

Housing Need Projections: 2023-28

Sioux Falls, SD

Augustana Research Institute
August 2023

AUGUSTANA RESEARCH INSTITUTE
AUGUSTANA UNIVERSITY
SIOUX FALLS, SOUTH DAKOTA

Suzanne Smith, Ph.D.

This report was commissioned by the City of Sioux Falls.

Portions of this document include intellectual property of Esri and its licensors and are used under license. Copyright © 2023 Esri and its licensors. All rights reserved.

Executive Summary

This report presents an update to the 2021 comprehensive housing needs assessment that the Augustana Research Institute prepared for the City of Sioux Falls. The 2021 needs assessment identified housing gaps that were widest among the city's lowest income households, those with household incomes below 30% of the area median family income (AMI).

The updates presented in the current report provide additional detail about the housing gap, including estimates of current and projected housing unit gaps broken down by AMI level and unit size (bedrooms). This update reaffirms the 2021 finding that the widest housing gaps are among households below 30% AMI, most of whom are renters. This update further reveals that, by and large, the deficit is of studio and one-bedroom units, compared to smaller deficits for larger units. Through 2028, there is a projected need for 3,650 additional studio or one-bedroom rental units affordable at 30% AMI or below. By comparison, there is a projected need for an estimated 176 two-bedroom and 215 three-bedroom or larger rental units at this AMI level.

At higher income levels, both renters and homeowners benefit from a more abundant supply of housing that is affordable relative to their incomes; additionally, higher income households are able to rent or buy down, choosing to rent or buy a housing unit that is priced below their maximum affordability threshold. Therefore, the apparent surplus supply of moderately affordable, middle-income housing shown in this report is not truly a surplus; rather, it reflects housing occupied by both middle- and higher-income households. Likewise, because of higher-income households renting or buying down, the apparent housing deficits at upper AMI levels are surmountable by households in those income ranges, who do not face a housing shortage; to the contrary, they are able to find housing that is very affordable relative to their incomes.

Finally, a word of explanation is due about the apparent deficit of one- or two-bedroom owner-occupied homes shown in tables in this report. As measured and reported in this study, bedroom needs are based solely on the minimum number of bedrooms necessary to accommodate a household of a given size. When considering the need for owner-occupied housing, unit size (number of bedrooms) should be interpreted as a minimum size requirement, not an indication of market demand. In particular, homebuyers—even single adults living alone—are unlikely to seek out a one-bedroom home. More usefully, for owner-occupied housing, bedroom size and AMI level can be mapped back to home value to understand housing needs at various price points. For example, the increase in demand of 191 owner-occupied one-bedroom units at 50% - 80% AMI can be interpreted as demand for 191 owner-occupied homes valued at \$198,000 or less and with at least one bedroom (but likely more).

Introduction

In 2021, the Augustana Research Institute prepared a comprehensive housing needs assessment for the City of Sioux Falls. The current report provides targeted updates to that study. Specifically, the updates focus on the current unit deficit and projected change in units by area median family income (AMI) and unit size (bedrooms), as well as projections for existing units expected to exit contractual affordability periods. The purpose of this update is to better understand and address housing challenges and to inform city efforts to set priorities, establish housing goals, and seek or evaluate grant work.

Data

The estimates and projections in this report require custom tabulation of data from the U.S. Census Bureau’s American Community Survey (ACS). All current year estimates are derived from the 2017-21 Five-Year Public Use Microdata Sample (PUMS) data for the Sioux Falls City Public Use Microdata Area (South Dakota PUMA 46 00600), the most recent available. Property values, gross rent, selected monthly owner costs, and household income have been adjusted to constant 2021 dollars. To align with the ACS PUMS data, HUD’s FY 2021 Income Limits are used to determine AMI thresholds.

Data sources used to identify subsidized and Low Income Housing Tax Credit (LIHTC) properties at risk of loss include the National Housing Preservation Database (NHPD) and HUD’s LIHTC Database.

Projections of demographic change are from Esri, a private data provider.

Current Income Limits, AMI, and Affordable Housing Costs

Throughout this report, current year estimates are based on the most recent available data, the 2017-21 Five-Year ACS estimates. All housing and income values are presented in 2021 dollars.

FY 2021 HUD Income Limits are used to determine income limits at each AMI level for households ranging in size from one person to eight:

Table 1. FY 2021 Income Limits

AMI	PERSONS IN HOUSEHOLD							
	1	2	3	4	5	6	7	8
30%	\$17,350	\$19,800	\$22,300	\$26,500	\$31,040	\$35,580	\$40,120	\$44,660
40%	\$23,100	\$26,400	\$29,700	\$33,000	\$35,640	\$38,280	\$40,920	\$43,560
50%	\$28,900	\$33,000	\$37,150	\$41,250	\$44,550	\$47,850	\$51,150	\$54,450
60%	\$34,650	\$39,600	\$44,550	\$49,500	\$53,460	\$57,420	\$61,380	\$65,340
80%	\$46,200	\$52,800	\$59,400	\$66,000	\$71,300	\$76,600	\$81,850	\$87,150
100%	\$57,750	\$66,000	\$74,250	\$82,500	\$89,100	\$95,700	\$102,300	\$108,900
120%	\$69,300	\$79,200	\$89,100	\$99,000	\$106,920	\$114,840	\$122,760	\$130,680

Source: HUD FY21 Income Limits

Affordable housing costs are estimated for each AMI band and household size. They are calculated as 30% of the annual income limit, pro-rated to a monthly value.

Table 2. Affordable Monthly Housing Costs by AMI and Household Size

AMI	PERSONS IN HOUSEHOLD							
	1	2	3	4	5	6	7	8
30%	\$434	\$495	\$558	\$663	\$776	\$890	\$1,003	\$1,117
40%	\$578	\$660	\$743	\$825	\$891	\$957	\$1,023	\$1,089
50%	\$723	\$825	\$929	\$1,031	\$1,114	\$1,196	\$1,279	\$1,361
60%	\$866	\$990	\$1,114	\$1,238	\$1,337	\$1,436	\$1,535	\$1,634
80%	\$1,155	\$1,320	\$1,485	\$1,650	\$1,783	\$1,915	\$2,046	\$2,179
100%	\$1,444	\$1,650	\$1,856	\$2,063	\$2,228	\$2,393	\$2,558	\$2,723
120%	\$1,733	\$1,980	\$2,228	\$2,475	\$2,673	\$2,871	\$3,069	\$3,267

Source: HUD FY21 Income Limits (calculations by analyst)

Current Number of Households and Housing Units by AMI

AMI is a function of both income and household size. The ACS PUMS data do not directly report AMI, but it can be derived from other variables in the data. In order to determine household AMI, we used household income and the number of persons in the household.

To determine the AMI band of a housing unit, we considered the monthly housing cost and the number of bedrooms. For rental units, we used gross rent as a measure of housing costs: this measure includes contract rent as well as utilities. We then compared the unit’s rent to affordable rents at each AMI band, adjusted for the number of bedrooms.¹

For owner-occupied properties, we considered using selected monthly owner costs: this measure includes the sum of payments for mortgages, taxes, insurance, utilities, and HOA or mobile home fees. However, this measure is a misleading measure for homes where owners have no mortgage, which account for nearly one-third of owner-occupied properties. In such cases, selected monthly owner costs reflect the current owner’s housing cost but would not accurately reflect costs to a new owner, who would likely take out a mortgage to purchase the home. Even for homeowners with a mortgage, selected monthly owner costs may artificially deflate the cost of owner-occupied housing: housing costs may have been locked in decades ago, when the owners first took out a mortgage, whereas a new owner would likely have a higher monthly mortgage payment for the same property. Therefore, it may be more accurate to consider what the monthly owner costs would be if the property were sold now, given its current value. Accordingly, we used the reported property value. To determine the AMI band for owner-occupied housing units, we estimated the maximum affordable price at each AMI level based on the rule of thumb that the maximum affordable home value is four times a household’s annual income; then, we applied the same bedroom adjustments as above.

¹ Adjustments for the number of bedrooms are based on the guidance provided by David Al. Vandembroucke, HUD, “Housing Affordability Data System,” January 28, 2011 (http://www.huduser.org/datasets/hads/hads_doc.pdf)

The following table shows the estimated number of renter households at each AMI band compared to the number of housing units currently available and the resulting current unit deficit. Currently, there is an estimated deficit of 3,948 rental units affordable to renter households at 30% AMI or below. However, at 50% - 80% AMI, there are sufficient rental units compared to the number of households. At higher income bands, 80% AMI and above, there is again a unit deficit; however, households in these higher income ranges can easily find affordable units by renting down, given the surplus of affordable units in lower AMI bands.

In addition to occupied rental units, there are an estimated 2,106 vacant rentals, which include units that are available for rent (1,723) and those that are rented but not yet occupied (383). Considering only vacant units available for rent, this represents a 5.7% vacancy rate, which is slightly below the historical average natural vacancy rate due to churn.

Finally, the table also shows the number of unhoused households counted in Sioux Falls during the most recent annual point-in-time (PIT) count of people experiencing homelessness, which was conducted in January 2023. The PIT count identified 490 individuals in 401 households. These households have been tallied in the deficit column; likely, they would fall within the 30% or under AMI band.

Table 3. Current Renter Households, Rental Units, and Unit Deficit, 2021

AMI	HOUSEHOLDS	HOUSING UNITS	CURRENT UNIT DEFICIT
EXTREMELY LOW INCOME (30% OR UNDER)	5,414	1,466	-3,948
VERY LOW (30 - 50%)	6,049	14,356	+8,307
LOW (50 - 80%)	7,613	12,182	+4,569
MIDDLE (80 - 100%)	3,794	1,039	-2,755
ABOVE MEDIAN (100%+)	7,066	470	-6,596
MISSING/UNKNOWN		491	+423
VACANT UNITS (FOR RENT + RENTED NOT OCCUPIED)		2,106	
UNHOUSED HOUSEHOLDS PER SIOUX FALLS PIT COUNT (2023)	401		-401

Source: 2017-21 5-Year ACS PUMS; 2023 PIT Count (calculations by analyst)

The following table shows the estimated number of homeowner households at each AMI band compared to the number of owner-occupied housing units currently available and the resulting current unit deficit. Currently, the only apparent unit deficit is at the highest income levels, among households at 100% AMI or above. However, this deficit does not indicate a shortage of affordable housing; rather, these homeowners may choose to spend less than 30% of their income on housing, purchasing a home that would be affordable at a lower income band.

In addition to owner-occupied units, there are an estimated 581 vacant homes, which include homes for sale (366) as well as those that have been sold but not yet occupied (215). Considering only homes for sale, this represents a 0.8% vacancy rate.

Table 4. Current Owner Households, Owner-Occupied Units, and Unit Deficit

AMI	HOUSEHOLDS	HOUSING UNITS	CURRENT UNIT DEFICIT
EXTREMELY LOW INCOME (30% OR UNDER)	1,631	3,914	+2,283
VERY LOW (30 - 50%)	2,325	10,063	+7,738
LOW (50 - 80%)	7,973	19,125	+11,152
MIDDLE (80 - 100%)	4,567	6,359	+1,792
ABOVE MEDIAN (100%+)	29,609	6,702	-22,907
MISSING/UNKNOWN	58		-58
VACANT UNITS (FOR SALE & SOLD NOT OCCUPIED)		581	
TOTAL			

Source: 2017-21 5-Year ACS PUMS (calculations by analyst)

Current Household and Unit Size Distribution

The following table shows the estimated distribution of renter households by AMI and household size. Nearly half of renter households are single individuals, and renter households fall predominantly in AMI bands of 80% or below. Renter households also tend to be small compared to owner households, with nearly twice as many one-person households as two-person.

Table 5. Renter Households by Household Size

AMI	HOUSEHOLD SIZE					
	1	2	3	4	5	6 or more
EXTREMELY LOW INCOME (30% OR UNDER)	3,085	1,061	659	307	256	46
VERY LOW (30 - 50%)	3,651	1,480	601	102	177	38
LOW (50 - 80%)	3,935	1,542	856	665	587	28
MIDDLE (80 - 100%)	1,887	718	338	543	244	64
ABOVE MEDIAN (100%+)	2,147	2,656	1,112	329	493	329
TOTAL	14,705	7,457	3,566	1,946	1,757	505

Source: 2017-21 5-Year ACS PUMS (calculations by analyst)

The table on the following page shows the estimated number of rental units currently available within each AMI band, broken down by the number of bedrooms per unit. Two-bedroom units are most common, followed by one-bedroom units, and most of these units are affordable to households in the 30% - 50% AMI band. Although the city has an estimated 3,835 three-bedroom units and 1,355 four-bedroom units, very few are priced at a level affordable to households at 50% AMI or below.

Table 6. Rental Units by Number of Bedrooms

AMI	BEDROOMS						
	0	1	2	3	4	5	6 or more
EXTREMELY LOW INCOME (30% OR UNDER)	37	557	422	293	58	49	50
VERY LOW (30 - 50%)	900	3,849	8,727	659	177	0	44
LOW (50 - 80%)	576	2,978	4,955	2,547	868	258	0
MIDDLE (80 - 100%)	99	118	305	282	235	0	0
ABOVE MEDIAN (100%+)	0	182	172	54	17	0	45
TOTAL	1,612	7,684	14,581	3,835	1,355	307	139

Source: 2017-21 5-Year ACS PUMS (calculations by analyst)

Owner households tend to have higher incomes than renter households. Whereas most renter households fall within AMI bands of 80% or below, most owner households fall within the highest AMI band, with income levels above 100% AMI. Owner households also tend to be larger than renter households, with almost twice as many two-person households as one-person.

Table 7. Owner Households by Household Size

AMI	HOUSEHOLD SIZE					
	1	2	3	4	5	6 or more
EXTREMELY LOW INCOME (30% OR UNDER)	648	716	120	110	0	37
VERY LOW (30 - 50%)	1,311	667	184	56	17	90
LOW (50 - 80%)	3,626	2,943	518	439	356	91
MIDDLE (80 - 100%)	1,011	1,795	330	840	420	171
ABOVE MEDIAN (100%+)	3,767	12,428	5,428	5,038	2,213	735
TOTAL	10,363	18,549	6,580	6,483	3,006	1,124

Source: 2017-21 5-Year ACS PUMS (calculations by analyst)

Owner-occupied homes tend to be larger than rental units, with two- and three-bedroom homes most common. Nearly all owner-occupied homes have between two and five bedrooms. Compared to the current income profile of owner households, owner-occupied homes are also relatively more affordable than rental homes compared to renter household incomes. Based on current property values, most owner-occupied homes are affordable to households within 30% to 80% AMI bands.

Note that affordability here is based only on monthly housing costs. Down payment and mortgage credit requirements may reduce the accessibility of otherwise affordable homes.

Table 8. Owner-Occupied Units by Number of Bedrooms

AMI	BEDROOMS					
	1	2	3	4	5	6 or more
EXTREMELY LOW INCOME (30% OR UNDER)	165	1,213	1,894	567	75	0
VERY LOW (30 - 50%)	193	2,471	4,239	2,594	508	58
LOW (50 - 80%)	44	3,295	6,916	6,644	2,096	130
MIDDLE (80 - 100%)	3	582	2,228	2,225	1,304	17
ABOVE MEDIAN (100%+)	69	1,130	1,930	1,987	1,545	41
TOTAL	474	8,691	17,207	14,017	5,528	246

Source: 2017-21 5-Year ACS PUMS (calculations by analyst)

Current Unit Deficits

The following two tables summarize existing housing unit deficits for renters and owners, based on the estimates presented above. In each table, the number of one- and two-person households is compared to the number of zero- and one-bedroom units; the number of three-person households is compared to the number of two-bedroom units; the number of four- and five-person households is compared to the number of three-bedroom units; and the number of households with six or more people is compared to the number of units with four or more bedrooms.

Among renters, there is a severe shortage of zero- and one-bedroom units affordable at 30% AMI or below and smaller deficits of larger units within that AMI band. Households in these categories likely incur a housing cost burden in order to remain housed.

At higher income levels, there are apparent unit deficits in some unit size categories, but significant surpluses in others. Overall, most renter households at 30% AMI or above—and especially those at 50% AMI or above—can likely find an affordable home. Within the 30% - 50% AMI band, there is a deficit of an estimated 382 zero- or one-bedroom units, but a large surplus of two-bedroom units. Some of the one- and two-person households within this AMI band may be able to find affordable two-bedroom units. Likewise, within the 50% - 80% AMI band, there is a deficit of zero- and one-bedroom units, but a surplus of two-, three-, and four-bedroom units. One- and two-person households in this AMI band can likely find affordable two-bedroom units from within the 30% - 50% AMI band surplus or may choose to rent a larger unit within the 50% - 80% AMI band. At AMI bands of 80% and above, there are apparent unit deficits; however, renters in these AMI bands can choose to rent down; they would be able to afford rental units shown as surplus units in lower AMI bands.

Table 9. Rental Unit Deficits by Unit Size and Affordability

AMI	DEFICIT (UNITS)			
	1-2 people 0-1 bedrooms	3 people 2 bedrooms	4-5 people 3 bedrooms	6+ people 4+ bedrooms
EXTREMELY LOW INCOME (30% OR UNDER)	-3,552	-237	-270	+111
VERY LOW (30 - 50%)	-382	+8,126	+380	+183
LOW (50 - 80%)	-1,923	+4,099	+1,295	+1,098
MIDDLE (80 - 100%)	-2,388	-33	-505	+171
ABOVE MEDIAN (100%+)	-4,621	-940	-768	-267

Source: 2017-21 5-Year ACS PUMS (calculations by analyst)

Among owner-occupied units, within each AMI band there is an apparent deficit of one-bedroom homes. However, each band (with the exception of the highest income band) also shows a surplus of homes with two or more bedrooms. Consistent with data that show very few homeowners in Sioux Falls are cost burdened, most one- and two-person owner households are likely able to purchase a two-bedroom or larger home that is affordable.

Additionally, there appear to be large unit deficits across the highest income band. However, this apparent deficit reflects the relative affordability of owner-occupied housing in Sioux Falls. Homeowners with incomes above 100% AMI are likely able to find affordable homes for purchase, considering the surplus units within lower income bands.

Table 10. Owner-Occupied Unit Deficits by Unit Size and Affordability

AMI	DEFICIT (UNITS)			
	1-2 people 0-1 bedrooms	3 people 2 bedrooms	4-5 people 3 bedrooms	6+ people 4+ bedrooms
EXTREMELY LOW INCOME (30% OR UNDER)	-1,199	+1,093	+1,784	+605
VERY LOW (30 - 50%)	-1,785	+2,287	+4,166	+3,070
LOW (50 - 80%)	-6,525	+2,777	+6,121	+8,779
MIDDLE (80 - 100%)	-2,803	+252	+968	+3,375
ABOVE MEDIAN (100%+)	-16,126	-4,298	-5,321	+2,838

Source: 2017-21 5-Year ACS PUMS (calculations by analyst)

Projected Growth by Household Size

From 2023 - 2028, households are expected to increase by an annual rate of about 1.29%—an average of around 1,100 - 1,200 households per year. A trend toward renting is expected to continue, though the impact over a five-year period will be minimal (i.e., a projected shift from approximately 35.7% renter households to 36.0%).

Since AMI is a function of both income and household size, we consider both in growth projections. Average household size distribution is expected to stay approximately constant, which implies a similar rate of growth across all household sizes. Median household income is expected to increase at an annual rate of about 2%, slightly faster than the expected increase in median home value, which is projected to be closer to 1%. Additionally, more household growth is expected at higher income ranges, whereas the number of households at lower income levels is projected to decrease.

The following table shows the projected change in the number of households among renter households, broken down by AMI band and household size. A fair amount of demand due to growth will occur in the higher income ranges, above median. By 2028, Sioux Falls is projected to add an estimated 2,042 renter households with incomes above 100% AMI.

From 2023-28, renter-occupied demand *below* 100% AMI is projected to grow especially in the 50% - 80% and 80% - 100% AMI bands, whereas projections are for fewer households at 50% AMI and below. Growth is expected to occur primarily among small households of one to two people, for whom smaller rentals of zero, one, or two bedrooms may suffice. Expected growth is lower among households of three or more people, who may need a three-bedroom unit or larger.

Specifically, in the 50% - 80% AMI band, projected demand from growth by 2028 is 200 - 210 one- to two-bedroom rentals. Nearly three-fourths of this demand is expected to come from one-person households, for whom a studio apartment may suffice. Additionally, there is projected demand by 2028 for about 60 three-bedroom rentals, and about 25 four-bedroom or larger rentals in this income band.

At 80 - 100% AMI, projected demand from growth by 2028 is about 150 one- to two-bedroom rentals (again, nearly three-fourths of this demand is expected to come from one-person households, for whom a studio apartment may also suffice), plus an additional demand for about 50 three-bedroom rentals, and about 15 - 20 four-bedroom or larger rentals.

Some of this demand may be met by projects already in the pipeline (i.e., permitted or under construction).

Table 11. Renter Households by Household Size and AMI, Projected Change, 2023-28

AMI	HOUSEHOLD SIZE					
	1	2	3	4	5	6 or more
EXTREMELY LOW INCOME (30% OR UNDER)	-463	-159	-99	-46	-38	-7
VERY LOW (30 - 50%)	-370	-150	-61	-10	-18	-4
LOW (50 - 80%)	+148	+58	+32	+25	+22	+1
MIDDLE (80 - 100%)	+102	+39	+18	+29	+13	+3
ABOVE MEDIAN (100%+)	+620	+767	+321	+95	+142	+95

Source: 2017-21 5-year ACS PUMS; Esri (calculations by analyst)

The table on the following page shows the projected change in the number of households among owner households, broken down by AMI band and household size. Most growth in demand for owner-occupied homes will occur in the higher income ranges, above median, with little growth—and a possible decrease—in households below 50% AMI.

From 2023-28, owner-occupied demand *below* 100% AMI is projected to occur primarily in income bands between 50% - 80% AMI and 80% - 100% AMI. Specifically, at 50% - 80% AMI, projections suggest additional demand from growth for about 250 one- to two-bedroom homes, about 35 - 40 three-bedroom homes, and about 15 - 20 four-bedroom or larger homes.

At 80% - 100% AMI, projections suggest demand from growth for about 150 one- to two-bedroom homes, about 60 - 70 three-bedroom homes, and about 30 - 40 four-bedroom or larger homes.

Some of this demand may be met by projects already in the pipeline (i.e., permitted or under construction).

Table 12. Owner Households by Household Size and AMI, Projected Change, 2023-28

AMI	HOUSEHOLD SIZE					
	1	2	3	4	5	6 or more
EXTREMELY LOW INCOME (30% OR UNDER)	-97	-107	-18	-17	0	-6
VERY LOW (30 - 50%)	-133	-68	-19	-6	-2	-9
LOW (50 - 80%)	+136	+110	+19	+16	+13	+3
MIDDLE (80 - 100%)	+55	+97	+18	+45	+23	+9
ABOVE MEDIAN (100%+)	+1,088	+3,591	+1,568	+1,456	+639	+212

Source: 2017-21 5-year ACS PUMS; Esri (calculations by analyst)

Housing Units Expected to Exit Contractual Affordability Periods

Subsidy programs such as Section 8, Section 202, and HOME, along with the Low Income Housing Tax Credit (LIHTC) program, help boost the supply of affordable rental housing. However, as these programs are phased out, properties change ownership and elect to leave programs, or affordability periods expire, these units may shed income restrictions and affordability requirements, entering the conventional market. The following table shows the estimated number of units, by number of bedrooms and AMI affordability level, whose current subsidies or LIHTC affordability requirements are expected to end by 2028. Some of these units may remain affordable if owners renew subsidies or capitalize using new subsidy programs, or they may remain affordable despite expiring restrictions due to their age, quality, and position in the rental market. However, without restrictions, these units are subject to rental increases that could decrease affordability.

Estimates are based on data reported in the National Housing Preservation Database and HUD's LIHTC Database. AMI level is estimated based on the type of subsidy or tax credit.

Table 13. Rental Units Expected to Exit Contractual Affordability Periods, 2023-28

AMI	UNITS AT RISK OF LOSS (2028)		
	0 - 1 Bedrooms	2 Bedrooms	3+ Bedrooms
EXTREMELY LOW INCOME (30% OR UNDER)	281	48	26
VERY LOW (30 - 50%)	-	-	-
LOW (50 - 80%)	83	54	75
MIDDLE (80 - 100%)	-	-	-
ABOVE MEDIAN (100%+)	-	-	-

Source: National Housing Preservation Database; HUD LIHTC Database (calculations by analyst)

Summary: Housing Needs by 2028

The following two tables summarize projected housing needs through 2028 for renters and homeowners, based on the estimates presented above.

Among renters, there is a projected need for 3,650 additional studio or one-bedroom units affordable at 30% AMI or below. Additionally, there is a projected need for an estimated 176 two-bedroom and 215 three-bedroom or larger rental units.

Above 50% AMI, current deficits are likely to be surmountable by households, who may choose to rent a larger apartment in a lower income band. Thus, for AMI above 50%, deficit estimates are shown here but are not factored into the final estimate of need by 2028; instead, housing needs at these income levels are based solely on increased demand due to growth and unit losses.

Table 14. Rental Housing Needs by 2028

	BEDROOMS	CURRENT DEFICIT	DEMAND DUE TO GROWTH (2023-28)	NEED TO HOUSE UNHOUSED HOUSEHOLDS	POSSIBLE UNIT LOSSES	TOTAL NEED BY 2028
EXTREMELY LOW INCOME (30% OR UNDER)	0 - 1	-3,552	-543	360	-281	3,650
	2	-237	-129	20	-48	176
	3	-270	-96	15	-26	215
	4+	+111	-45	-	-	-
VERY LOW (30 - 50%)	0 - 1	-382	-446	-	-	-
	2	+8,126	-105	-	-	-
	3	+380	-40	-	-	-
	4+	+183	-22	-	-	-
LOW (50 - 80%)	0 - 1	-1,923	+177	-	-83	260
	2	+4,099	+45	-	-54	99
	3	+1,295	+41	-	-75	116
	4+	+1,098	+23	-	-	23
MIDDLE (80 - 100%)	0 - 1	-2,388	+122	-	-	122
	2	-33	+29	-	-	29
	3	-505	+39	-	-	39
	4+	+171	+17	-	-	17
ABOVE MEDIAN (100%+)	0 - 1	-4621	+1,004	-	-	1,004
	2	-940	+545	-	-	545
	3	-768	+256	-	-	256
	4+	-267	+238	-	-	238

Among homeowners, projected needs due to growth are primarily for households above 100% AMI. There is not expected to be any additional demand due to growth among owner households below 50% AMI, and only a small amount of increased demand in the 50% - 80% and 80% - 100% AMI bands.

Overall, among homeowners, the surplus of larger owner-occupied homes compared to the deficit of smaller homes is characteristic of the owner-occupied market, where one-bedroom homes are nearly nonexistent. Instead, one- and two-person owner households buy up to a home with two or more bedrooms, and the surplus supply of homes with two or more bedrooms is well matched to that shift. As a result, above 30% AMI, current deficits are surmountable by households, who may choose to buy a larger home (more bedrooms) or a more affordable home (lower AMI). This is consistent with the gap analysis conducted for the 2021 Sioux Falls housing needs study, which indicated that, for every 100 homeowner households with incomes of 30% AMI or below, Sioux Falls has 45 available and affordable owner-occupied units; for every 100 homeowner households at 30% - 50% AMI, Sioux Falls has 92 available and affordable owner-occupied units.

Thus, for AMI above 50%, deficit estimates are shown here but are not factored into the final estimate of need by 2028; instead, housing needs at these income levels are based solely on increased demand due to growth.

Table 15. Owner-Occupied Housing Needs by 2028

	BEDROOMS	CURRENT DEFICIT	DEMAND DUE TO GROWTH (2023-28)	TOTAL NEED BY 2028
EXTREMELY LOW INCOME (30% OR UNDER)	1	-1,199	-151	1,048
	2	+1,093	-63	-
	3	+1,784	-25	-
	4+	+605	-6	-
VERY LOW (30 - 50%)	1	-1,785	-167	1,618
	2	+2,287	-43	-
	3	+4,166	-15	-
	4+	+3,070	-11	-
LOW (50 - 80%)	1	-6,525	+191	191
	2	+2,777	+65	65
	3	+6,121	+26	26
	4+	+8,779	+17	17
MIDDLE (80 - 100%)	1	-2,803	+103	103
	2	+252	+57	57
	3	+968	+54	54
	4+	+3,375	+32	32
ABOVE MEDIAN (100%+)	1	-16,126	+2884	2,884
	2	-4,298	+2580	2,580
	3	-5,321	+2240	2,240
	4+	+2,838	+852	852

When considering total need for owner-occupied housing, unit size (number of bedrooms) should be interpreted as a minimum size requirement, not an indication of market demand. In particular, few homebuyers are likely to seek out a one-bedroom home. Instead, bedroom size and AMI level can be mapped back to home value. For example, the increase in demand of 191 owner-occupied one-bedroom units at 50% - 80% AMI can be interpreted as demand for 191 owner-occupied homes valued at \$198,000 or less and with at least one bedroom (but likely more). The table below shows the home values that correspond to each AMI level and unit size.

Table 16. Home Purchase Price Affordability by AMI and Unit Size

AMI	BEDROOMS					
	1	2	3	4	5	6
EXTREMELY LOW INCOME (30% OR UNDER)	\$74,250	\$89,100	\$102,960	\$114,840	\$126,720	\$138,600
VERY LOW (30 - 50%)	\$123,750	\$148,500	\$171,600	\$191,400	\$211,200	\$231,000
LOW (50 - 80%)	\$198,000	\$237,600	\$274,560	\$306,240	\$337,920	\$369,600
MIDDLE (80 - 100%)	\$247,500	\$297,000	\$343,200	\$382,800	\$422,400	\$462,000

Note that the apparent need for an estimated 1,048 owner-occupied homes affordable at 30% AMI or below (and 1,618 at 30% - 50%) is likely explained by the number of long-time homeowners for whom low monthly housing costs have been locked in while home values have increased. Recall that housing units were allocated across AMI bands according to their current value, not their original purchase price.

Additionally, for AMI of 30% - 50%, the bulk of the need shown can be met by surplus of larger but relatively more affordable homes in the 30% AMI band.

Appendix: Detailed Tables

The American Community Survey is a sample survey. Estimates have a margin of error. The following tables provide the standard error (SE) and 90% margin of error (MOE) around ACS estimates presented in this report.

Current Renter Households, 2021

<u>AMI</u>	<u>Households</u>	<u>SE</u>	<u>MOE</u>
Extremely Low Income (30% or under)	5414	555	913
Very Low (30 - 50%)	6049	666	1095
Low (50 - 80%)	7613	603	992
Middle (80 - 100%)	3794	438	721
Above Median (100%+)	7066	590	970
Missing/unknown	68	51	84

Current Owner Households, 2021

<u>AMI</u>	<u>Households</u>	<u>SE</u>	<u>MOE</u>
Extremely Low Income (30% or under)	1631	253	417
Very Low (30 - 50%)	2325	346	570
Low (50 - 80%)	7973	557	916
Middle (80 - 100%)	4567	463	761
Above Median (100%+)	29609	934	1537
Missing/unknown	58	38	63

Current Renter Households by Household Size and AMI, 2021 (SE)

<u>AMI</u>	<u>Household Size</u>					
	<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>	<u>5</u>	<u>6 or more</u>
Extremely Low Income (30% or under)	397	298	214	124	148	33
Very Low (30 - 50%)	519	343	213	68	114	37
Low (50 - 80%)	447	307	271	174	215	25
Middle (80 - 100%)	375	196	111	211	105	61
Above Median (100%+)	379	404	257	145	198	119

Current Renter Households by Household Size and AMI, 2021 (MOE)

<u>AMI</u>	<u>Household Size</u>					
	<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>	<u>5</u>	<u>6 or more</u>
Extremely Low Income (30% or under)	653	490	352	203	243	54
Very Low (30 - 50%)	854	565	350	111	188	61
Low (50 - 80%)	736	505	446	286	354	42
Middle (80 - 100%)	616	323	183	348	173	100
Above Median (100%+)	624	665	423	238	326	195

Current Owner Households by Household Size and AMI, 2021 (SE)

<u>AMI</u>	<u>Household Size</u>					<u>6 or more</u>
	<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>	<u>5</u>	
Extremely Low Income (30% or under)	147	168	73	58	0	27
Very Low (30 - 50%)	254	167	89	41	18	81
Low (50 - 80%)	389	375	151	148	129	54
Middle (80 - 100%)	166	280	111	250	132	77
Above Median (100%+)	417	686	496	419	313	209

Current Owner Households by Household Size and AMI, 2021 (MOE)

<u>AMI</u>	<u>Household Size</u>					<u>6 or more</u>
	<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>	<u>5</u>	
Extremely Low Income (30% or under)	242	276	120	95	0	44
Very Low (30 - 50%)	418	274	147	68	30	133
Low (50 - 80%)	640	617	248	244	212	89
Middle (80 - 100%)	272	461	182	411	218	127
Above Median (100%+)	685	1129	816	690	515	344

Vacant Units by Vacancy Type

<u>Vacancy Type</u>	<u>Units</u>	<u>SE</u>	<u>MOE</u>
For rent	1723	299	492
Rented, not occupied	383	120	197
For sale only	366	135	222
Sold, not occupied	215	127	209
For seasonal/recreational/occasional use	386	154	253
Other vacant	1299	227	373
Occupied	76167	467	769

Rental Units by Affordability

<u>AMI</u>	<u>Units</u>	<u>SE</u>	<u>MOE</u>
Extremely Low Income (30% or under)	1466	304	501
Very Low (30 - 50%)	14356	840	1382
Low (50 - 80%)	12182	759	1249
Middle (80 - 100%)	1039	238	392
Above Median (100%+)	470	120	198
Missing/unknown	491	139	229

Owner-Occupied Units by Affordability

<u>AMI</u>	<u>Units</u>	<u>SE</u>	<u>MOE</u>
Extremely Low Income (30% or under)	3914	359	590
Very Low (30 - 50%)	10063	701	1153
Low (50 - 80%)	19125	802	1319
Middle (80 - 100%)	6359	599	985
Above Median (100%+)	6702	561	922

Rental Units by Unit Size (Number of Bedrooms)

<u>Bedrooms</u>	<u>Units</u>	<u>SE</u>	<u>MOE</u>
0	1612	323	531
1	7735	599	986
2	14679	892	1467
3	4004	455	749
4	1444	269	443
5	363	122	201
6 or more	167	80	131

Rental Units by Unit Size and Affordability (SE)

<u>Bedrooms</u>	<u>AMI</u>				
	<u>Extremely Low Income (30% or under)</u>	<u>Very Low (30 - 50%)</u>	<u>Low (50 - 80%)</u>	<u>Middle (80 - 100%)</u>	<u>Above Median (100%+)</u>
0	38	253	173	91	0
1	141	491	383	69	72
2	161	803	495	137	70
3	141	156	371	167	35
4	44	97	204	115	17
5	36	0	110	0	0
6 or more	33	44	0	0	45

Rental Units by Unit Size and Affordability (MOE)

<u>Bedrooms</u>	<u>AMI</u>				
	<u>Extremely Low Income (30% or under)</u>	<u>Very Low (30 - 50%)</u>	<u>Low (50 - 80%)</u>	<u>Middle (80 - 100%)</u>	<u>Above Median (100%+)</u>
0	63	416	285	150	0
1	232	808	631	114	118
2	264	1322	814	226	115
3	232	256	610	275	57
4	72	159	335	189	29
5	59	0	180	0	0
6 or more	54	72	0	0	73

Owner Units by Unit Size and Affordability (SE)

	<u>AMI</u>				
	<u>Extremely Low Income (30% or under)</u>	<u>Very Low (30 - 50%)</u>	<u>Low (50 - 80%)</u>	<u>Middle (80 - 100%)</u>	<u>Above Median (100%+)</u>
<u>Bedrooms</u>					
1	76	88	26	4	59
2	211	343	432	152	294
3	226	478	438	410	326
4	166	355	570	316	338
5	49	135	340	269	285
6 or more	0	35	58	17	31

Owner Units by Unit Size and Affordability (MOE)

	<u>AMI</u>				
	<u>Extremely Low Income (30% or under)</u>	<u>Very Low (30 - 50%)</u>	<u>Low (50 - 80%)</u>	<u>Middle (80 - 100%)</u>	<u>Above Median (100%+)</u>
<u>Bedrooms</u>					
1	125	145	43	7	97
2	348	564	711	249	483
3	371	787	720	674	536
4	273	583	938	519	557
5	80	222	560	443	469
6 or more	0	58	95	28	51