc.

- The existing housing stock in Miller is in fair condition. Approximately 31% of the houses in the three neighborhoods need minor repair and 26% need major repair. Approximately 36% are sound, with no required improvements.

- Approximately 34 houses in the three neighborhoods are dilapidated and possibly beyond repair.

Miller Mobile Home Condition

Community Partners Research, Inc. representatives conducted a visual ‘windshield’ survey of 15 mobile homes in the three Miller neighborhoods.

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

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

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

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

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

Table 24 Windshield Survey Condition Estimate - 2012

	Sound	Minor Repair	Major Repair	Dilapidated	Total
Mobile homes	5/33.3%	2/13.3%	6/40.0%	2/13.3%	15

Source: Community Partners Research, Inc.

- The mobile homes in the three Miller neighborhoods are in fair condition. Approximately 13% of the mobile homes in the three neighborhoods need minor repair and 40% need major repair. Approximately 33% are sound, with no required improvements.

- Two mobile homes are dilapidated and possibly beyond repair.

St. Lawrence Housing Condition

Community Partners Research, Inc. representatives conducted a visual 'windshield' survey of the 73 single family/duplex homes and nine mobile homes in St. Lawrence.

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

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

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

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

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

Table 25 Windshield Survey Condition Estimate - 2012

	Sound	Minor Repair	Major Repair	Dilapidated	Total
Single family homes/duplexes	21/28.8%	20/27.4%	21/28.8%	11/15.0%	73
Mobile homes	4/44.5%	3/33.3%	2/22.2%	0/0%	9
Total	25/30.5%	23/28.0%	23/28.0%	11/13.5%	82

Source: Community Partners Research, Inc.

- The existing housing stock in St. Lawrence is in fair condition. Approximately 28% of the houses and mobile homes in the City need minor repair and 28% need major repair. Approximately 31% are sound, with no required improvements.

- Eleven houses are dilapidated and possibly beyond repair.

Rental Housing Data

Census Bureau Rental Inventory

According to the 2010 U.S. Census, there were 229 occupied rental units and at least 32 unoccupied rental units in Miller, for a total estimated rental inventory of 261 units. The City's rental tenure rate in 2010 was 31.6%, slightly below the Statewide rental rate of 31.9%.

At the time of the 2000 Census, Miller had 222 occupied rental units, and at least 22 vacant rental units, for a total estimated rental inventory of 244 units. The rental tenure rate in 2000 was 30.8%.

Based on a Census comparison, the City gained seven renter-occupancy households, and approximately 10 rental units during the last decade.

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

Rental Housing Survey

As part of this housing study, a telephone survey was conducted of multifamily projects in Miller and St. Lawrence. The survey was primarily conducted during the month of January, 2013. Emphasis was placed on contacting properties that have four or more units. For the purposes of planning additional projects in the future, multifamily properties represent the best comparison of market potential. However, several duplexes and single family rental homes were also surveyed.

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

There were 156 housing units of all types that were contacted in the survey. In addition to the 156 rental units, the nursing home, which has 55 beds, was contacted. Approximately 68% of the rental inventory in the two communities were contacted by the survey.

The units that were successfully contacted include:

- 47 market rate units
- 82 federally subsidized units
- 27 assisted living units with 37 beds
- 55 beds in the nursing home

The findings of the survey are provided below.

Market Rate Summary

Information was obtained on 47 rental units from nine market rate rental property managers or owners. The units surveyed are in an eight-unit project, three four-plexes, one tri-plex, six duplexes and 12 single family homes.

There are no market rate rental projects in Miller that are larger than an eight-unit project.

Unit Mix

The bedroom mix of the 47 market rate units surveyed is:

- One-bedroom - 6 (12.8%)
- Two-bedroom - 34 (72.3%)
- Three-bedroom - 6 (12.8%)
- Four-bedroom - 1 (2.1%)

Occupancy / Vacancy

Within the market rate multifamily segment there were no vacant units in the 47 units used in the occupancy calculation. This represents a vacancy rate of 0%. Owners/managers contacted in the survey reported that there was excellent demand for rentals and they are almost always fully occupied. Several owners/managers maintain waiting lists.

Rental Rates

Rental units may include the primary utility payments within the contract rent, or the tenant may be required to pay some utilities separately, in addition to the contract rent. In the following summary, Community Partners Research, Inc., has attempted to estimate the gross rents being charged, inclusive of an estimate for tenant-paid utilities.

The lowest and highest gross rents have been identified, as reported in the telephone survey. Since the highest and lowest ends of the rent range do not vary greatly, they also tend to represent the prevailing rents for the community.

Unit Type	Identified Gross Rent Range
One-bedroom	$315-$375
Two-bedroom	$400-$850
Three-bedroom	$600-$650
Four-bedroom	$625

Most of the units that were contacted in the conventional housing survey had modest rental rates and were in older structures, dating to the 1980s or earlier. There have been several duplexes constructed over the past 15 years. These units have two bedrooms and have Miller's highest rents.

Tax Credit Summary

There are no tax credit units in Miller and St. Lawrence.

Subsidized Summary

The research completed for this Study identified three subsidized projects providing rental opportunities for lower income households. These projects have a combined 82 units. Two of the projects are general occupancy housing and one project is senior/disabled. One of the general occupancy projects has primarily one-bedroom units and has a high percentage of senior tenants.

The three subsidized rental projects in Miller include:

- **Miller Manor** - Miller Manor is a 38-unit Public Housing project that was constructed in 1975. The 38 units include 36 one-bedroom and two two-bedroom units. The project is fully occupied and the project has a waiting list. The project is general occupancy, however, most of the tenants are seniors. Miller Manor has a waiver that allows households that are not low income to rent a unit. Several tenants in the project are not low income and pay a maximum rent. Miller Manor is owned and managed by the Miller Housing and Redevelopment Commission.

- **Miller Plaza** - Miller Plaza is a 26-unit senior/disabled USDA Rural Development Project constructed in 1979. The 26 units include 24 one-bedroom and two two-bedroom units. The project has four one-bedroom vacancies. The project has a waiver to allow higher income tenants.

Currently, one tenant is over income and pays maximum rent. The project is owned and managed by the Miller Housing Corporation.

- **Miller Arms** - Miller Arms is an 18-unit General Occupancy USDA Rural Development Project. The 18 units include three one-bedroom and 15 two-bedroom units. The project has one two-bedroom vacancy. The project has a waiver to allow higher income tenants. Currently, two tenants are over-income and pay maximum rent. The project is owned and managed by the Miller Housing Corporation.

The City's subsidized units have access to project-based rent assistance. These units can charge rent based on 30% of the tenant's household income. All three projects have a waiver that allows tenants that are over the income limits to rent a unit if a unit is available. These tenants pay a maximum rent.

Unit Mix

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

- 63 one-bedroom (76.8%)
- 19 two-bedroom (23.2%)

Occupancy / Vacancy

There were five unoccupied units that were identified in the subsidized projects, which is a 6.1% vacancy rate. Four of the vacancies were one-bedroom units and one was a two-bedroom unit.

Subsidized Housing Gains/Losses

Federal subsidy sources for low income rental housing have been very limited for the past few decades. Most subsidized projects were constructed in the 1960, 1970s and 1980s. Some of these older projects may have completed their compliance requirements and have the opportunity to leave their subsidy program and convert to conventional rental housing.

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

Senior Housing with Services

Unit Inventory

Miller has two assisted living projects and a nursing home. The two assisted living projects include:

Courtyard Villa Assisted Living Center - Courtyard Villas is part of the Avera Hospital campus and includes 17 single units and three double units for a total of 23 beds. Currently, there are one vacant single and one vacant double unit. The vacancies are on the second floor. There is a waiting list for units on the first floor. Currently, Courtyard Villa is constructing three additional units, one single and two doubles. These units are pre-leased. The facility includes all assisted living services including meals, housekeeping, bathing, medication distribution, activities, etc. The rent and fees are $2,100 for a single unit and $2,900 for two people living in a double unit.

Prairie Good Samaritan Assisted Living - Prairie Good Samaritan Assisted Living includes seven units with 14 beds that are available for single or shared occupancy. Currently, six units are occupied by single tenants and one unit is vacant. The facility does maintain a waiting list. Prairie Good Samaritan Assisted Living provides all assisted living services including meals, laundry, housekeeping, bathing, activities, etc. The facility is also licensed for memory care units. Rents and fees are $71 per day.

Prairie Good Samaritan Nursing Home - The Prairie Good Samaritan Nursing Home is a 55-bed facility. The facility averages a 94% to 96% occupancy rate. Rent and fees vary based on services provided.

Occupancy / Vacancy

Courtyard Villa has one vacant single and one vacant double unit. Prairie Good Samaritan Assisted Living has one vacant unit.

Table 26 Miller Multifamily Rental Housing Inventory					
Name	**Number of Units /Bedroom Mix**	**Rent**	**Vacancy/ Wait List**	**Tenant Mix**	**Comments**
Market Rate					
Sunrise Villa	4 - 2 bedroom 4 total units	$325	No vacancies	Mix of tenants	Four-plex constructed in 1974. Owner reports excellent occupancy rates. Tenants pay all utilities except electricity.
Delalda Apartments	4 - 1 bedroom 4 - 2 bedroom 8 total units	$315 $375	No vacancies	Mostly seniors	Project includes eight units in two buildings. Owner reports that she has occasional vacancies, but currently has no vacancies. Tenants pay electricity. One building was constructed in 1978 and one was constructed in 1992.
S & S Rental	1 - 1 bedroom 3 - 2 bedroom 4 total units	$320 $400	No vacancies	Mix of tenants	Four-plex owned by S & S Rental. Manager reports good occupancy. Tenants pay utilities.
Canum 4-plex	4 - 2 bedroom 4 total units	$300	No vacancies	Mix of tenants	Four-plex constructed in the early 1970s. Owner is in the process of remodeling the units. Tenants pay utilities. Owner has workers who utilize some of the units. Units are currently fully occupied.
Hofer 3-plex	1 - 1 bedroom 2 - 2 bedroom 3 total units	$375-$425	No vacancies	Mix of tenants	Older home converted into three rental units. Owner reports that the units are fully occupied. Rent includes utilities.
Hargen Properties	8 single family 1 duplex 2 to 4 bedrooms 10 total units	$400-$500	No vacancies	Mix of tenants	Eight single family homes and one duplex. Tenants pay utilities. Units fully occupied and property owner reports high demand for units.
Peterman Properties	4 single family 2 & 3 bedroom 4 total units	Varies	No vacancies	Mix of tenants	Four single family homes. Tenants pay utilities. Owner reports high demand.

Table 26 Miller Multifamily Rental Housing Inventory					
Name	**Number of Units /Bedroom Mix**	**Rent**	**Vacancy/ Wait List**	**Tenant Mix**	**Comments**
Market Rate					
Melbur duplexes	4 - 2 bedroom 4 total units	\$650-\$700	No vacancies	Mix of tenants	Two duplexes. All four units have two bedrooms, two baths and attached garages. Duplexes were constructed in 1994 and 1996. Tenants pay heat and electricity. Owner reports that he has never had a vacancy.
Peterman duplexes	6 - 2 bedroom 6 total units	\$750-\$765	No vacancies	Mix of tenants	Two duplexes in Miller and one duplex in St. Lawrence. Miller duplexes were constructed in 2004 and St. Lawrence duplex was constructed in 2011. Tenants pay heat and electricity. Owner reports no vacancies and an excellent occupancy rate.
Subsidized					
Miller Manor	36 - 1 bedroom 2 - 2 bedroom 38 total units	\$383 max. \$425 max. 30% of income	No vacancies - waiting list	General occupancy	Public Housing project constructed in 1975. Project is full with a waiting list, a few years ago there were multiple vacancies. Project is general occupancy, but most tenants are seniors, only four tenants are non-seniors. Tenants pay rent based on 30% of income, but not less than \$25 minimum rent, or more than the maximum rents listed - 8 tenants pay maximum rent and are over-income. Project has a waiver that over-income tenants can rent a unit if low income tenants are not on the waiting list.
Miller Plaza	24 - 1 bedroom 2 - 2 bedroom 26 total units	\$428 max. \$476 max. 30% of income	4 vacant 1-bedroom units	Senior, disabled	Rural Development senior/disabled project constructed in 1979. Project has 26 units, 24 one-bedroom and two two-bedroom. Currently, there are four vacant one-bedroom units. Project has a waiver to rent to over income tenants. One tenant is over income and pays maximum rent listed. Project is owned by the Miller Housing Corporation.
Miller Arms	3 - 1 bedroom 15 - 2 bedroom 18 total units	\$307 max. \$357 max. 30% of income	1 vacant 2-bedroom unit	General occupancy	Rural Development general occupancy project with 18 units. Currently one vacancy. Manager reports good occupancy rates. Project has a waiver to allow over income tenants. Currently, two tenants are over income and pay maximum rents listed. Rental assistance is available for all 18 units. Project is owned by the Miller Housing Corporation.

Table 26 Miller Multifamily Rental Housing Inventory					
Name	**Number of Units /Bedroom Mix**	**Rent**	**Vacancy/ Wait List**	**Tenant Mix**	**Comments**
Senior with Services					
Courtyard Villa Assisted Living Center	17 single rooms 3 double rooms 23 total beds	$2,100 $2,900	3 total beds vacant, 1 single & 1 double room	Assisted Living Center	Courtyard Villa is a State-licensed Assisted Living Center with 22 licensed beds in 2013. Facility provides meals, laundry, housekeeping, activities, etc. There currently are four vacant beds, but they are all on second floor. There is a waiting list for units on the first floor. Facility is currently constructing three additional units - one single and two doubles. The units are already pre-leased.
Prairie Good Samaritan Assisted Living	7 units capacity of 14 licensed beds	$71/per day	1 unit	Assisted Living Center	Prairie Good Samaritan is a State-licensed Assisted Living Center with seven assisted living units. The units can be single or double occupancy, thus, the facility is licensed for 14 beds. Currently, there are singles in six units and one unit is vacant, although, the facility maintains a waiting list. The facility is also licensed for memory care units. The facility provides assisted living services including light housekeeping, meals, bathing, activities, etc. Rents and fees are $71 per day.
Prairie Good Samaritan Nursing Home	55 beds	Varies based on services	Average 94% to 96% capacity	Skilled Nursing Home	Skilled nursing home with State license for 55 beds. Average 94% to 96% occupancy.

Source: Community Partners Research, Inc.

Employment and Local Economic Trends Analysis

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

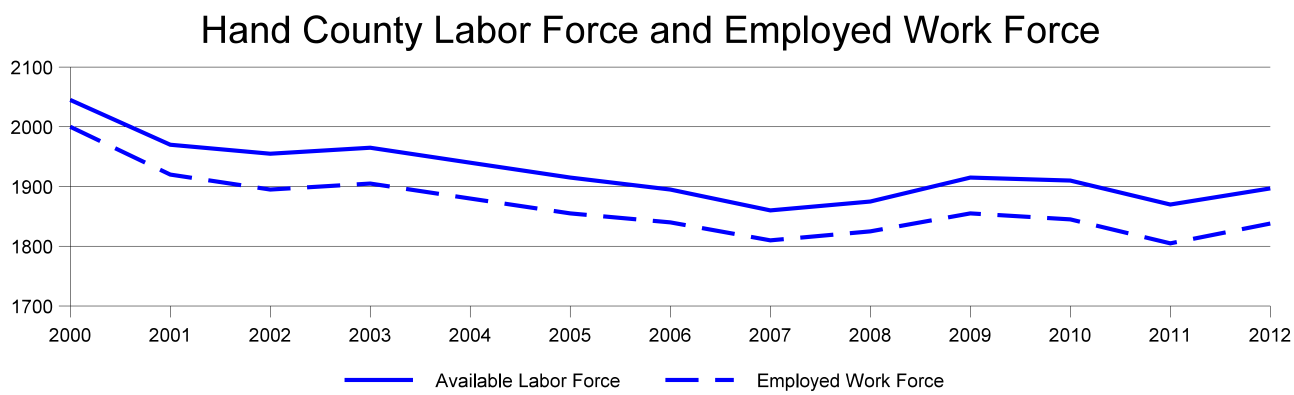
Employment opportunities may be provided by a broad range of private and public business sectors. Jobs may be available in manufacturing, commercial services, agriculture, public administration, and other industries. The type of employment, wage level, and working conditions will each influence the kind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

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

Table 27 County Average Annual Labor Force: 2000 to 2012

Year	Labor Force	Employed	Unemployed	Unemployment Rate - County	Unemployment Rate - SD	Unemployment Rate - US
2000	2,045	2,000	45	2.2%	2.7%	4.0%
2001	1,970	1,920	50	2.6%	3.1%	4.7%
2002	1,955	1,895	60	3.0%	3.3%	5.8%
2003	1,965	1,905	60	3.1%	3.5%	6.0%
2004	1,940	1,880	60	3.1%	3.7%	5.6%
2005	1,915	1,855	60	3.0%	3.7%	5.1%
2006	1,895	1,840	55	2.8%	3.1%	4.6%
2007	1,860	1,810	50	2.8%	2.9%	4.6%
2008	1,875	1,825	50	2.6%	3.0%	5.8%
2009	1,915	1,855	60	3.2%	5.2%	9.3%
2010	1,910	1,845	65	3.3%	5.0%	9.6%
2011	1,870	1,805	65	3.4%	4.7%	8.9%
2012	1,897	1,838	59	3.1%	4.4%	8.1%

Source: South Dakota Department of Labor



Over a longer time period, there has been a gradual reduction in the size of the area's labor force and employed work force. Between 2000 and 2012, the size of the County's labor force decreased by 148 people, or 7.2%. The employed work force decreased by 162 people, or 8.1% during this same time period.

However, most of the labor statistics reached their lowest point in 2007. Since that time, there has been some upward movement through the end of 2012.

The County's unemployment rate for 2012 was at 3.1%, less than one-half of the national rate. The County's unemployment rate has also been lower than the Statewide rate over the entire 13-year period reviewed.

Average Annual Wages by Industry Sector

The following table shows the annual employment and average annual wages by major employment sector in 2011, 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 Hand County.

Table 28 County Average Annual Wages by Industry Detail: 2011		
Industry	2011 Employment	2011 Average Annual Wage
Total All Industry	1,243	$27,345
Natural Resources, Mining	109	$28,001
Construction	31	$25,297
Manufacturing	28	$35,769
Trade, Transportation, Utilities	279	$28,205
Information	N/A	N/A
Financial Activities	N/A	N/A
Professional and Business Services	57	$29,630
Education and Health Services	270	$27,382
Leisure and Hospitality	82	$7,407
Other Services	21	$22,212
Government	232	$27,637

Source: South Dakota Department of Labor

The average weekly wage for all industry in 2011 was $27,345. The highest paying wage sector was Manufacturing, with an annual average wage of $35,769. This was the only industry sector with an average wage above $30,000, but it was also a relatively small share of overall employment, with only 28 covered workers.

The lowest paying wage sector was Leisure and Hospitality, with an average annual wage of only $7,407. This was the only industry sector with an average wage below $20,000.

Major Employers in Hand County

The Community Profile for Hand County lists the following major employers in Miller. This information is from the Governor's Office of Economic Development website.

‣ Miller Schools	94 employees
‣ Hand County Memorial Hospital	85 employees
‣ Prairie Good Samaritan	72 employees
‣ Hand County	72 employees
‣ Data Trak Consulting	60 employees

Source: Governor's Office of Economic Development

There may be additional employers that are not listed.

Commuting Patterns of Area Workers

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

Table 29 Commuting Times for Residents - 2011

Travel Time	Number/Percent
Less than 10 minutes	611 / 77.8%
10 to 19 minutes	84 / 10.7%
20 to 29 minutes	23 / 2.9%
30 minutes +	67 / 8.5%
Total	785

Source: 2011 American Community Survey 5-year estimates

The large majority of Miller residents were commuting less than 20 minutes to work in 2010. Overall, nearly 90% of residents commuted 19 minutes or less to work. However, nearly 9% did commute 30 minutes or more.

Findings on Growth Trends

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

Miller, St. Lawrence and Hand County's population has decreased since 1980. From 1980 to 2010, Miller's population decreased by 442 people, St. Lawrence's population decreased by 25 people, and Hand County's population decreased by 1,517 people. From 2000 to 2010, Miller's population decreased by 41 people, St. Lawrence's population decreased by 12 people, and Hand County's population decreased by 310 people.

Household levels have decreased from 2000 to 2010 in St. Lawrence and Hand County. St. Lawrence experienced a significant loss of 16 households and Hand County's number of households decreased by 49 households. Miller gained four households from 2000 to 2010.

Findings on Projected Growth

The projections for Miller, St. Lawrence and Hand County calculated by Community Partners Research, Inc., from past growth trends reflect the patterns of recent decades. Using the past trends to form a range, Community Partners Research, Inc., projects that Miller's population will decrease by 20 to 42 people between 2010 and 2015. The household projections expect a range of a gain of two households to a loss of seven households from 2010 to 2015. St. Lawrence is projected to experience a loss of six people and four to seven households from 2010 to 2015.

The population and household projections for all of Hand County expect an ongoing reduction through the year 2015. The forecasts used for this Study expect a loss of between 155 and 169 people and a loss of 24 to 33 households over a five-year projection period.

Summary of Hand County Growth Projections by Age Group

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

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

There is a difference in the State Data Center and Community Partners Research, Inc. projections in several age ranges. The State Data Center projects household increases for the 15 to 24 age range and Community Partners Research, Inc., is projecting household losses. Conversely, Community Partners Research, Inc., is projecting household gains in the 35 to 44 and 65 to 74 age ranges, while the State Data Center is projecting household losses. Also, the State Data Center is estimating that there will be a large increase in households 85 and over, while Community Partners Research, Inc., is projecting a slight increase in households.

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

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

Age Range	Projected Change in Households 2010 to 2015
15 to 24	8 to -5
25 to 34	-27 to -4
35 to 44	-23 to 11
45 to 54	-66 to -61
55 to 64	27 to 13
65 to 74	-8 to 17
75 to 84	-33 to -29
85 and Older	36 to 3

Findings on Housing Unit Demand and Tenure

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

Demand from Growth - The household projections used for this Study expect the number of households in Miller and St. Lawrence to remain relatively stable through 2015. Slight losses are projected for all of Hand County, continuing a trend that dates back to at least 1980. As a result, anticipated household growth yields only slight demand for new housing production.

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

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

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

Findings on Unit Demand by Type of Housing

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

Age 24 and Younger - The projections used for this Study expect a range of a small loss of five households to a gain of eight households in the 15 to 24 age range through the year 2015. Past tenure patterns indicate that 65% of these households in Miller will rent their housing. A stable number of households in this age range should mean that rental demand from younger households will remain relatively unchanged during the projection period.

25 to 34 Years Old - The projections show a numeric decrease in this age cohort Countywide, with an expected loss of four to 27 households by 2015. Within this age range households often move from rental to ownership housing. The ownership rate among these households in Miller was approximately 58% in 2010. The projected decrease within this age range will generate slightly reduced demand for both first-time home buyer and rental opportunities.

35 to 44 Years Old - The projections for this 10-year age cohort expect a range of a gain of 11 households to a loss of 23 households between 2010 and 2015 in Hand County. In the past, this age group has had a high rate of home ownership in Miller, at more than 71%. Households within this range often represent both first-time buyers and households looking to trade-up in housing, selling their starter home for a more expensive house.

45 to 54 Years Old - By 2015, this age cohort will represent the front-end of the "baby bust" generation that followed behind the baby boomers. This age group represents a much smaller segment of the population than the baby boom age group. For Hand County, the projections show a loss of 61 to 66 households in this range. This age group historically has had a high rate of home ownership, approximately 71% in Miller in 2010, and will often look for trade-up housing opportunities. With a household decrease in this age group, there will be a decrease in the demand for trade-up housing.

55 to 64 Years Old - This age range is part of the baby boom generation. The projections show an expected increase of 13 to 27 additional households in this 10-year age range by the year 2015 in the County. This age range has traditionally a high rate of home ownership in Miller, at approximately 82% in 2010. Age-appropriate housing, such as town house or twin home units, is often well suited to the life-cycle preferences of this age group, as no maintenance/low maintenance housing has become a popular option for empty-nesters.

65 to 74 Years Old - The State Data Center projects a loss of eight households and Community Partners Research, Inc., estimates a gain of 17 households by the year 2015. While this group will begin moving to life-cycle housing options as they age, the younger seniors are still predominantly home owners. At the time of the 2010 Census, approximately 76% of households in this age range owned their housing in Miller. Once again, preferences for age-appropriate units would increase from household growth within this age cohort.

75 to 84 Years Old - There is a projected loss of 29 to 33 households in Hand County in this age range between 2010 and 2015. In the past, households within this 10-year age range have had a relatively high rate of home ownership, at approximately 72% in Miller. While this is likely to continue, an expansion of other housing options for seniors, including high quality rental housing, should appeal to this age group. In most cases, income levels for senior households have been improving, as people have done better retirement planning. As a result, households in this age range may have fewer cost limitations for housing choices than previous generations of seniors.

85 Years and Older - A gain of three to 36 households is projected from the State Data Center and Community Partners Research, Inc. among older seniors. Historic home ownership rates in this age group in Miller have been relatively low, at approximately 44% in 2010. Seniors in this age range often seek senior housing with services options.

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

Strengths for Housing Development

The following strengths of the Miller/St. Lawrence area were identified through statistical data, local interviews, research and on-site review of the local housing stock.

- **Miller serves as a small regional center** - Miller provides employment opportunities, retail/service options, health and professional services and recreational facilities for a geographical area that surrounds the City.

- **Affordable priced housing stock** - The City of Miller has a large stock of affordable, existing houses. Our analysis shows that the City's median home value based on 2012 sales is approximately $89,450. This existing stock, when available for sale, provides an affordable option for home ownership.

- **Adequate land for development** - The Miller/St. Lawrence area has adequate land available for both residential and commercial/industrial development. However, some of this land needs to be serviced with infrastructure improvements and/or annexed into the City limits.

- **Proactive City involvement** - Miller has a track record of being proactive and working with housing agencies and the private sector to develop housing opportunities, including rental housing and subdivision development.

- **Educational system** - Miller has a public K-12 school system.

- **Health facilities** - Miller has health facilities including a hospital, a medical clinic, a nursing home and assisted living.

- **Infrastructure** - Miller and St. Lawrence's water and sewer infrastructure can accommodate future expansion.

- **Commercial development** - Miller's commercial district is adequate to meet most daily needs.

- **Miller Housing and Redevelopment Commission and Miller Housing Corporation** - These two agencies own and manage rental projects in Miller. Also, the Miller Housing and Redevelopment Commission provides transportation and nutrition programs.

- **On Hand Development Corporation** - The On Hand Development Corporation promotes economic, employment and housing opportunities for the area.

- **Small-town atmosphere** - Miller and St. Lawrence are small towns, with the real and perceived amenities of small communities. This small-town living is attractive to some households.

- **Senior with Services Housing** - Miller has two assisted living facilities and a nursing home.

- **Recreational Area** - Miller is a recreational area that provides excellent hunting as well as other recreational opportunities.

- **Employers** - Miller has several large employers that provide employment opportunities for area residents.

- **Construction Projects** - Currently, three major construction projects are in process including the hospital expansion, a new elementary school and a new grain elevator.

- **Downtown Beautification Project** - Miller has undertaken a Downtown Beautification Project, which has enhanced the Downtown.

Barriers or Limitations to Housing Activities

Our research also identified the following barriers or limitations that hinder or prevent certain housing activities in Miller and St. Lawrence.

- **Age and condition of the housing stock** - While the existing stock is very affordable, some of the housing is in need of improvements to meet expectations of potential buyers.

- **Low rent structure** - The area's rent structure is low, which makes it difficult to construct new rental housing.

- **Value gap deters new owner-occupied construction** - Based on market values for 2012 residential sales, we estimate that the median priced home in Miller is valued at or below approximately $89,450. This is below the comparable cost for new housing construction, which will generally be above $150,000 for a stick built home with commonly expected amenities. This creates a value gap between new construction and existing homes. This can be a disincentive for any type of speculative building and can also deter customized construction, unless the owner is willing to accept a potential loss on their investment.

- **Population losses and limited household growth** - Historical data indicate that the Miller/St. Lawrence area is not expected to add any people and very few households from 2010 to 2015. The communities have to use realistic expectations when planning for the future.

- **Distance from a major regional center** - The nearest regional centers are Huron, which is 40 miles from Miller, and Aberdeen and Pierre, which are 70 miles from Miller. Many households desire or need to be near a regional center for employment, health care, entertainment, retail, etc.

Recommendations, Strategies and Housing Market Opportunities

Based on the research contained in this study, and the housing strengths and barriers identified above, we believe that the following recommendations are realistic options for the Miller/St. Lawrence area. They are based on the following strategies.

- **Be realistic in expectations for housing development** - Large-scale residential growth has not occurred in the recent past and is not likely to occur in the near future. The scale of activities proposed for the future should be comparable with the area's potential for growth.

- **New housing development generally will not occur without proactive community involvement** - To attract new home or apartment construction in the Miller/St. Lawrence area, subsidies or some other form of financial assistance will be needed from the cities, local and regional housing and economic development agencies and the South Dakota Housing Development Authority.

- **Protect the existing housing stock** - The future of the Miller/St. Lawrence area will be heavily dependent on the communities' appeal as a residential location. The condition of the existing housing stock is a major factor in determining the communities' long-term viability. The existing housing stock is in good condition and is a major asset, however, rehabilitation efforts are needed to preserve the housing stock.

- **Protect the existing assets and resources** - The Miller/St. Lawrence area has many assets including a K-12 school, employment opportunities, Downtown Commercial Districts, etc. These are strong assets that make the area a desirable community to live in, and are key components to the communities' long-term success and viability. These assets must be protected and improved.

- **Develop a realistic action plan with goals and time lines** - In the past the communities have been involved in housing issues. The communities should prioritize their housing issues and establish goals and time lines to achieve success in addressing their housing needs.

- **Access all available resources for housing** - In addition to the local efforts, the City has other resources to draw on including USDA Rural Development, the South Dakota Housing Development Authority, the Mobridge Housing Authority, Homes Are Possible, Inc., Grow South Dakota, and the Northeast Council of Governments. These resources should be accessed as needed to assist with housing activities.

Summary of Findings/Recommendations

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

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

The findings/recommendations for each category are as follows:

Rental Housing Development

1. Develop 12 to 16 general occupancy market rate rental units
2. Develop six to eight affordable rental units
3. Monitor the need for additional senior with services rental units
4. Monitor the need for subsidized rental housing
5. Utilize the Housing Choice Voucher Program

Home Ownership

6. Utilize and promote all programs that assist with home ownership
7. Develop a purchase/rehabilitation program
8. Explore the creation of a local down payment assistance program

Single Family Housing Development

9. Support Lot/Subdivision Development
10. Develop a City of Miller Housing Incentive Program
11. Coordinate with housing agencies and nonprofit groups to construct affordable housing
12. Promote twin home/town home development

Housing Rehabilitation

13. Promote rental housing rehabilitation

14. Promote owner-occupied housing rehabilitation efforts

Other Housing Issues

15 Acquire and demolish dilapidated structures

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

17. Promote commercial rehabilitation and development

Rental Housing Development

Findings: It is difficult to produce new affordable rental units. A number of factors including Federal tax policy, State property tax rates, a low rent structure and high construction costs have all contributed to making rental housing difficult, especially in small cities.

Our projections indicate that the City of Miller is expected to add approximately two households from 2010 to 2015, but St. Lawrence is expected to lose approximately four to seven households. Hand County is projected to lose 24 to 33 households over the five-year period.

Although there is expected to be limited household gains in Miller and household losses in St. Lawrence and Hand County over the next five years, we are recommending the development of the following units from 2013 to 2018:

▸	General Occupancy Market Rate	- 12 to 16
▸	Subsidized	- 0
▸	Rehab/Conversions	- 8 to 10
▸	Senior with Services	- 0
	Total	18 to 26

These recommendations are based on continued pent-up demand for quality rental units, the loss of rental units from the housing stock and the low vacancy rates in existing market rate units.

1. Develop 12 to 16 general occupancy market rate rental units

Findings: Miller and St. Lawrence have a limited number of market rate units. There is only one market rate rental project with more than four units. Delalda Apartments is an eight-unit project. There are at least three four-plexes and one three-plex in Miller. The most recently constructed rental units in Miller and St. Lawrence are several duplexes that have been constructed over the past two decades. Our survey includes six duplexes. The duplex units are all two-bedroom units and have the most amenities of any market rate units in the area. Rents range from $650 to $765 per month plus utilities. The eight-plex, four-plexes and the three-plex that were surveyed are older units with rents ranging from $325 to $425 plus utilities.

There are also a significant number of single family homes being rented in Miller. The rent structure for these units ranges from $300 to $500.

The only three-bedroom and four-bedroom market rate units in Miller are in single family homes. There are no three-bedroom or larger units in the market rate multifamily rental projects.

Although Miller is projected to gain only a few households, and St. Lawrence and Hand County are projected to lose households over the next five years, our interviews and rental surveys identified a need for market rate rental housing. Also, there are no vacancies in the 47 market rate rental units we surveyed.

There is a projected increase of up to 30 households in Hand County in the 55 to 74 age ranges. While this projection is for the overall growth in Hand County, Miller has the potential to capture a significant share of this growth. Some of the households in this age range will prefer to rent and have incomes that are too high to qualify for subsidized rental housing.

Additionally, we are expecting the loss of rental households due to deterioration and demolition. We have identified 45 homes and two mobile homes in three Miller neighborhoods and in the Town of St. Lawrence that are dilapidated and beyond repair. Some of these dwellings are rentals and may be demolished or no longer rented because of their condition.

A developer has proposed the construction of four to eight market rate units in Miller. Several rental property owners have also expressed interest in constructing small projects or renovating single family homes into rentals.

Recommendation: We recommend the development of 12 to 16 market rate rental housing units. A town home unit or twin home style would be the preferred style, to cater to active renter households, although, a high quality apartment building with 'state of the art' amenities is an option.

The first option to developing market rate housing would be to continue to encourage private developers to undertake the development of market rate rental housing. If private developers do not proceed, the On Hand Development Corporation or the Miller Housing and Redevelopment Commission could potentially utilize essential function bonds to construct market rate units.

Also, the On Hand Development Corporation or the Miller Housing and Redevelopment Commission could partner with private developers to construct additional units. The communities could assist with land donations, tax increment financing, reduced water and sewer hook up fees, etc. Additionally, housing vouchers could be utilized by households renting the units if they meet income requirements and the rents are at or below fair market rents. Currently, fair market rents are $614 for a two-bedroom and $895 for a three-bedroom unit.

Some cities have added units in small phases, as demand dictates the need for additional units. In this way they have expanded the supply without saturating the market.

We recommend that the majority of the units are constructed in Miller. Also, if an apartment building is constructed, it should be located in Miller. Additionally, a significant percentage of the units should be three-bedroom units as there is a shortage of three-bedroom units in Miller and St. Lawrence.

We recommend the development of 12 to 16 units and the unit mix and rents should be as follows:

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

Unit Type	No. of Units	Size/Sq. Ft.	Rent
Two Bedroom	6-8	950-1,050	$650-$750
Three Bedroom	6-8	1,150-1,250	$850-$950
Total	12-16		

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

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

2. Promote the development of 8 to 10 affordable market rate rental housing units

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

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

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

Recommendation: We would encourage the communities to promote the development of more affordable rental units. A goal of eight to 10 units over the next five years would help to replace affordable housing that has been lost.

It would be difficult to create units through new construction. Instead, it may be more practical to work on building renovation or conversion projects that can create housing. This opportunity may arise in downtown buildings or through the purchase and rehabilitation of existing single family homes. According to the 2010 U.S. Census, there were 115 vacant homes in Miller and 18 vacant homes in St. Lawrence. Potentially, some of these homes could be renovated to be quality rental units. These units could be developed by a housing agency or by a private developer. A partnership between a housing agency and private developers is another option.

The estimated prevailing rent range for older rental units in Miller is typically between $350 and $550 per month. Creating some additional units with contract rents below $600 per month would help to expand the choices available to a majority of the City's renter households.

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

3. Monitor the need for additional senior with services rental units

Findings: The City of Miller has two assisted living facilities and a nursing home. The description of these facilities is as follows:

Courtyard Villa Assisted Living Center - Courtyard Villas is part of the Avera Hospital campus and includes 17 single units and three double units for a total of 23 bedrooms. Currently, there are one vacant single and one vacant double unit. The vacancies are on the second floor. There is a waiting list for units on the first floor. Currently, Courtyard Villa is constructing three additional units, one single and two doubles. These units are pre-leased. The facility includes all assisted living services including meals, housekeeping, bathing, medication distribution, activities, etc. The rent and fees are $2,100 for a single unit and $2,900 for two people living in a double unit.

Prairie Good Samaritan Assisted Living - Prairie Good Samaritan Assisted Living includes seven units with 14 beds that can be used for single or shared occupancy. Currently, six units are occupied by single tenants and one unit is vacant. The facility does maintain a waiting list. The Prairie Good Samaritan Assisted Living provides all assisted living services including meals, laundry, housekeeping, bathing, activities, etc. The facility is also licensed for memory care units. Rents and fees are $71 per day.

Prairie Good Samaritan Nursing Home - The Prairie Good Samaritan Nursing Home is a 55-bed facility. The facility averages a 94% to 96% occupancy rate. Rent and fees vary based on services provided.

Recommendation: Hand County has 348 people in the 75 to 84 age range and 168 people age 85 and over, for a total of 516 people age 75 and over. Of this total, approximately 52 people live in a nursing home and would not be potential tenants in assisted living. Therefore, there is a market for assisted living of approximately 464 people age 75 and over in Hand County.

Based on industry standards and past experience, we are estimating that 5% to 6% of these seniors will utilize assisted living in Miller, thus, there is a market need for 23 to 28 assisted living beds for Hand County seniors. Also, we are projecting that five to six seniors from outside Hand County would move into assisted living in Miller. Therefore, we are projecting that there is an overall need for 28 to 34 assisted living units in Miller.

Currently, Courtyard Villas and Prairie Good Samaritan Assisted Living have capacity of 27 to 37 beds, depending on if the double units are single or double occupied. Currently, the two facilities have a total of four to five vacant beds. Courtyard Villa is constructing three additional units, one single and two doubles.

It is our opinion that there is currently an adequate number of assisted living units in Miller to address demand, however, we recommend that the need for additional assisted living units be monitored.

If additional units are needed in the future, the two existing facilities appear to have the capability and capacity to address the need.

4. Monitor the need for subsidized rental housing

Findings: The City of Miller has three subsidized rental projects with a total of 82 units. Two of the projects are general occupancy and one project is senior/disabled.

The three subsidized rental projects in Miller include:

- **Miller Manor** - Miller Manor is a 38-unit Public Housing project that was constructed in 1975. The 38 units include 36 one-bedroom and two two-bedroom units. The project is fully occupied and the project has a waiting list. The project is designated for general occupancy, however, most of the tenants are seniors. Miller Manor has a waiver that allows households that are not low income to rent a unit. Several tenants in the project are not low income and pay a maximum rent. Miller Manor is owned and managed by the Miller Housing and Redevelopment Commission.

- **Miller Plaza** - Miller Plaza is a 26-unit senior/disabled USDA Rural Development Project constructed in 1979. The 26 units include 24 one-bedroom and two two-bedroom units. The project has four one-bedroom vacancies. The project has a waiver to allow higher income tenants. Currently, one tenant is over income and pays maximum rent. The project is owned and managed by the Miller Housing Corporation.

- **Miller Arms** - Miller Arms is an 18-unit General Occupancy USDA Rural Development Project. The 18 units include three one-bedroom and 15 two-bedroom units. The project has one two-bedroom vacancy. The project has a waiver to allow higher income tenants. Currently, two tenants are over-income and pay maximum rent. The project is owned and managed by the Miller Housing Corporation.

Recommendation: We do not recommend the development of additional subsidized rental housing at this time. When the rental survey was conducted, there were five vacancies in the three subsidized rental projects, which is a 6.1% vacancy rate. The five vacancies include four one-bedroom units and one two-bedroom unit. We have recommended 12 to 16 market rate units. Rents can be affordable in these units if the Housing Voucher Program is utilized. We also recommended eight to 10 affordable market rate units. We do recommend that the City monitor the need for the production of subsidized housing in the future.

5. Utilize the Housing Choice Voucher Program

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

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

Based on the research for this study, it appears that the Housing Choice Voucher Program is an underutilized form of subsidized housing in Miller. Because of the flexibility offered through the program, eligible households often prefer the portable rent assistance to other forms of subsidized housing that are project-based, and can only be accessed by living in a specific rental development.

The Housing Choice Voucher Program is administered in Hand County by the Mobridge Housing Authority. The Mobridge Housing Authority has the ability to issue approximately 150 vouchers, but nearly 50 vouchers are currently unused and available. Currently, only approximately four Miller households utilize the Housing Choice Voucher Program. Several Miller landlords are resistant to utilizing the Program. Also, the rent structure is low for most Miller households, which limits the need for the Program. In the past, the Housing Choice Voucher Program was administered by the Miller Housing and Redevelopment Commission and at that time as many as 16 to 19 Miller households were utilizing the Housing Choice Voucher Program

Recommendation: The Mobridge Housing Authority should work with Miller and St. Lawrence and the Miller Housing and Redevelopment Commission to assure that Miller and St. Lawrence receive their share of Housing Choice Vouchers and that tenants are aware of the program. Currently, the Housing Choice Voucher program is underutilized and approximately 50 vouchers are available for households in a multi-county area.

Also, Mobridge Housing Authority staff has indicated that potentially housing vouchers could be projected based. Therefore, a rental project could be constructed in Miller and housing vouchers could be set aside and assigned to this specific project. Additionally, a new rental project will have a higher rent structure, which may increase the need for Housing Vouchers.

Home Ownership

Findings: Expanding home ownership opportunities is one of the primary goals for most cities. High rates of home ownership promote stable communities and strengthen the local tax base. The median owner-occupied home value in Miller is estimated to be approximately $89,450 based on sales activity from 2012. The home values in Miller and St. Lawrence provide an excellent market for first time buyers and households seeking moderately priced homes.

Our analysis of Hand County demographic trends shows an increasing number of households in the traditionally strong home ownership age ranges between 55 and 74 years old. Some households in these age ranges as well as other age ranges that have not been able to achieve the goal of home ownership may need the assistance of special programs to help them purchase their first home.

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

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

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

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

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

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

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

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

7. Develop a Purchase/Rehabilitation Program

Findings: Miller and St. Lawrence have a large stock of older, lower valued homes, many of which need repairs. Our analysis of recent sales activity indicates that many of the homes in Miller and St. Lawrence are valued below $75,000. As some lower valued homes come up for sale, they may not be attractive options for potential home buyers because of the amount of repair work that is required.

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

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

Recommendation: We recommend that Miller and St. Lawrence work with a housing agency to develop and implement a purchase/rehab program. Attitudinal surveys that we have conducted in other cities have found that purchase/rehabilitation programs are appealing to people who are currently renting their housing. In some similar sized communities, a large majority of survey respondents who were renters indicated an interest in buying a home in need of repair if rehabilitation assistance was also available.

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

Because a purchase/rehabilitation program can be expensive and its cost effectiveness in some cases may be marginal, it may be advantageous to directly assist low and moderate income households with purchasing and rehabilitating homes. Local housing agencies and financial institutions could offer some rehabilitation assistance in conjunction with first-time home buyer programs to make the City's older housing a more attractive option for potential home buyers. USDA Rural Development also provides purchase/rehabilitation loans to low and moderate income buyers.

8. Explore the creation of a local down payment assistance program

Findings: One of the identifiable barriers preventing low and moderate income households from owning a home is the inability to save money for down payment and closing costs. This is especially true now that lending institutions have tightened their lending criteria and some conventional loans require a lower loan-to-value ratio.

There are numerous examples of cities and counties that have created a local fund to assist home owners with a down payment assistance program. Under these programs, the city or county establishes a loan pool. Eligible applicants are provided a "soft second" loan that can be applied to a home purchase.

This down payment/closing cost loan is typically secured against the property, behind the primary mortgage. Repayment can be triggered if the buyer sells the home within a certain period of time, but often the loan is forgiven if the borrower meets the basic program requirements. In other cases, the loan may need to be repaid after a certain period of time, or when the borrower sells or transfers the house in the future. Loans with repayment requirements typically do not accrue interest. The size of the loan is generally $5,000 or less, but depends upon the resources that are available for the loan pool.

Recommendation: Miller and St. Lawrence may wish to consider the development of a local down payment/closing cost assistance program. A locally-funded program could provide additional assistance or could potentially serve households that do not qualify for SDHDA Down Payment Assistance. Following the collapse of the national housing bubble, and resulting rise in foreclosures, more stringent lending criteria now apply to many conventional mortgage loans, and a larger borrower contribution may be required.

To promote home ownership within Miller and St. Lawrence, and to make ownership more achievable, a locally-funded program should be explored. Major local employers, the Federal Home Loan Bank and the South Dakota Housing Development Authority may be potential sources to contribute to the fund. In some communities, recaptured grant funds have also been used to create a loan pool.

Single Family Housing Development

Findings: Based on City and U.S. Census Bureau information, Miller has experienced significant single family housing development since 2000. Over the past 12 years, 30 single family homes and two duplexes have been constructed in Miller. This is an average of two to three homes annually, although the majority of the homes were constructed in the first half of the 12-year period. During the same period, one single family home and one duplex have been constructed in St. Lawrence. Also, several homes have been constructed out of the city limits, but in close proximity to the communities.

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

Growth projections for households in the 25 to 44 age ranges are contradictory. The State Data Center projects household losses but Community Partners Research, Inc., projects some small household gains in these younger adult ranges. Some households in these age ranges are first-time home buyers and may be in the market for new affordable homes.

It is our opinion that if the City, housing agencies, and builders are proactive, three to four homes can be constructed or moved into Miller and St. Lawrence annually from 2013 to 2018.

9. Support a 10 to 14 Lot / Subdivision Development

Findings: As part of this Study, we attempted to identify the inventory of available residential lots for single family housing construction in Miller and St. Lawrence. Buildable lots are defined as having sewer and water available to the lots. It appears that the only potentially available lots are several in-fill lots throughout the communities. We do not know the status of these lots. Also, there are numerous dilapidated houses throughout the communities that could be demolished and the lot could be used for new construction.

Recommendation: We use a standard that a 2.5-year supply of lots should be available in the marketplace, based on annual lot usage. Using our projections that three to four houses will be constructed or moved in annually, an adequate supply of lots would be eight to 10 lots. These lots only exist if the buyer pro-actively seeks to purchase a lot that may not be on the market or if the buyer purchases a home for demolition. Although it should be a priority to redevelop neighborhoods by demolishing dilapidated housing and constructing new houses on the cleared lots, we are recommending that the City of Miller coordinate with an area housing agency or private developer to plan and develop a new subdivision with 10 to 14 lots. The subdivision should also be, if possible, developed on land that has capacity for future phases.

A local developer has developed a 14-lot subdivision. This subdivision is totally utilized and has no available lots. This developer has adjacent land to develop an additional 13 lots. He also owns an additional 10-acre plat.

Also, the school district owns approximately 20 acres, a portion of which could be used for housing. A site in northern Miller has also been identified as a site for housing.

The 10-lot to 14-lot subdivision should include the following:

- The subdivision should be approximately 10 to 14 lots, but the subdivision and infrastructure should be planned and developed to accommodate future phases, if land is available. Two smaller subdivisions could also be developed to address the area's demand.

- The subdivision must be as aesthetically acceptable as possible.

- The subdivision should accommodate a variety of home designs and home prices, but quality should not be compromised.

- Major employers should be involved in the financing and publicity.

- To be successful, the homes must be available to as wide an income range as possible.

- A successful subdivision will need the cooperation of local housing agencies, funding agencies, employers and the City of Miller.

We are recommending that a subdivision is developed immediately, in conjunction with the improving economy and the need for lots. We are estimating a five-to-six year lot absorption timeframe.

It may be necessary for the City of Miller and the On Hand Development Corporation to assist a developer or potentially partner with a developer to develop a subdivision or subdivisions. It is very difficult and a risk for a developer to develop a subdivision, especially in a small community.

10. Develop a City of Miller Housing Incentive Program

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

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

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

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

11. Coordinate with economic development agencies, housing agencies and nonprofit groups to construct affordable housing

Findings: There are several housing agencies and nonprofit groups that may have the capacity to construct new housing, including the On Hand Development Corporation, the Miller Housing and Redevelopment Commission and Homes are Possible, Inc. However, due to the downturn in the housing economy, most housing agencies have cut back on new housing production.

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

As the housing economy improves and home values increase, an agency or nonprofit may become involved in new affordable home construction production in Miller.

Additionally, the City should work with housing agencies and builders to market Governors Homes.

12. Promote townhouse and twin home development

Findings: From 2000 to 2012, two twin homes were constructed in Miller. All four units in these two twin homes are rentals. No owner occupied twin homes or town homes have been constructed since 2000. Attached housing provides desirable alternatives for empty nesters and seniors to move out of their single family homes, thus, making homes available for families. It is important for the community to offer a range of life-cycle housing options.

In 2010, there were 460 Hand County households in the 55 to 74 year old age ranges and these age ranges are expected to increase by 19 to 30 households between 2010 and 2015. Household growth among empty-nester and senior households should result in some demand for attached single family units. It is likely that demand for attached housing units will also be dependent on the product's ability to gain additional market acceptance among the households in the prime target market, and among other households.

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

We recommend that for twin home/town home development to be successful, the following should be considered:

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

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

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

Housing Rehabilitation

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

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

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

13. Promote rental housing rehabilitation

Findings: Miller and St. Lawrence have rental properties that need repair. Our condition analysis identified several substandard rental units. The rental units in need of repair are primarily single family homes. It is difficult for rental property owners to rehabilitate and maintain their rental properties while keeping the rents affordable for the tenants. The rehabilitation of older rental units can be one of the most effective ways to produce decent, safe and sanitary affordable housing.

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

14. Promote owner-occupied housing rehabilitation efforts

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

Our 2012 housing condition survey of 455 Miller homes in three Miller neighborhoods found 139 homes that need minor repairs and 120 homes that need major repairs. Our housing condition survey of 73 homes in St. Lawrence found 23 homes that need minor repairs and 23 homes that need major repairs. Without rehabilitation assistance, the affordable housing stock will shrink in Miller and St. Lawrence.

Recommendation: We recommend that Miller, St. Lawrence and the Miller Housing and Redevelopment Commission seek local, state and federal funds to assist in financing housing rehabilitation. USDA Rural Development, the South Dakota Housing Development Authority and the Federal Home Loan Bank are potential funding sources.

Currently, Grow South Dakota and Homes are Possible, Inc., are implementing owner-occupied housing rehabilitation programs in Miller, St. Lawrence and Hand County. Households that meet program requirements are eligible for a deferred loan to rehabilitate their homes. Deferred loans do not have to be paid back if the household lives in the rehabilitated home for a stipulated amount of time after the rehabilitation is completed. We encourage Miller, St. Lawrence and Hand County households to continue to utilize these programs.

Other Housing Initiatives

15. Acquire and Demolish Dilapidated Structures

Findings: Our housing condition survey identified 34 single family houses and two mobile homes in three Miller neighborhoods and 11 single family homes in St. Lawrence that are dilapidated and too deteriorated to rehabilitate. We also identified 120 single family houses and six mobile homes in Miller, and 21 single family homes and two mobile homes in St. Lawrence, as needing major repair and several of these homes may be too dilapidated to rehabilitate. To improve the quality of the housing stock and to maintain the appearance of each community, these structures should be demolished. In the past, the communities have worked with property owners to demolish several dilapidated structures.

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

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

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

Findings: Miller and St. Lawrence will need staff resources in addition to existing city personnel and volunteers to plan and implement many of the housing recommendations advanced in this Study. The communities have access to the Miller Housing and Redevelopment Commission, the Miller Housing Corporation, Grow South Dakota, the Northeast Council of Governments, the On Hand Development Corporation, the Mobridge Housing Authority, Homes are Possible, Inc., the USDA Rural Development Office and the South Dakota Housing Development Authority. These agencies all have experience with housing and community development programs.

Recommendation: Miller and St. Lawrence have access to multiple agencies that can assist with addressing housing needs. It is our recommendation that the communities prioritize the recommendations of this Study and develop a plan to address the identified housing needs. The Plan should include strategies, time lines and the responsibilities of each agency. While there has traditionally been a degree of staff interaction between agencies, it will be important that a coordinated approach be used to prioritize and assign responsibility for housing programs. Currently the City of Miller is working with the Home Address Program, sponsored by the Rural Housing Collaborative to develop and implement a housing plan.

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

17. Promote Commercial Rehabilitation and Development

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

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

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

The City of Miller and the On Hand Development Corporation should be encouraged to seek funding to assist property owners with rehabilitating their commercial buildings. A goal of one commercial rehab project annually in Miller would be a realistic goal.

Agencies and Resources

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

Grow South Dakota (also known as NESDCAP/NESDEC)
104 Ash Street East
Sisseton, SD 57262
(605) 698-7654
Contact: Marcia Erickson

Homes are Possible, Inc. (HAPI)
318 South Main Street
Aberdeen, SD 57401
(605) 225-4274
Contact: Jeff Mitchell, Executive Director

Mobridge Housing Authority
116 4th Street West, #5
Mobridge, SD 57601
(605) 845-2560

Northeast Council of Governments
P.O. Box 1985, 2201 6th Avenue SE, Suite 2
Aberdeen, SD 57402
(605) 626-2595
Contact: Ted Dickey, Program Coordinator

USDA Rural Development
1717 North Lincoln Avenue
Pierre, SD 57501
(605)224-8870, Ext. 4
Contact: Clark Guthmiller, Area Specialist

South Dakota Housing Development Authority
3060 East Elizabeth Street
Pierre, SD 57501
(605) 773-3181
Contact: Mark Lauseng, Executive Director

Home Address Program
Sponsored by the Rural Housing Collaborative
25795 475th Avenue, Suite 1
Renner, SD 57055
(605) 978-2804
Contact: Mike Knutson