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*Analysis of the*  
**SIOUX FALLS, SOUTH DAKOTA  
HOUSING MARKET**

**as of February 1, 1969**

DEPARTMENT OF HOUSING  
AND URBAN DEVELOPMENT

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WASHINGTON, D.C. 20410

**A Report by the  
DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT  
FEDERAL HOUSING ADMINISTRATION  
WASHINGTON, D. C. 20411**

**July 1969**

ANALYSIS OF THE  
SIoux FALLS, SOUTH DAKOTA, HOUSING MARKET  
AS OF FEBRUARY 1, 1969

Field Market Analysis Service  
Federal Housing Administration  
Department of Housing and Urban Development

## Foreword

As a public service to assist local housing activities through clearer understanding of local housing market conditions, FHA initiated publication of its comprehensive housing market analyses early in 1965. While each report is designed specifically for FHA use in administering its mortgage insurance operations, it is expected that the factual information and the findings and conclusions of these reports will be generally useful also to builders, mortgagees, and others concerned with local housing problems and to others having an interest in local economic conditions and trends.

Since market analysis is not an exact science, the judgmental factor is important in the development of findings and conclusions. There will be differences of opinion, of course, in the interpretation of available factual information in determining the current and future absorptive capacity of the market and the requirements for maintenance of a reasonable balance in demand-supply relationships.

The factual framework for each analysis is developed as thoroughly as possible on the basis of information available at the time (the "as of" date) from both local and national sources. Unless specifically identified by source reference, all estimates and judgments in the analysis are those of the authoring analyst and the FHA Market Analysis and Research Section. Of course, estimates and judgments made on the basis of information available on the "as of" date may be modified considerably by subsequent market developments.

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ANALYSIS OF THE  
SIoux FALLS, SOUTH DAKOTA, HOUSING MARKET  
AS OF FEBRUARY 1, 1969

Summary and Conclusions

1. During the twelve-month period ending October 31, 1968, total employment in the Sioux Falls HMA averaged 38,000, representing a slight decline (75 workers) from the similar period ending October 31, 1967. Included in the 1968 total were 31,650 nonagricultural wage and salary workers and 6,350 other workers (domestics, self-employed, unpaid family workers, and agricultural workers).

During the two-year forecast period, nonagricultural wage and salary employment is expected to increase by about 500 jobs annually, with the largest increases occurring in the trade and services and miscellaneous nonmanufacturing industries.

2. Current median after-tax incomes in the HMA are \$7,350 for all families and \$6,250 for renter households of two or more persons. By 1971, family incomes after taxes will increase to about \$7,700 for all families and \$6,550 for renter households of two or more persons.
3. The February 1969 population of the Sioux Falls HMA was 77,900 persons, representing an average annual increase of 1,375 persons since April 1, 1960. By February 1971, the population is expected to reach 80,400 persons, reflecting an annual increase of 1,250 persons.
4. Between 1960 and 1969, the number of households (occupied housing units) in the Sioux Falls HMA increased by about 400 annually, from 19,375 to 23,050. By February 1971, the number of households is expected to total 23,800, increasing by an average of 375 annually during the forecast period.
5. As of February 1, 1969, there were 23,750 housing units in the Sioux Falls HMA, an increase of 3,775 since April 1, 1960, including 1,300 units since October 1, 1965. The recent net addition of 1,300 units is the result of the construction of 1,250 new residential units, the loss of 75 units through demolitions and other causes, and the addition of 125 units because of annexations and trailer movement into the city.
6. There were about 450 available vacant units for sale or rent in the Sioux Falls HMA as of February 1, 1969, an over-all available vacancy rate of 1.9 percent. Of the total, 200 units were available for sale only, a homeowner vacancy rate of 1.3 percent, and 250 units were

available for rent, a renter vacancy rate of 3.2 percent. The homeowner vacancy rate is equal to that in 1965, while the renter vacancy rate has declined slightly.

7. The volume of privately financed net additions to the housing supply required to meet anticipated growth during the February 1969-February 1971 forecast period and maintain a balanced demand-supply relationship in both sales and rental markets averages 375 units annually, including 175 single-family homes and 200 multifamily units. Sales housing demand is distributed by price class on page 14. Rental demand by monthly gross rent and unit size is presented on page 15.

ANALYSIS OF THE  
SIoux FALLS, SOUTH DAKOTA, HOUSING MARKET  
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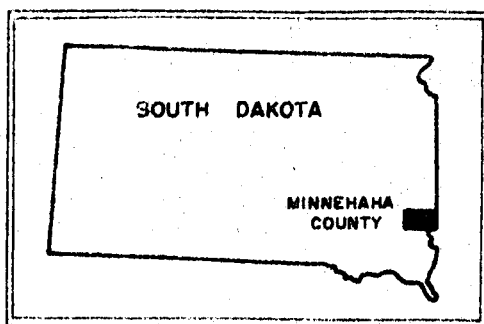
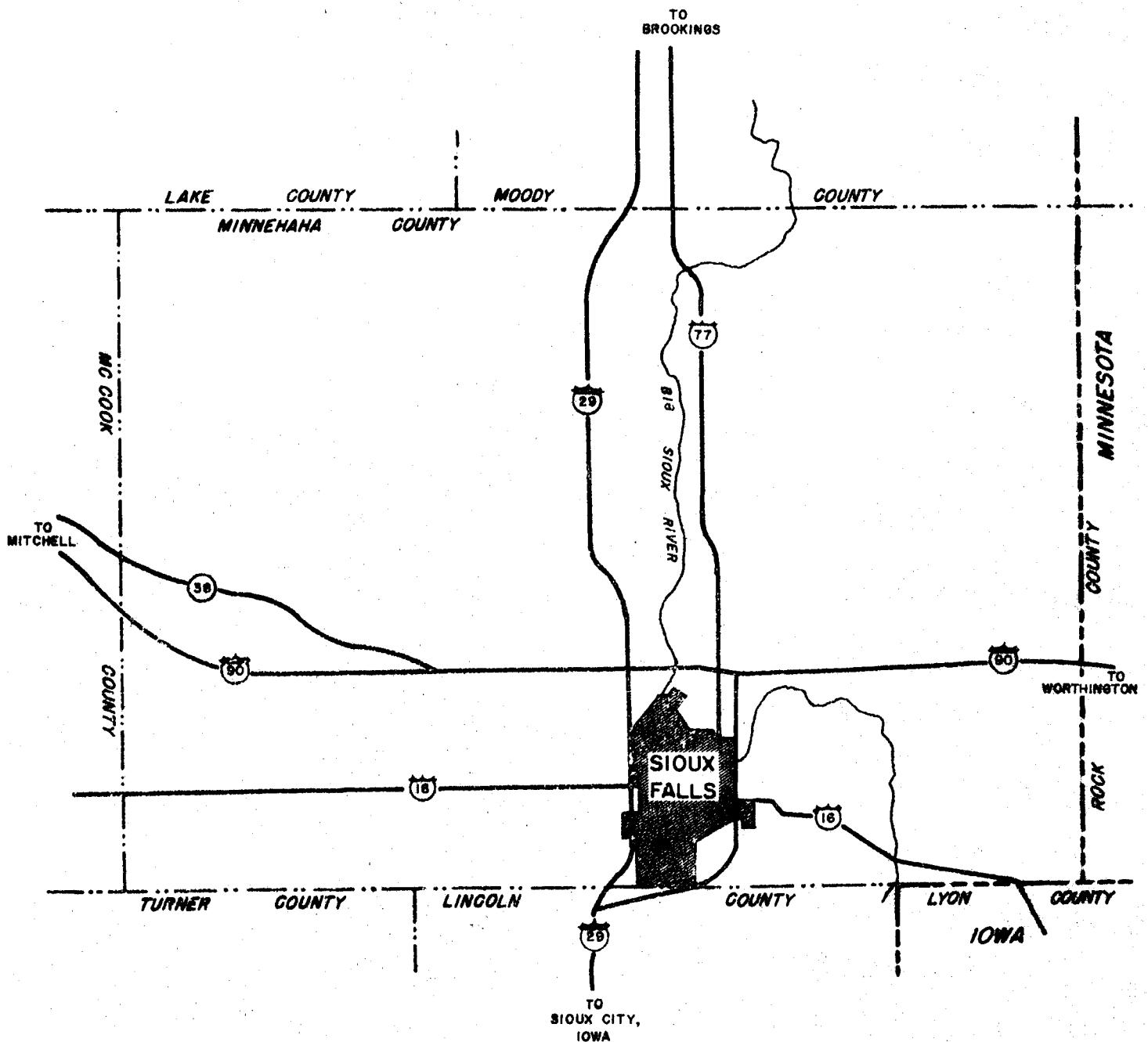
(A supplement to the October 1, 1965 analysis)

Housing Market Area

For the purpose of this report, the Sioux Falls, South Dakota, Housing Market Area (HMA) is defined as the city of Sioux Falls. Even though the Sioux Falls Standard Metropolitan Statistical Area (SMSA) is defined as Minnehaha County, virtually all of the 790 square miles of the county outside the 23 square miles occupied by the city of Sioux Falls are rural farming areas. Due to periodic annexations of land by the city, most of the development in the area is within the city limits. In 1960, Sioux Falls had a population of 65,466.

The city of Sioux Falls is located in the southern edge of Minnehaha County in southeastern South Dakota (see map). Sioux Falls, the largest city in the Dakotas is located 237 miles southwest of Minneapolis, Minnesota, and 550 miles west of Chicago. Transportation facilities are adequate.

# SHIUX FALLS, SOUTH DAKOTA HOUSING MARKET AREA



1" = 45 MILES



## Economy of the Area

### Character and History

The Sioux Falls area became part of the United States in 1803 with the Louisiana Purchase, although various Indian uprisings prevented large-scale permanent settlement of the area until around 1870. The fertile soil for agricultural produce encouraged settlers to migrate to the area. The large livestock production in surrounding areas has caused Sioux Falls to become one of the nations largest livestock markets. Many firms have located sales and distribution centers in Sioux Falls for better access to markets of the north central area.

### Employment

Current Estimate and Recent Trend. During the twelve-month period ending October 31, 1968, total employment in Minnehaha County<sup>1/</sup> averaged 38,000, including 31,650 nonagricultural wage and salary workers, and 6,350 other workers (domestics, self-employed, unpaid family workers, and agricultural workers). This employment total represents a slight decline from the similar period ending October 31, 1967, when employment averaged 38,075, including 31,450 nonagricultural wage and salary workers and 6,625 persons employed in other types of jobs. In 1960, employment averaged 34,520, including 26,710 wage and salary workers.

Between 1965 and 1967, nonagricultural wage and salary employment increased by 1,070 jobs, from 30,450 in 1965, to 31,520 in 1967 (see table I). Most of the increase occurred between 1966 and 1967, when 820 jobs were added. During this time, gains occurred in most employment categories, with major increases occurring primarily in trade (340) and services and miscellaneous nonmanufacturing (270).

During the twelve-month period ending October 31, 1968, nonagricultural wage and salary employment increased by only 200 over the similar period ending October 31, 1967. Minor gains were recorded in manufacturing employment, and there were offsetting increases and decreases in several of the nonmanufacturing categories. The following table presents changes in nonagricultural wage and salary employment since 1965.

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<sup>1/</sup> The Sioux Falls Labor Market Area is defined by the Employment Security Department of South Dakota as covering all of Minnehaha County; however, practically all nonagricultural employment is within Sioux Falls.

Annual Average Nonagricultural Wage and Salary Employment  
Sioux Falls, South Dakota, Housing Market Area  
1965-1968

<u>Year</u>	<u>Wage and salary employment</u>			<u>Change in total from preceding year</u>
	<u>Manufacturing</u>	<u>Non- manufacturing</u>	<u>Total</u>	
1965	5,375	25,075	30,450	-
1966	5,630	25,070	30,700	250
1967	5,830	25,690	31,520	820
<u>12 mos. ending:</u>				
10/31/67	5,800	25,650	31,450	-
10/31/68	5,950	25,700	31,650	200

Source: Employment Security Department of South Dakota.

Employment by Industry. Manufacturing employment accounted for about 19 percent of all nonagricultural wage and salary employment in the Sioux Falls HMA in 1967. The 1968 level of 5,950 manufacturing workers represents an increase of 575 workers over the 1965 total of 5,375. The automation of meat packing plants in the early 1960's has limited growth in manufacturing employment since 1960 (5,450).

Durable goods manufacturing accounted for only about 14 percent of total manufacturing employment in 1967. Of the 820 persons employed in durable goods industries during this time, 620 were employed in fabricated metals and machinery. Between 1965 and 1967, employment in the durable goods industries declined slightly, while employment in the nondurable goods industries increased. In 1965, there were 4,475 persons employed in non-durable goods industries, while workers in this same category accounted for 5,010 workers in 1967, an increase of 535 workers. Employment levels in the food and kindred products industries accounted for a large proportion of the nondurable goods workers as one of the nation's largest meat packing plants is located in Sioux Falls.

Employment in nonmanufacturing industries has increased modestly in recent years. During 1967, there were 25,690 persons employed in nonmanufacturing jobs, an increase of 615 since 1965; between 1960 and

1965 nonmanufacturing jobs increased by over 3,800. Wholesale and retail trade, service and miscellaneous industries, and government employment accounted for over 62 percent of all nonmanufacturing wage and salary employment in the HMA in 1967. Trade employment was predominant, with 9,690 workers or 37.7 percent of total nonmanufacturing employment. Services and miscellaneous industries provided for about 5,750 workers followed by government, which accounted for about 4,290 jobs.

During the 1965-1967 period, most of the nonmanufacturing industries reported employment gains, the only exceptions being losses in contract construction and wholesale trade. These losses, however, were offset by substantial gains in retail trade, service and miscellaneous nonmanufacturing industries, and government. The largest gain during the period occurred in service and miscellaneous nonmanufacturing industries, which augmented their employment levels by 550 (10 percent).

#### Unemployment

During the twelve-month period ending October 31, 1968, unemployment averaged 1,150, or 2.9 percent of the civilian work force. This represents a slight decline in unemployment from the similar period ending October 31, 1967, when the unemployment rate was 3.0 percent.

Between 1965 and 1967, the number of persons in the civilian work force increased by 200, while the number of persons employed only increased by 110, a net increase in unemployment of 90. From an average of 2.7 percent in 1965, unemployment rose to 3.2 percent in 1966, and fell to 2.9 percent in 1967.

#### Future Employment Prospects

On the basis of both long-term and recent employment trends and information from local sources, nonagricultural wage and salary employment in Sioux Falls is expected to increase by about 500 annually by February 1971. This increase approximates the average growth experienced during the 1960-1968 period. A large proportion of the new jobs will be added in the nonmanufacturing industries, primarily in trade and services and miscellaneous nonmanufacturing industries.

#### Income

The median after-tax income for all families in the Sioux Falls HMA was \$7,350 as of February 1, 1969, while the median after-tax income of renter households of two or more persons was \$6,250. By 1971, the median income, after-taxes, will increase to about \$7,700 for all families and to \$6,550 for renter households of two or more persons.

Approximately 16 percent of all families and 22 percent of renter households had after-tax incomes under \$4,000. In contrast, 24 percent of all families and 14 percent of renter households had after-tax incomes over \$10,000. Table II presents the distribution of all families and renter households by income classes for 1969 and 1971.

## Demographic Factors

### Population

Current Estimate and Recent Trend. The population of the city of Sioux Falls was 77,900 persons as of February 1, 1969, an annual increase of about 1,260 persons (1.7 percent) since 1965, comparing with an annual increase of about 1,500 persons (2.1 percent) between 1960 and 1965. Included in the 1960 estimate were 2,500 nonhousehold residents, a large portion of these being college students. Nonhousehold population has increased by about 325 since 1965. The 1960-1965 population increase of about 1,500 persons annually included 1,300 persons added to the city population by annexations in 1965. The following table presents the over-all population changes in Sioux Falls, including a projection to 1971.

#### Population Changes Sioux Falls, South Dakota April 1960 - February 1971

<u>Date</u>	<u>Total population</u>	<u>Average annual change from preceding date</u>
April 1960	65,466	-
October 1965	73,700	1,500
February 1969	77,900	1,260
February 1971	80,400	1,250

Sources: 1960 Census of Population.  
1965, 1969, 1971 estimated by Housing Market Analyst.

Estimated Future Population. Based on past population growth and anticipated employment increases, the population of the city of Sioux Falls is expected to increase by 1,250 annually during the two-year forecast period, to a February 1, 1971 total of 80,400.

### Households

Current Estimate and Recent Trend. The number of households (occupied housing units) in Sioux Falls increased by about 375 annually during the 1965-1969 period, from 21,800 in 1965 to 23,050 in 1969. The 1965-1969 increase is below that of the 1960-1965 period, when 440 households were added annually. However, as mentioned previously, some of the

larger change during the 1960-1965 period was caused by annexation by the city, while there was only minor annexation activity during the 1965-1969 period.

Household Changes  
Sioux Falls, South Dakota  
April 1960 - February 1971

<u>Date</u>	<u>Number of households</u>	<u>Average annual change from preceding date<sup>a/</sup></u>
April 1, 1960	19,383	-
October 1, 1965	21,800	440
February 1, 1969	23,050	375
February 1, 1971	23,800	375

<sup>a/</sup> Rounded.

Sources: 1960 Census of Housing.  
1965-1971 estimated by Housing Market Analyst.

Estimated Future Households

Following the trend of anticipated population growth and a slight decline in the number of persons per household during the forecast period, it is anticipated that the number of households in Sioux Falls will increase by 750, to a February 1, 1971 total of 23,800. The annual increase of 375 households parallels the household growth during the 1965-1969 period.

## Housing Market Factors

### Housing Supply

The housing supply in Sioux Falls totalled 23,750 units as of February 1, 1969, an increase of 3,775 units since April 1, 1960, including 1,300 units since October 1, 1965. The net addition of 1,300 units since 1965 is the result of the construction of 1,250 new residential units, the loss of about 75 units through demolitions and other causes, and the addition of 125 units because of annexations and trailer movement into the city. The average gain of about 390 units annually since 1965 is below the annual average gain recorded between 1960 and 1965 (450 a year), because of the effect of annexations by the city during the 1960-1965 period as well as decreased building activity after 1965.

### Residential Building Activity

Recent Trends. Residential building activity in Sioux Falls has fluctuated considerably during the 1960's from a high level of construction of 507 units in 1965, to a low of 197 in 1966. Part of the reason for the large difference was that multifamily authorizations declined considerably during 1966, largely because of the fear of overbuilding after 263 units of multifamily housing were authorized in 1965. Authorizations for the first 10 months of 1968 indicate a continuation of the building level in 1967, when 206 multifamily units were authorized.

#### Units Authorized by Building Permits Sioux Falls, South Dakota 1960-1968

<u>Year</u>	<u>Total</u>	<u>Single-family</u>	<u>Multifamily</u>
1960	395	332	63
1961	435	367	68
1962	454	329	126
1963	310	292	18
1964	361	280	81
1965	507	244	263
1966	197	147	50
1967	359	153	206
1968(10 mos)	304	148	156

Sources: U. S. Bureau of the Census, C-40 Construction Reports, Local Building Inspector.

Although the area is predominantly one of single-family homes, the number of single-family units authorized in recent years has declined from the number of units in single-family structures during the early 1960's. Increasing construction costs have tended to reduce speculative building, and rising interest rates have tended to dissuade some prospective homebuilders.

The number of units authorized yearly for multifamily structures has varied during recent years, from a high of 263 in 1965 to a low of 18 in 1963. In 1967, 206 multifamily units were authorized, while 156 were authorized during the first ten months of 1968, suggesting a continuing level of multifamily construction somewhat higher than prior to 1965.

Units Under Construction. Based on the November 1968 postal vacancy survey and on building permit data, it is estimated that there were 115 units in some phase of construction in Sioux Falls as of February 1, 1969. The total includes 25 single-family structures and 90 multifamily units.

Demolitions. About 200 units have been lost from the housing inventory of Sioux Falls since April 1, 1960 because of demolitions, fires, conversions and other causes. During the two-year forecast period ending February 1, 1971, another 100 housing units will be lost. The anticipated increase in demolitions will result from planned urban renewal activity.

#### Tenure of Occupancy

February 1969 Estimate. As of February 1, 1969, an estimated 15,450 units or 67.0 percent of the total occupied inventory were owner-occupied and 7,600 units (33.0 percent) were renter-occupied. The current distribution indicates a slight downward trend in owner-occupancy in recent years mainly due to decreased single-family construction and increased multifamily activity. In 1965, 67.9 percent of the occupied units were owner-occupied and 32.1 percent were renter-occupied. Table IV presents a distribution of the housing supply by tenure since 1960.

#### Vacancy

Previous Estimate. About 450 vacant units were estimated to be available for sale or rent in the Sioux Falls HMA in October 1965, equal to about 2.0 percent of the housing supply. Of this total, 200 were available for sale, a homeowner vacancy rate of 1.3 percent, and 250 were available for rent, representing a renter vacancy rate of 3.4 percent. Included in the total were 15 sales units and 30 rental units which lacked one or more plumbing facilities. In 1960, less than 400 were vacant and available, including about 125 for sale (a homeowner rate of 1.0 percent) and 275 units were for rent (a renter rate of 3.9 percent).



### Postal Vacancy Survey

A postal vacancy survey was conducted by the Sioux Falls Post Office on November 21, 1968. The survey covered 25,519 possible deliveries of which 22,856 were on city routes in Sioux Falls. Of the units covered in the city, the survey reported a total of 551 vacancies, an over-all vacancy rate of 2.4 percent. Of the 19,265 possible deliveries to residences, 280 were vacant (1.5 percent). Of the 3,691 deliveries to apartments, 271 were vacant (7.3 percent). The survey also reported 132 units under construction, including 40 residences and 92 apartments. Survey results are presented in Table V.

A previous postal vacancy survey was conducted in August 1965 and covered 24,405 possible deliveries, of which 21,980 were on city routes in Sioux Falls. The survey revealed 606 vacant units in the city, representing 2.8 percent of the possible deliveries. Of the 18,125 possible deliveries to residences, 1.8 percent (321 units) were vacant. The survey also reported 3,765 possible deliveries to apartments, of which 285 were vacant, a vacancy rate of 7.6 percent. Vacancies in both residences and apartments were higher than in the more recent survey.

#### Vacancies as Indicated by Postal Vacancy Surveys Sioux Falls, South Dakota August 1965 and November 1968

<u>Date</u>	<u>Vacant residences and apartments</u>		<u>Vacant residences</u>		<u>Vacant apartments</u>	
	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>
August 1965	606	2.8	321	1.8	285	7.6
November 1968	551	2.4	280	1.5	271	7.3

Source: FHA Postal Vacancy Surveys conducted by the Sioux Falls Post Office.

The postal vacancy data are not entirely comparable with the data published by the Bureau of the Census because of definition, area delimitation, and methods of enumeration (see Appendix A, paragraph 7).

February 1969 Estimate. Based on the results of the postal vacancy survey, FHA vacancy data, local informed sources, and on personal observation of the market, it is estimated that there were 450 vacant available units for sale or rent in Sioux Falls as of February 1, 1969, an overall available vacancy rate of 1.9 percent. Of this total, 200 units were available for sale, a homeowner vacancy rate of 1.3 percent, and 250 units were available

for rent, a renter vacancy rate of 3.2 percent. The homeowner vacancy rate is equal to that in 1965, while the rental vacancy rate has declined slightly. There also were 250 units held off the market because they were either dilapidated, rented or sold awaiting occupancy, or held off the market for other reasons.

### Sales Market

General Market Conditions. The current sales vacancy rate of 1.3 percent indicates that the sales market in Sioux Falls is satisfactory. The absorption of sales housing in the city has been keeping pace with the number of units constructed in recent years. However, increasing construction and mortgage costs have caused many households to turn to rental units available in the number of multifamily structures built in recent years, causing a decline in the number of new sales units built. Because of the many area residents who work for distributing firms and live in Sioux Falls for only a few years, there is considerable turnover of relatively new homes as these representatives are transferred. These homes are considered along with new homes by prospective buyers.

The sustained success of speculatively built units has served as an impetus to local builders, and speculatively built houses accounted for about 40 percent of the homes built in Sioux Falls in 1967. During the latter part of 1968, however, many speculators of higher priced homes experienced oversupplies of finished and unsold homes, and were forced to build contracted homes to ease the burden.

Few houses have been built to sell for under \$15,000, although some have been built on scattered lots in both newer and older neighborhoods. The largest number of homes completed in recent years has been in the \$15,000-\$17,000 range, and other homes have been completed at higher prices ranging upward to above \$30,000.

Although new homes in various price ranges have been built throughout the city, the largest concentration of homes have been built recently in the south and southeastern sections of town. Many of the new homes built in southeastern subdivisions have been in the higher price ranges.

Unsold Inventory of New Houses. In January 1968, the Sioux Falls FHA Insuring Office surveyed nine subdivisions in the city in which five or more houses were completed in 1967. The survey revealed a total of 160 completions during that year of which 90 (56 percent) had been sold before the start of construction. Of the 70 homes built on a speculative basis, 18 (26 percent) remained unsold at the time of the survey; nearly all of these had been on the market for less than six months.

Similar surveys were conducted in January 1967 and January 1966. The 1967 survey covered 18 subdivisions in which 202 houses were completed during 1966. Of the 202 houses, 67 (33 percent) were sold before the start of construction. Of the remaining units, 25 (18.5 percent) remained unsold at the time of the survey. The January 1966 survey covered 21 subdivisions in which 175 houses were completed. Included were 82 units (47 percent) that were pre-sold, and 93 speculative units. Fourteen of the speculative units (15 percent) remained unsold at the time of the survey.

#### Rental Market

A renter vacancy rate of 3.2 percent in Sioux Falls indicates a firm market. Most of the vacancies are in older structures which lack the amenities offered by newer units. Vacancies are minimal in nearly all of the newer rental units, and some projects have waiting lists. Absorption periods for the newer units have been extremely short, and several new projects have been fully rented before construction was completed.

Average rentals for newer units throughout the city range from \$130.00 to \$140.00 (including all utilities except electricity) for a one-bedroom unit and \$165.00 to \$185.00 for a two-bedroom unit. Relatively few efficiencies and three-bedroom units have been constructed. Many of the multifamily units are in structures of 12 units and are scattered throughout the fringes of the downtown area. Several larger structures have also been built with one-bedroom units predominating.

#### Urban Renewal

The first urban renewal project in Sioux Falls is currently in the planning stages. The project, when in execution, will involve renewal of most of the northern area of downtown Sioux Falls. Acquisition and demolitions should begin in early 1970 and will result in the demolition of about 100 dwelling units. Many of these units are already vacant, and their demolition will not necessitate relocation of families or individuals. The city's workable program requires recertification.

#### Subsidized Housing

There are currently 60 units of rent-supplement housing under construction in Sioux Falls. The units all contain one bedroom. These units are the only subsidized units built thus far in the area.

## Demand for Housing

### Quantitative Demand

The demand for privately financed housing during the two-year forecast period ending February 1, 1971 is based on an anticipated increase in the number of households of 375 annually. Consideration also is given to the existing tenure and vacancy situations. Based on these considerations, there will be a demand for an additional 375 units of privately financed housing annually, including 175 single-family houses and 200 multifamily units.

### Qualitative Demand

Single-family Homes. The distribution of the annual demand for single-family homes by price class shown in the following table is based on the current distribution of families by after-tax incomes and on the proportion of income that families in the area are willing to pay for housing. Few new single-family units can be built for under \$14,000.

Estimated Annual Demand for New Single-family Homes by Price Class  
Sioux Falls, South Dakota, Housing Market Area  
February 1969 - 1971

<u>Sales price</u>	<u>Number of units</u>	<u>Percent</u>
Under \$16,000	20	11
\$16,000 - 17,999	35	19
18,000 - 19,999	15	9
20,000 - 24,999	50	28
25,000 - 29,999	25	15
30,000 - 34,999	15	9
35,000 and over	15	9
Total	175	100

Multifamily Units. The monthly rents at which 200 net additions to the privately owned multifamily housing inventory might best be absorbed annually are indicated for various sized units in the following table.

Estimated Annual Demand for New Private Multifamily Units  
At Rents Achievable with Market-Interest-Rate Financing  
Sioux Falls, South Dakota, Housing Market Area  
February 1969 to February 1971

Monthly gross rent <sup>a/</sup>	Units by Number of Bedrooms			
	Efficiency	One	Two	Three or more
\$100 - \$119	10	-	-	-
120 - 139	5	25	-	-
140 - 159	-	30	15	-
160 - 179	-	25	30	-
180 - 199	-	10	20	5
200 - 219	-	5	10	5
220 and over	-	-	-	5
Total	15	95	75	15

<sup>a/</sup> Gross rent is shelter rent plus the cost of utilities.

Occupancy Potential for Subsidized Housing

Federally assisted housing could be built under several programs which have been designed to provide adequate and modern housing at the lower price and rent levels which can be afforded by the low- and moderate-income households residing in the area. This housing can be provided by four types of subsidy: (1) federal financing assistance to local housing authorities (public housing), (2) rent supplement payments, (3) federal financing assistance through low-interest mortgage loans to private sponsors, and (4) interest subsidy payments.

The two year occupancy potentials presented below for subsidy programs administered by FHA are based upon current incomes prevalent in Sioux Falls, on data pertaining to the occupancy of substandard housing, on estimates of the elderly population in the area, and on current income limits. It should be noted that households may be eligible for more than one type of subsidized housing because of similar requirements. Thus, the occupancy potentials presented below are not additive.

Section 221(d)(3) BMIR. Under this program, low-cost rental housing for low- to moderate-income families is provided through the use of federal funds in a low-interest mortgage loan. If adequate funds are available, a total of about 125 units of Section 221(d)(3) BMIR housing probably could be

APPENDIX A  
OBSERVATIONS AND QUALIFICATIONS  
APPLICABLE TO ALL FHA HOUSING MARKET ANALYSES

1. When the rural farm population constitutes less than five percent of the total population of the HMA, all demographic and housing data used in the analysis refer to the total of farm and non-farm data; if five percent or more, all demographic and housing data are restricted to non-farm data.
2. All average annual percentage changes used in the demographic section of the analysis are derived through the use of a formula designed to calculate the rate of change on a compound basis.
3. Because of the change in definition of "farm" between 1950 and 1960 censuses, many persons living in rural areas who were classified as living on farms in 1950 would have been considered to be rural nonfarm residents in 1960. Consequently, the decline in the farm population and the increase in nonfarm population between the two census dates is, to some extent, the result of this change in definition.
4. The increase in nonfarm households between 1950 and 1960 was the result, in part, of a change in the definition of "farm" in the two censuses.
5. The increase in the number of households between 1950 and 1960 reflects, in part, the change in census enumeration from "dwelling unit" in the 1950 census to "housing unit" in the 1960 census. Certain furnished-room accommodations which were not classed as dwelling units in 1950 were classed as housing units in 1960. This change affected the total count of housing units and the calculation of average household size as well, especially in larger central cities.
6. The basic data in the 1960 Census of Housing from which current housing inventory estimates are developed reflect an unknown degree of error in "year built" occasioned by the accuracy of response to enumerators' questions as well as errors caused by sampling.
7. Postal vacancy survey data are not entirely comparable with the data published by the Bureau of Census because of differences in definition, area delineations, and methods of enumeration. The census reports units and vacancies by tenure, whereas the postal vacancy survey reports units and vacancies by type of structure. The Post Office Department defines a "residence" as a unit representing one stop for one delivery of mail (one mailbox). These are principally single-family homes, but include row houses and some duplexes and structures with additional units created by conversion. An "apartment" is a unit on a stop where more than one delivery of mail is possible. Postal surveys omit vacancies in limited areas served by post office boxes and tend to omit units in subdivisions under construction. Although the postal vacancy survey has obvious limitations, when used in conjunction with other vacancy indicators, the survey serves a valuable function in the derivation of estimates of local market conditions.
8. Because the 1950 Census of Housing did not identify "deteriorating" units, it is possible that some units classified as "dilapidated" in 1950 would have been classified as "deteriorating" on the basis of the 1960 enumeration procedures.
9. The distribution of the qualitative demand for sales housing differs from any selected experience such as that reported in FHA unsold inventory surveys. The latter data do not include new construction in subdivisions with less than five completions during the year reported upon, nor do they reflect individual or contract construction on scattered lots. It is likely that the more expensive housing construction and some of the lower-value homes are concentrated in the smaller building operations, which are quite numerous. The demand estimates reflect all home building and indicate a greater concentration in some price ranges than a subdivision survey would reveal.
10. Monthly rentals at which privately owned net additions to the aggregate rental housing inventory might best be absorbed by the rental market are indicated for various size units in the demand section of each analysis. These net additions may be accomplished by either new construction or rehabilitation at the specified rentals with or without public benefits or assistance through subsidy, tax abatement, or aid in financing or land acquisition. The production of new units in higher rental ranges than indicated may be justified if a competitive filtering of existing accommodations to lower ranges of rent can be anticipated as a result of the availability of an ample rental housing supply.
11. Distributions of average annual demand for new apartments are based on projected tenant-family incomes, the size distribution of tenant households, and rent-paying propensities found to be typical in the area; consideration also is given to the recent absorptive experience of new rental housing. Thus, they represent a pattern for guidance in the production of rental housing predicated on foreseeable quantitative and qualitative considerations. However, individual projects may differ from the general pattern in response to specific neighborhood or sub-market requirements. Specific market demand opportunities or replacement needs may permit the effective marketing of a single project differing from these demand distributions. Even though a deviation from these distributions may experience market success, it should not be regarded as establishing a change in the projected pattern of demand for continuing guidance unless a thorough analysis of all factors involved clearly confirms the change. In any case, particular projects must be evaluated in the light of actual market performance in specific rent ranges and neighborhoods or sub-markets.
12. The location factor is of especial importance in the provision of new units at the lower-rent levels. Families in this user group are not as mobile as those in other economic segments; they are less able or willing to break with established social, church, and neighborhood relationships. Proximity to or quick and economical transportation to place of work frequently is a governing consideration in the place of residence preferred by families in this group.

Table I

Nonagricultural Wage and Salary Employment  
Sioux Falls, South Dakota<sup>1/</sup>  
1965 - 1968  
 (Annual averages)

<u>Industry</u>	<u>1965</u>	<u>1966</u>	<u>1967</u>	<u>12 months ending</u>	
				<u>October 31,</u> <u>1967</u>	<u>October 31,</u> <u>1968</u>
Nonagricultural wage and salary	<u>30,450</u>	<u>30,700</u>	<u>31,520</u>	<u>31,450</u>	<u>31,650</u>
Manufacturing	<u>5,375</u>	<u>5,630</u>	<u>5,830</u>	<u>5,800</u>	<u>5,950</u>
Durable goods	900	900	820	800	850
Fabricated metals and machinery	(675)	(690)	(620)	(625)	(700)
Nondurable goods	4,475	4,730	5,010	5,000	5,100
Food and kindred products	(3,975)	(3,880)	(4,060)	(4,025)	(4,150)
Nonmanufacturing	<u>25,075</u>	<u>25,070</u>	<u>25,690</u>	<u>25,650</u>	<u>25,700</u>
Contract construction	2,150	1,380	1,150	1,200	1,100
Trans., comm., and utilities	2,800	2,870	2,920	2,900	3,000
Total trade	<u>9,400</u>	<u>9,350</u>	<u>9,690</u>	<u>9,650</u>	<u>9,850</u>
Wholesale trade	3,300	3,140	3,240	3,250	3,250
Retail trade	6,100	6,210	6,450	6,400	6,600
Fin., ins., and real estate	1,750	1,840	1,890	1,900	1,800
Services and miscellaneous	5,200	5,480	5,750	5,750	5,550
Government	3,775	4,150	4,290	4,250	4,400

<sup>1/</sup> Sioux Falls Labor Market Area, which covers all of Minnehaha County.

Source: Employment Security Department of South Dakota.

Table II

Percentage Distribution of All Families and Renter Households<sup>a/</sup>  
by Annual Income After Deduction of Federal Income Tax  
Sioux Falls, South Dakota, Housing Market Area  
1969 and 1971

<u>Annual income</u>	<u>February 1, 1969</u>		<u>February 1, 1971</u>	
	<u>All families</u>	<u>Renter households</u>	<u>All families</u>	<u>Renter households</u>
Under \$ 3,000	11	13	9	12
\$ 3,000 - 3,999	5	9	5	8
4,000 - 4,999	8	11	8	11
5,000 - 5,999	10	13	10	12
6,000 - 6,999	11	14	10	12
7,000 - 7,999	12	12	11	14
8,000 - 8,999	10	8	11	8
9,000 - 9,999	9	6	9	6
10,000 - 14,999	18	12	20	13
15,000 and over	<u>6</u>	<u>2</u>	<u>7</u>	<u>4</u>
Total	100	100	100	100
Median	\$7,350	\$6,250	\$7,700	\$6,550

<sup>a/</sup> Excludes one-person renter households.

Source: Estimated by Housing Market Analyst.



Table III

Population and Household Changes  
Sioux Falls, South Dakota  
April 1960 - February 1971

<u>Sioux Falls</u>	<u>April 1, 1960</u>	<u>October 1, 1965</u>	<u>February 1, 1969</u>	<u>February 1, 1971</u>	<u>Average annual changes <sup>a/</sup></u>					
					<u>1960-1965</u>		<u>1965-1969</u>		<u>1969-1971</u>	
					<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>
Population	65,466	73,700	77,900	80,400	1,500	2.2	1,260	1.7	1,250	1.6
Households	19,383	21,800	23,050	23,800	440	2.2	375	1.7	375	1.6
Household size	3.26	3.29	3.27	3.26	-	-	-	-	-	-

<sup>a/</sup> See Appendix A, paragraph 2.

Sources: 1960 Census of Population and Housing.  
1965-1971 estimated by Housing Market Analyst.

Table IV

Characteristics of the Housing Supply  
Sioux Falls, South Dakota, Housing Market Area  
1960-1969

<u>Components</u>	<u>April 1, 1960</u>	<u>October 1, 1965</u>	<u>February 1, 1969</u>
Total housing supply	<u>19,979</u>	<u>22,450</u>	<u>23,750</u>
Occupied units	<u>19,383</u>	<u>21,800</u>	<u>23,050</u>
Owner-occupied	<u>12,746</u>	<u>14,800</u>	<u>15,450</u>
Percent	65.8%	67.9%	67.0%
Renter-occupied	<u>6,637</u>	<u>7,000</u>	<u>7,600</u>
Percent	34.2%	32.1%	33.0%
Vacant units	<u>596</u>	<u>650</u>	<u>700</u>
Available vacant units	<u>392</u>	<u>450</u>	<u>450</u>
For sale	<u>124</u>	<u>200</u>	<u>200</u>
Homeowner vacancy rate	1.0%	1.3%	1.3%
For rent	<u>268</u>	<u>250</u>	<u>250</u>
Renter vacancy rate	3.9%	3.4%	3.2%
Other vacant <sup>a/</sup>	<u>204</u>	<u>200</u>	<u>250</u>

<sup>a/</sup> Includes vacant dilapidated units, units rented or sold awaiting occupancy, and units held off the market for other reasons.

Sources: 1960 Census of Housing.

1965 and 1969 estimated by Housing Market Analyst.

Table V

Sioux Falls, South Dakota, Area Postal Vacancy Survey

November 21, 1968

Postal area	Total residences and apartments						Residences						Apartments						House trailers	
	Total possible deliveries	Vacant units			Under const.		Total possible deliveries	Vacant units			Under const.		Total possible deliveries	Vacant units			Under const.		Total possible deliveries	Vacant No.
		All	%	Used				All	%	Used				All	%	Used				
The Survey Area Total	25,519	609	2.4	542	67	169	21,781	330	1.5	306	24	65	3,738	279	7.5	236	43	104	814	27
Sioux Falls	24,465	580	2.4	516	64	159	20,750	301	1.5	280	21	55	3,715	279	7.5	236	43	104	802	26
City Routes	22,856	551	2.4	497	54	132	19,265	280	1.5	261	19	40	3,691	271	7.3	236	35	92	549	21
Rural Routes	1,509	29	1.9	19	10	27	1,485	21	1.4	19	2	15	24	8	33.3	-	8	-12	253	5
Dell Rapids	1,054	29	2.8	26	3	10	1,031	29	2.8	26	3	10	23	-	0.0	-	-	-	12	1

The survey covers dwelling units in residences, apartments, and house trailers, including military, institutional, public housing units, and units used only seasonally. The survey does not cover stores, offices, commercial hotels and motels, or dormitories; nor does it cover boarded-up residences or apartments that are not intended for occupancy.

The definitions of "residence" and "apartment" are those of the Post Office Department, i.e., a residence represents one possible stop with one possible delivery on a carrier's route; and apartment represents one possible stop with more than one possible delivery.

The estimates of total possible deliveries to residences, apartments, and house trailers were made by the postal carriers. The data in this table, therefore, are not strictly comparable to the corresponding data for surveys conducted prior to 1966. The combined totals, however, are as recorded in official route records.

Source: FHA postal vacancy survey conducted by collaborating postmaster(s).

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1969

U.S. Federal Housing Administra-  
tion

Analysis of the Sioux Falls,  
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