

# Rapid City Strategic Housing Plan:

*Guiding Opportunities  
and Affordability*



# TABLE OF CONTENTS

<b>I. Executive Summary .....</b>	<b>3</b>
<b>II. Introduction.....</b>	<b>5</b>
<b>III. Community &amp; Housing Profile</b>	
Community Data.....	11
Housing Data .....	14
<b>IV. Housing Needs Assessment .....</b>	<b>17</b>
<b>V. Strategic Housing Principles.....</b>	<b>18</b>
<b>VI. Housing Continuum.....</b>	<b>19</b>
<b>VII. Targeted Strategies .....</b>	<b>22</b>
Strategy 1: Revise Land Use Regulations.....	24
Strategy 2: Support the Rapid City Strategic Housing Trust Fund .....	33
Strategy 3: Implement a Rental Registration Program.....	35
Strategy 4: Evaluate a Proactive Rental Inspection Program.....	36
Strategy 5: Launch a Building Permit Fee Waiver Program.....	39
Strategy 6: Study Public Transportation Solutions.....	40
<b>VIII. PUBLIC PARTICIPATION PLAN .....</b>	<b>41</b>
<b>IX. LIST OF SOURCES .....</b>	<b>44</b>
<b>X. AFFORDABLE HOUSING RESOLUTION (2019) .....</b>	<b>46</b>

# EXECUTIVE SUMMARY

## 1 Why Strategic Housing?

- Rapid City lacks housing that is affordable for a great number of its individuals and families.
- A common definition of affordability is whether a household spends 30% or less of its income on housing and utilities.
- Housing is critical community infrastructure.
- The availability of housing that is affordable along a community's entire income spectrum is an integral part of building a healthy and resilient local economy.

## 2 Data

- More than a quarter of Rapid City households are housing cost burdened, meaning they pay more than 30% of their gross income on housing.
- In Rapid City, owner occupied units costing less than \$900/month and rental units costing under \$500/month are particularly in short supply. These units typically require development subsidies

## 3 Principles

- Pursue and strengthen community partnerships that support the development and preservation of housing in Rapid City.
- Dedicate City resources including funding and staff toward initiatives that preserve and develop housing.
- Spur the development of housing units along the entire spectrum of Rapid City incomes, with an immediate priority for units that house those making very low to low incomes.
- Adopt revisions to land area regulations that inhibit or slow the growth of additional housing in a broad variety of types and at all income levels.
- Prioritize development of housing in infill priority areas, areas along existing bus routes, and where there is nearby access to jobs, schools, basic needs, and medical facilities.

## 4 Strategies

- Strategy 1: Revise Zoning Regulations
- Strategy 2: Support the Rapid City Strategic Housing Trust Fund
- Strategy 3: Implement a Rental Registration Program
- Strategy 4: Evaluate an Alternative Code Enforcement Approach
- Strategy 5: Launch a Building Permit Fee Waiver Program
- Strategy 6: Study Public Transportation Solutions to Support Housing Affordability

# EXECUTIVE SUMMARY

## 5 Goals

### **Revise Land Use Regulations**

- Short Term Goal: Adopt an Affordable Housing Administrative Exceptions Ordinance
- Short Term Goal: Perform further code diagnoses to inform land use regulation revisions
- Short Term Goal: Pursue individual code revisions that can quickly influence housing affordability.
- Mid Term Goal: Develop incentivizes for smart growth

### **Support the Rapid City Strategic Housing Trust Fund**

- Short Term Goal: Dedicate funds to support the Rapid City Strategic Housing Trust Fund
- Long Term Goal: Develop additional sources of funds to support local housing initiatives

### **Implement a Rental Registration Program**

- Short Term Goal: Explore development of a rental registration system

### **Proactive Rental Inspection Program**

- Short Term Goal: Explore the potential for a Proactive Rental Inspection Program

### **Launch a Building Permit Fee Waiver Program**

- Short Term Goal: Adopt the proposed building permit fee waiver ordinance.

### **Study Public Transportation Solutions to Support Housing Affordability**

- Short and Long Term Goal: Evaluate and respond to public transportation needs.

# INTRODUCTION

## **PREFACE: Rapid City Housing Needs following Covid-19**

The data and recommendations in this Plan largely reflect conditions and needs that were identified prior to the Covid-19 pandemic that struck in early 2020. The strategies and trends described in this document will still be relevant in a post Covid-19 community; however, the needs for attainable housing on Rapid City incomes will likely be even greater.

On top of the public health crisis, the economic impact of the pandemic is expected to further exacerbate housing security and housing affordability within Rapid City. The cumulative impact of the pandemic, and its effect on Rapid City's housing needs, may not be fully understood for some time.

As the public health and economic fallout from this situation continually evolves, so do the community's needs and so do the resources available to intervene. Federal emergency funds and stimulus for individuals, businesses, and local and State governments are available to help with some needs; however, a shortage in the availability of these resources may leave many in need of help. Many of the issues surrounding this situation will continue to evolve and change.

af·ford | \ə-ˈfôrd/

*“to manage to bear without serious detriment; to be able to bear the cost of”*

**Merriam Webster Dictionary**

# INTRODUCTION

Like towns and cities across the nation, the Rapid City community lacks housing that is affordable for a great number of its individuals and families. More than a quarter of Rapid City households are housing cost burdened, meaning they pay more than 30% of their gross income on housing.<sup>1</sup> The toll which housing cost burden takes on our community manifests in visible and invisible ways. Individuals and families who are housing cost burdened have difficulty meeting other needs such as food, transportation, childcare, healthcare, and education.

When people are barely getting by, they can't get ahead. One financial setback such as a medical bill or a vehicle repair can be detrimental. Recent reports have estimated that nearly half of Americans live paycheck to paycheck as a result of slow wage growth and high living costs.

Citizens and community leaders are asking, what can be done about housing affordability in Rapid City?

---

U.S. Dept. of Housing & Urban Development (HUD) defines housing cost burdened families as “those who pay more than 30% of their income on housing” and “may have difficulty affording necessities such as food, clothing, transportation, and medical care.”<sup>2</sup>

---

## What is Affordable Housing?

The answer to this question depends on a household's income level. Households with more wealth can afford to spend 30% or more of their income on housing without sacrificing other necessities. Households earning less income, cannot. Median Household Income, or Area Median Income (AMI) is often used to describe income levels and housing affordability.

## General Income Levels as a Percentage of Area Median Income<sup>3</sup>

- 0 – 30% AMI: Extremely low income
- 30 – 50% AMI: Very low income
- 50 – 80% AMI: Low income
- 80 – 100% AMI: Low to Moderate Income
- 100 – 150% AMI: Middle Income
- 150% + AMI: Middle – High Income

*In the Rapid City Area, AMI was approximately \$49,000 in 2019.<sup>4</sup>*



# INTRODUCTION

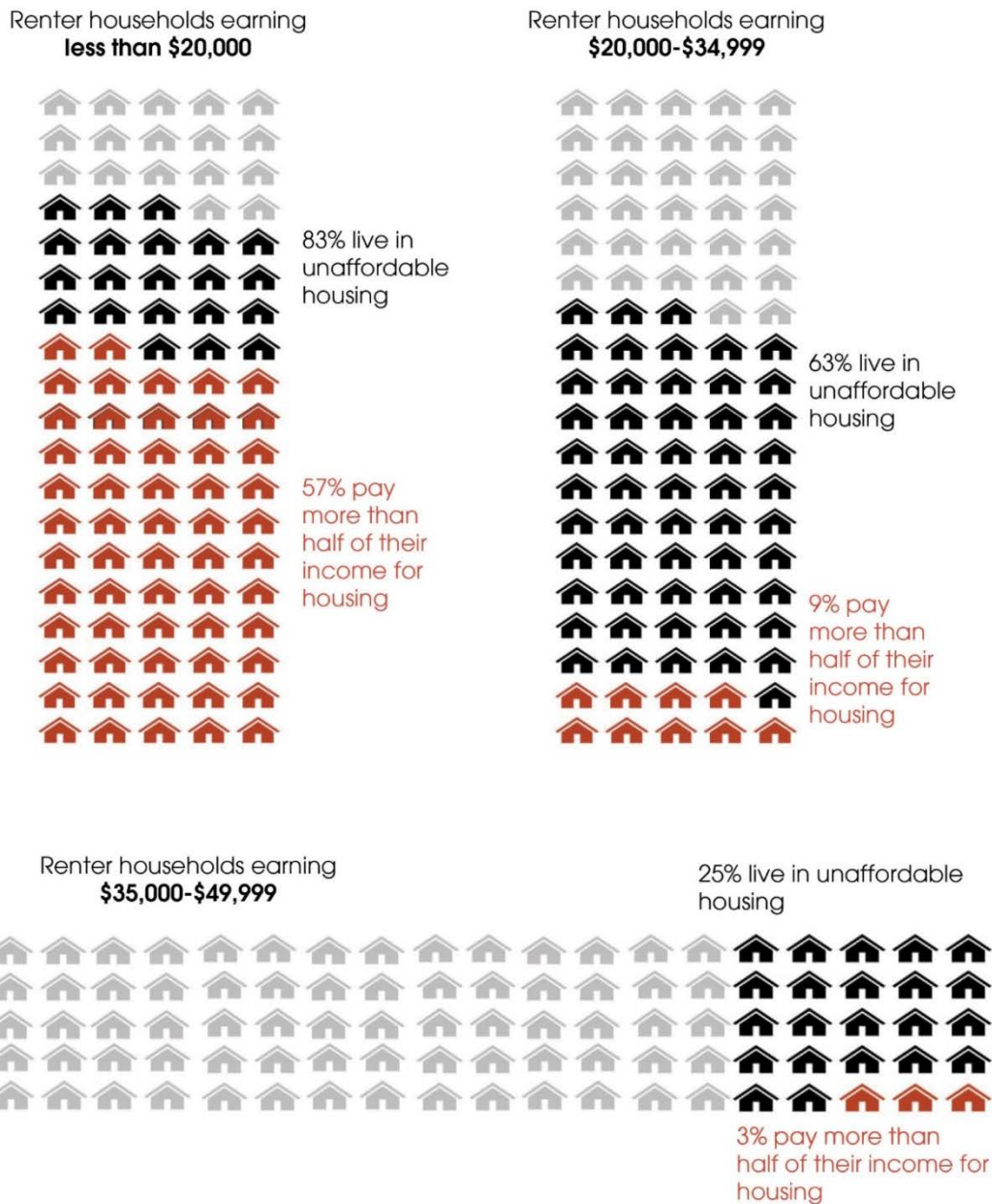


Figure 1: Rapid City's Rental Households and Affordability, 2018<sup>5</sup>

## Is Housing Affordable?

- More than 80% of Rapid City households earning less than \$20,000 live in unaffordable housing; nearly 60% pay more than half of their income on housing
- More than 60% of households earning \$20-\$35,000 live in unaffordable housing, of which almost 10% pay more than half of their income on housing.
- One quarter of households earning \$35,000 - \$50,000 live in unaffordable housing.

# INTRODUCTION

In 2019 the Rapid City Council adopted an Affordable Housing Policy, which directs resources toward developing as many practical and necessary strategies to promote housing affordability in our community.

The development of this “Rapid City Strategic Housing Plan: Guiding Opportunities and Affordability” referred to hereafter as the Plan, is the next step. The primary purpose of this Plan is to identify strategies to be implemented by the City of Rapid City which result in the creation and preservation of quality-built housing units in diverse formats.

Housing must be available and accessible along the entire spectrum of income levels for Rapid City residents; however, this Plan recognizes that owner-occupied units costing less than \$900/month and rental units costing under \$500/month are particularly in short supply<sup>6</sup> and these units typically require financial assistance in order to be developed.

This Plan aims to induce action by the City of Rapid City that will effectively stimulate housing opportunities for the homeless, those transitioning from homelessness, very low/low income, and middle income housing.

For more on this topic, refer to the Housing Continuum Chart on page 19.

## Housing Affordability and Economic Resiliency

Ample housing opportunity is as important to quality of life as good schools, access to parks and open space, a strong job market, and a vibrant arts scene. Just like roads, sewer, and water, housing is critical community infrastructure. The availability of housing that is affordable along a community’s entire income spectrum is an integral part of building a healthy and resilient local economy.

- Adequate housing opportunities are needed in order to attract and retain a diverse workforce.
- Production and preservation of housing units creates jobs in the construction industry.
- Access to stable living arrangements promotes health and wellness in individuals and families.
- Housing costs aligned with wages creates more buying power for basic needs, healthcare, and education.

---

***You can’t have a thriving, vibrant economy without affordable housing.”***

**- Jared McEntaffer, Ph.D. and Regional Economist**

---



# INTRODUCTION

## Developing the Strategic Plan

The recommendations in this plan build on multiple years of past City planning efforts, housing studies, and community initiatives such as Collective Impact. The 2017 Housing Study created by Black Hills Knowledge Network (now Benchmark Data Labs) was instrumental in providing foundational market data for this study. Two Housing Summits conducted in October 2017 (photograph below) and June 2018 each brought together dozens of people representing development companies, banks, non-profits, and City/State Government Officials. These efforts helped to shape the direction of this strategic housing plan.

Concepts in this plan were also discussed during the quarterly Coffee with Planners event hosted by the Rapid City Community Development Department.

Several community agencies and housing stakeholders in the non-profit and for profit sectors have provided ideas for the development of this Strategic Plan; however, further public input is needed in order to further refine these strategies and to identify other issues and opportunities associated with housing in Rapid City.

Some of the strategies identified in this plan represent current best practices in planning to promote housing affordability (land use reform, transportation solutions, and financial incentives). Other strategies, such as rental registration and alternative code enforcement practices, are examples of policies that have demonstrated success in other communities and should be further studied to determine what potential may exist for the Rapid City community.



October 2017 Housing Summit



Coffee with Planners

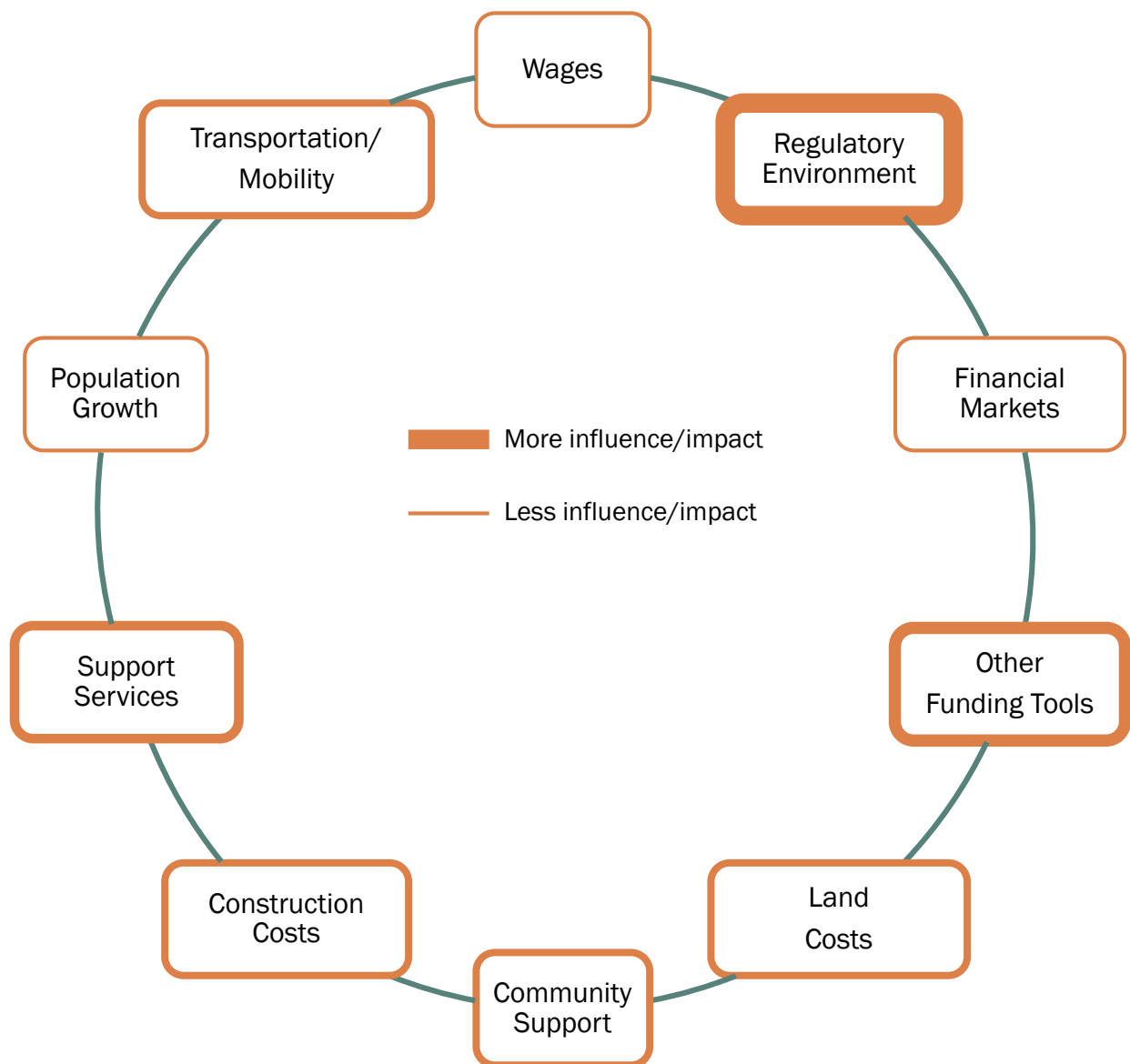
---

***See the Public Participation Plan on pages 41 – 43, outlining suggestions for additional stakeholder involvement and public participation in the development of strategic housing strategies, programs, and policies.***

---

# INTRODUCTION

The affordability of housing is a function of many variables in a complex economic system. These factors include wages, the regulatory environment, financial markets, funding tools and subsidies, land costs, community support, construction costs, support services, population growth, and transportation/mobility. The factors themselves influence one another. For example, a housing-friendly regulatory environment can help to reduce construction costs. The availability of other funding tools and subsidies can increase access to private financing. As a local government, the City has varying degrees of influence over these factors, particularly in the short run. The strategies in this plan are focused on areas where the City can have the most impact in the short run, particularly the regulatory environment and by offering other funding tools.



# COMMUNITY PROFILE

## Purpose

The Community Profile section builds a foundation for the plan by identifying some key demographic and socioeconomic summary data about the Rapid City community.

### POPULATION

- Rapid City's 2019 year-end population was about 77,185 people, growing less than 1% from 2018.<sup>7</sup>
- Since 2000, Rapid City's population has grown an average of 1.4% per year.<sup>8</sup>
- Expansion of Ellsworth Air Force Base has the potential to increase population in the Rapid City area by an additional 5,000 – 10,000 people over the next decade.

### POPULATION BY RACE

- According to the Census Bureau<sup>9</sup>, Rapid City's population by race is 79.4% White; 11.3%\* American Indian; 5.7% Two or more races; 1.7% Asian; 1.2% Black or African American; 0.7% Other
- Locally conducted research suggests that Census figures do not accurately reflect the Rapid City Native American Community, suggesting that 26% is a better estimate.<sup>10</sup>

### HOUSEHOLDS

- There are 30,364 households in Rapid City.<sup>11</sup>
- The average household size is 2.37 people.<sup>12</sup>
- Household Size: 1 person = 35%; 2 people = 35%; 3 people = 13%; 4 or more people = 17%<sup>13</sup>

### WAGES

- Over the last several years, incomes have not increased with rising housing costs.
- The Black Hills Knowledge Network Housing Affordability study showed that from 2010 – 2016, real median wages fell by 3.2% in the Rapid City area, while housing costs increased by 11.5%.
- The same study showed that approximately 25% of the Rapid City workforce is employed in the retail or tourism industries, which tend to be low wage occupations.

### MEDIAN HOUSEHOLD INCOME

- The estimate for Rapid City's 2014-2018 Median Household Income was \$50,742.<sup>14</sup>
- Per Capita Income from 2014-2018 was estimated to be \$30,077 (in 2018 dollars).<sup>15</sup>

# COMMUNITY PROFILE

## HOUSING COST BURDEN

- Housing Cost Burden (paying more than 30% of income) exists at a great level for renters. 26% of housing units with a mortgage face housing cost burden compared to 47% of housing units paying rent.<sup>16</sup>
- 26% of the elderly population is estimated to pay more than 50% of their income on housing.<sup>17</sup>
- An estimated 50% of households earning less than \$20,000 per year in 2016 spent more than half of their income on housing.<sup>18</sup>

## POVERTY

- The U.S. Census estimates that currently 16% of households live below the poverty rate.<sup>19</sup>
- From 2010 – 2016, poverty rates in Rapid City were higher than in surrounding areas, and higher than in South Dakota overall.<sup>20</sup>
- A 2016 study showed that American Indian residents in the Rapid City area were over three times more likely to live in poverty than White residents.<sup>21</sup>
- Poverty affects a substantial number of children in Rapid City. In 2016, 20% of community members under age 18 lived in poverty.<sup>22</sup>

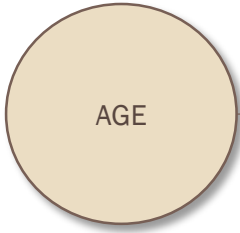
## POPULATION WITH DISABILITY

- The U.S Census estimates that 10% of the Rapid City population under age 65 have a disability<sup>23</sup> and 14% of the total population has a disability.<sup>24</sup>
- During the creation of the Rapid City 2018 Consolidated Plan, a shortage of affordable handicap accessible rentals were identified as a need in public meetings; however there is not data available to determine the level of need.<sup>25</sup>

## POPULATION EXPERIENCING HOMELESSNESS

- The 2020 Homeless Point in Time Count identified 350 people experiencing homelessness; however, this figure significantly underrepresents the number of people without shelter at any given time in Rapid City.<sup>26</sup>
- As of January of 2021 there are an estimated 500 children in the Rapid City School District who are homeless or live in hotels.<sup>27</sup>

# COMMUNITY PROFILE



- Figure 2. shows Rapid City's population by age. Baby Boomers and Millennials make up the largest proportion of Rapid City's population. In the Rapid City area, the overall population displays an aging trend, despite in-migration from surrounding rural communities, and the presence of the Ellsworth Air Force Base.<sup>28</sup>

Figure 2: Rapid City's Population by Age<sup>29</sup>

Generational Cohort	% of Rapid City's Population	Common Characteristics Influencing Housing Preferences
Gen Z   Age 0 - 19	17%	Youths and young adults living with their guardians.
Gen Z   Age 20 - 24	7%	Most racially and ethnically diverse generation in U.S. history. Renting first apartments. Believed to be frugal/financially savvy. First fully digital generation, technology has shaped every aspect of their lives.
Millennial   Age 25 - 39	23%	This generation has been overall slow to purchase homes. More student debt than previous generations. Tech savvy. Transitioning from renting to more permanent housing. Growing preference for urban/mixed – use housing, and housing in walkable neighborhoods in addition to suburban settings.
Gen X   Age 40 - 54	15%	Many experienced financial hardship and losses in the 2007 housing recession causing a transition from ownership to rental for many. Typically prefer single family homes in a suburban setting.
Boomer   Age 55 - 74	23%	Empty nesters. Preparing for, or already in retirement. Thinking about downsizing and/or reducing maintenance needs. Aging in place. Accessibility.
Silent/Greatest   Age 75+	8%	Generally prefers to stay in home and live independently when possible. Growing preference for at home care. Accessibility.

# HOUSING PROFILE

## LAND AREA

- Rapid City's 55 square miles of corporate limits are situated on the eastern edge of the Black Hills National Forest. The community's setting impacts housing affordability on the demand side, due to it being a desirable place to live and on the supply side, by construction cost premiums associated with slope and soils in several areas. In addition, Rapid City's relative remoteness can cause material and labor supply issues which also increase housing costs.

## HOUSING UNITS

- The U.S. Census estimates there are approximately 32,369 housing units in Rapid City.<sup>30</sup>
- Land Use analysis conducted for 2018 by the Rapid City Community Development Department estimates there are 34,247 housing units.

## TENURE

- An estimated 62% of occupied housing units are owner occupied, with 38% being renter occupied.<sup>32</sup>

## # BEDROOMS

- Of the Census estimate for total housing units: 2% = 0 bedroom; 9% = 1 bedroom; 32% = 2 bedrooms; 32% = 3 bedrooms; 19% = 4 bedrooms; 6% = 5+ bedrooms.<sup>32</sup>

## HOUSING CONDITION

- According to Pennington County property tax records, housing quality in Rapid City has the following ratings: Excellent = 0.7%; Very Good = 3.3%; Good = 13.8%; Average = 65%; Fair = 15.8%; Low = 1.4%

## GROWTH IN HOUSING UNITS

- Plan Rapid City estimated that projected population growth to 2035 could result in demand for an additional 350 – 600 Housing Units per year.
- The 2016 – 2018 Socioeconomic Report shows that residential units have grown in Rapid City as follows: 2016 = 153 single family/416 multi family; 2017 = 201 single family/152 multi family; 2018 = 194 single family/246 multi family.<sup>33</sup>



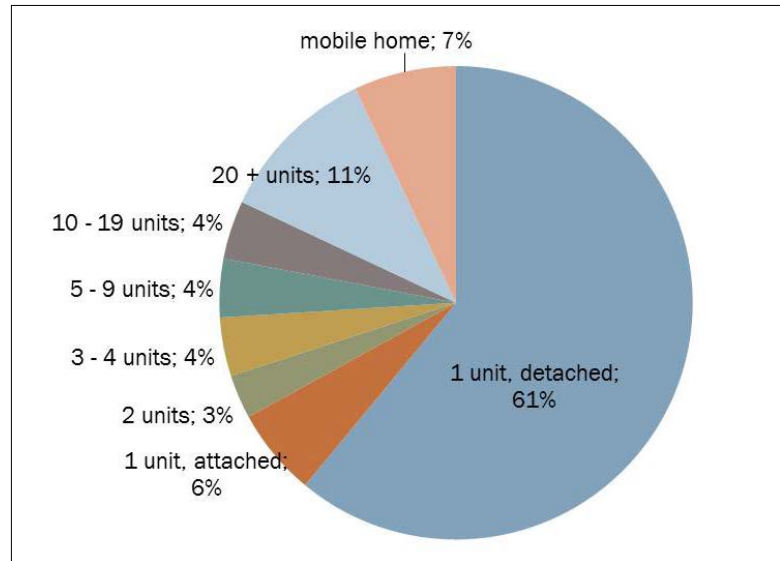
# HOUSING PROFILE

## Types of Housing in Rapid City

- Single family homes make up more than 60% of Rapid City's housing stock.
- Apartments of 20 or more units make up 11%.
- Housing formats such as duplexes, townhomes, and small apartment buildings (sometimes called \*Missing Middle Housing) make up a small portion of housing options.

(Source: US Census 2018 ACS 5 year estimates)

Figure 3: Housing Types in Rapid City's housing stock.



\*The term “missing middle housing,” was coined by Daniel Parolek, founder of Opticos Design.



Small single family



Single family



Townhome



Duplex



Four-plex



10 – 19 units



20 + units



Mobile home

# HOUSING PROFILE

Housing Types	*Example Rapid City Providers
<b>Homeless Shelters</b> A shelter that provides temporary residence for homeless individuals and families.	The Cornerstone Rescue Mission
<b>Emergency Shelter</b> A place for people to live temporarily when they cannot live in their previous residence due to a situation such as disaster or abuse.	Working Against Violence Inc. (WAVI) Pennington County Care Campus Cornerstone Mission
<b>Transitional Housing</b> A housing unit, often a room or apartment with support services, for people who are transitioning from homelessness or incarceration, earning low wages and needing to stabilize before attaining long term housing.	Friendship House Stepping Stones Program Passages Women's Transitional Living OneHeart Transformation Campus Cornerstone Women + Children's Home
<b>Subsidized Housing</b> Housing situations where either the unit or the tenant receives financial assistance. Eligible households are generally low income, making 30-80% of area median income. This is about \$15,000 - \$40,000/year depending on household size.	Pennington County Housing Development Authority (Section 8 and participating landlords) Public Housing Black Hills Works Habitat for Humanity Cornerstone Apartments
<b>Affordable Housing</b> Housing units in which an individual or family earning 80 – 115% of area median income (about \$40,000 to \$60,000 depending on household size) and pays 30% of their income on housing and utilities.	Habitat for Humanity For Profit and Non-profit developers/owners
<b>Middle Income Housing</b> Housing units that are attainable to households making area median income (approximately \$50,000) or slightly more; however, these households may still struggle to afford housing and other necessities.	For-profit developers, property owners/managers.
<b>Market Housing → Upper Market Housing</b> Housing units attainable to households making incomes above the median level. Households in this housing type are far less likely to be housing cost burdened than those earning less.	For-profit developers, property owners/managers.

\* This list is not an exhaustive inventory of housing providers.

# HOUSING NEEDS ASSESSMENT

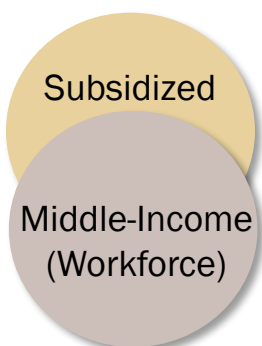
Below is a summary of housing needs in Rapid City based on evidence from community data, regional housing studies, past planning projects, and community-based housing advocacy work. These are areas around which to form priorities and goals and to focus policy, program development, and investment of resources.

## Housing Needs By Totals



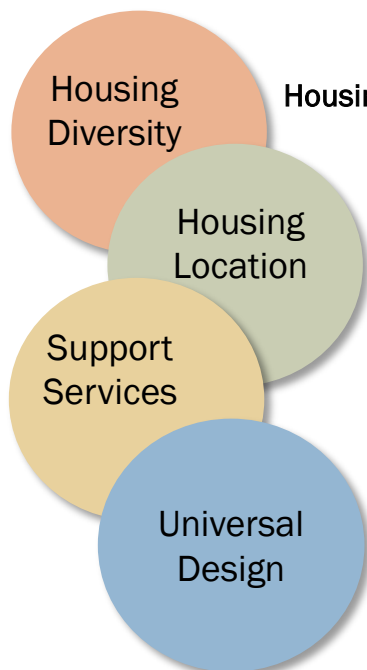
- The Collective Impact Housing Work Stream estimated a shortage of 4,000 multi-family units in Rapid City. As of today, this shortage is likely greater.
- The 2017 Black Hills Knowledge Network Housing Affordability Study identified a shortage of 3,500 owner occupied units costing under \$500/month and \$500-900/month. It also estimated a shortage of about 1,500 rental units costing less than \$500/month. As of today, this shortage is likely even greater. Financial assistance from the government and/or philanthropic networks is necessary to deliver units at this cost.

## Housing Needs By Housing Type



- Subsidized: The 2020 Section 8 Voucher waitlist is over 3,000 families. Many families are on the waitlist for two years, or much longer.
- Middle Income Housing: High competition for middle income/workforce housing creates high prices, putting strain on those with lower to middle incomes. In addition to low/very low income units, additional middle income housing is needed in Rapid City's housing market.
- Upper Income Housing: Anecdotal evidence describing a need for housing at the upper end of the spectrum for professional work force. (Not a housing need to be subsidized through financial incentives, etc.)

## Housing Needs By Topic



- Increase the diversity of available housing including smaller single family homes, duplexes, 3-4 units, 5-9 units, and 10-19 units where appropriate in new and existing neighborhoods.
- Create housing opportunities along existing bus routes and in areas with existing infrastructure.
- Incentivize and support housing developments that provide support services as part of their business model. Supportive Services are coordinated programs and resources integrated with affordable housing that helps to create and maintain a stable housing situation. Some examples of support services include access to legal representation, medical care, and educational opportunities.
- Promote universal design when rehabilitating existing housing and building new housing units. Universal design, also called barrier-free design, focuses on making the house safe and accessible for everyone, regardless of age, physical ability, or stature.



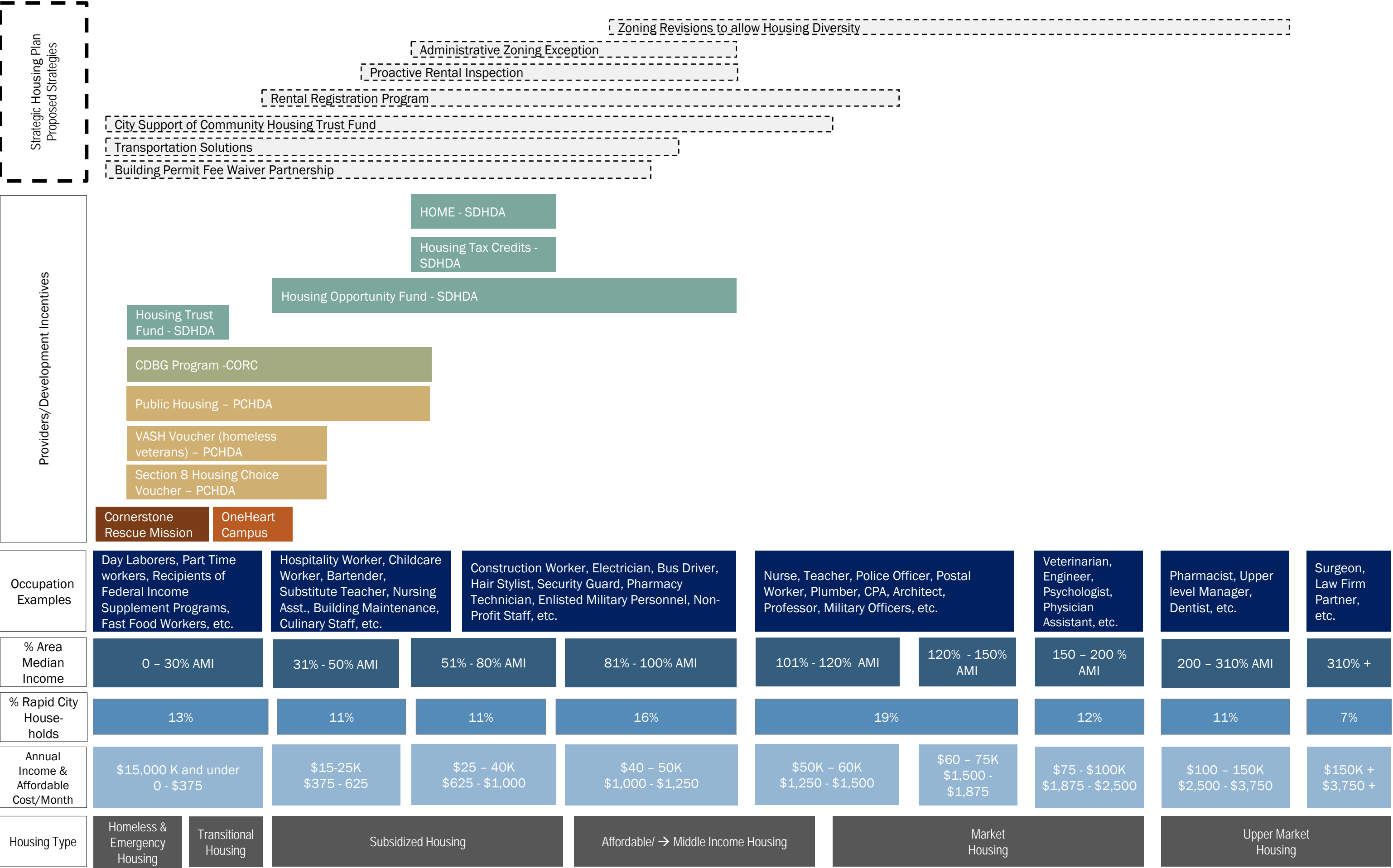
# STRATEGIC HOUSING PRINCIPLES

Black Hills Habitat for Humanity Infill project located on North 7<sup>th</sup> Street.



- 1) Pursue and strengthen community partnerships that support the development and preservation of housing in Rapid City.
- 2) Dedicate City resources toward initiatives that preserve and develop housing.
- 3) Spur the development of housing units along the entire spectrum of Rapid City incomes, with an immediate priority for units that house those making very low to low incomes.
- 4) Adopt revisions to land area regulations that inhibit or slow the growth of additional housing in a broad variety of types and at all income levels.
- 5) Prioritize development of housing in infill priority areas, areas along existing bus routes, and where there is nearby access to food, basic needs, jobs, schools, and medical facilities.

DRAFT Rapid City Housing Continuum



Annual Household Income Source: Rapid City ACS 2013 – 2017; ACS 2013 – 2017 Area Median Income = \$48,895

**This page intentionally left blank**



# HOUSING CONTINUUM CHART

## Summary

The housing continuum chart layers several components of housing topics together so they can be reviewed together in different ways. The chart can be read both side to side, and up and down to compare information in the different sections and how they relate to each other. This chart highlights the broad spectrum of housing needs in our community, and shows how different resources and tools are needed to address different areas.

- The foundational layer is formed by the identifying temporary and permanent housing types. Definitions for these types of housing, and local examples, are provided in the Housing Profile on page 16.
- The second level lists ranges of annual household income amounts and specifies what a 30% expenditure on housing would be for that household.
- The third level identifies what percent of households in Rapid City fall into those income brackets.
- The fourth level references percentages of “Area Median Income.” This term, defined in the introduction to this Plan, is a common statistic used when evaluating community and housing data. It is a metric commonly used by local, state, and federal agencies in determining eligibility for programs.
- The fifth level gives examples of occupations that generally yield a particular salary range for an individual.
- The sixth level identifies existing subsidies and programs that exist to support housing across the spectrum of housing needs. Notes about these subsidies: there is not enough to go around. Grant funds at the local and state level are limited, there are long wait lists for Section 8 vouchers, etc.
- The seventh level lists the strategies in this Plan. These strategies aim to meet housing needs across the entire spectrum. Most of the strategies will support low to moderate income households; however, there are also strategies that promote overall housing diversity by creating opportunities in the middle and upper ends of the market as well.

# TARGETED STRATEGIES

## Summary

The following strategies should be pursued in order to meet community housing goals over the next 5 years.

Strategy	Lead Organization + Partners	Timeline	Cost
1. Revise Land Use Regulations	Mix of staff lead and consultant lead projects. • Short term Administrative Exceptions • Mid Term Code Diagnosis/Rewrite	• 1 year • 2 years	\$ - \$\$\$
2. Support the Rapid City Strategic Housing Trust Fund	RC Strategic Housing Trust Fund Advisory Board; Rapid City Council	1 - 2 years	\$ - \$\$\$
3. Implement a Rental Registration Program	Explore opportunities with Pennington County Health and Human Services	1-3 years	\$\$
4. Evaluate a Proactive Rental Inspection Program	Community Development Code Enforcement Staff; Building Inspection Staff, City Attorney Staff, Housing Advocates; Stakeholders, City Council	1 - 5 years	\$ Research \$\$-\$\$\$\$ Implementation
5. Launch a Building Permit Fee Waiver Program	Community Development Staff, Public Works Staff, State and Local Housing Program Partners, City Council.	6 months	\$ Draft Ordinance available
6. Study Public Transportation Solutions to Support Housing Affordability	Public Works/Transit Staff, Transportation Planning Staff, Stakeholders, City Council	1 - 2 years +	\$ - \$\$\$ Transit Study Occurring 2021

# GOALS AND TARGETED STRATEGIES

PRINCIPLES	STRATEGY
1. <u>Partnerships</u> : Pursue and strengthen community partnerships that support the development and preservation of housing.	2, 3, 5
2. <u>Dedicated Resources</u> : Dedicate City resources, including funding and staff, toward initiatives that preserves and develops housing.	1, 2, 3, 4, 5
3. <u>Incentivize the Most Needed Housing</u> : Incentive the development and preservation of housing units along the entire spectrum of Rapid City incomes, with an immediate priority for units that house those making very low to low incomes.	1, 2, 4, 5
4. <u>Remove Regulatory Barriers</u> : Adopt revisions to land area regulations that inhibit or slow the growth of additional housing in a broad variety of types and at all income levels.	1
5. <u>Priority Areas</u> : Prioritize development of housing in infill priority areas, areas along existing bus routes, and where there is nearby access to food, basic needs, jobs, schools, and medical facilities.	1, 6



# 1

## Revise Land Use Regulations

### Background

Zoning cannot solve housing affordability on its own, but it must be part of the equation. Zoning laws are regulations on land development that 1) establish boundaries where certain types of activities can occur, and 2) set standards for the physical design of development and re-development. Local governments are authorized to create zoning regulations through enabling legislation at the State level.

For over a century, zoning laws have been used by small and large American cities as a tool to influence the character of land development for purposes of health, safety, welfare, and aesthetics. Like all policies, zoning regulations need to be comprehensively reviewed and modified over time to adjust for influencing factors such as technology, economics, the natural environment, demographics, and culture. For this reason, planners and policy makers across the United States are retooling zoning regulations to support today's housing needs and meet other community goals at the same time. Comprehensive plans and zoning ordinances must work together toward community progress. The comprehensive plan establishes vision and goals but it is not a regulatory document. The zoning ordinance establishes the rules, criteria, and processes that actually shape the physical environment.

#### How do Land Use Regulations Contribute to Housing Choice and Affordability?

- **Cost of land:** Standards such as minimum lot sizes, housing type restrictions, parking requirements, and open space minimums dictate the amount of land that is needed to build a unit of housing.
- **Cost of infrastructure:** Development costs for sewer, water, street, curb, gutter, and sidewalks are influenced by standards in the zoning and subdivision regulations.
- **Housing choice:** When residential zoning favors single family development, opportunities are missed, particularly in the rental sector.
- **Proximity to other needs:** When housing is separated from jobs, services, and schools, the increase in transportation costs reduces housing affordability.
- **Preservation of housing:** Older properties with non-conforming status are more difficult and costly to rehabilitate into new housing opportunities. When traditional loans cannot be used to purchase non-conforming properties, opportunities for ownership to individuals are lost to larger investment companies.
- **Process.** "Time is money." When the entitlement process is lengthy or unpredictable, the cost of development increases.

# 1

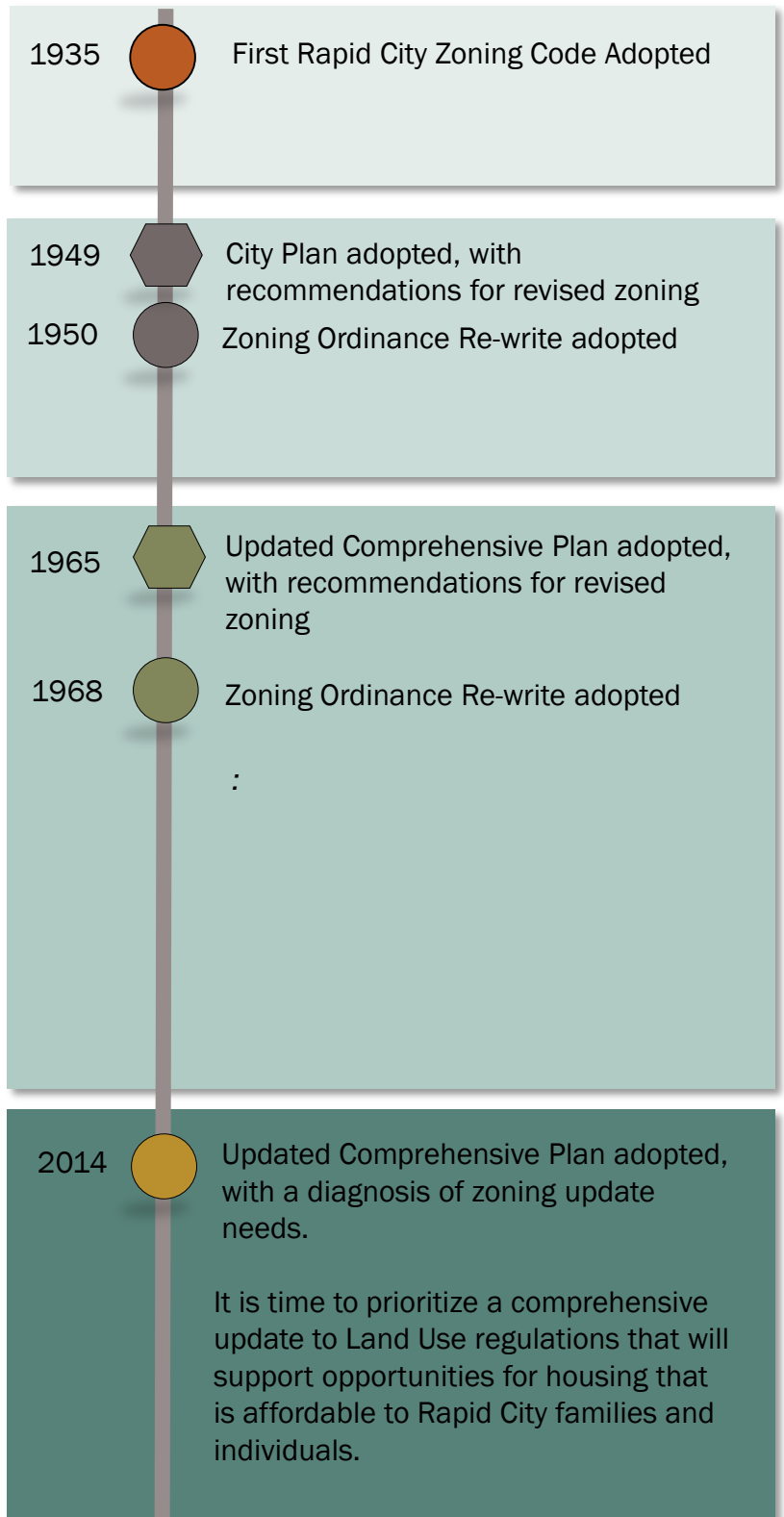
## Revise Land Use Regulations

### Zoning History of Rapid City

Rapid City adopted its first zoning code in 1935. In 1949, the first Major City Plan was adopted, followed the next year by a substantial revision to the zoning ordinance. Eighteen years later in 1968, the City embarked on an update to its Comprehensive Plan, with new zoning regulations to implement the vision of the plan adopted three years later.

Since the early 1970's, many, perhaps hundreds of minor incremental amendments have occurred in order to respond to changing conditions, fix errors, and adapt to new uses and development practices. New districts have been created, revised, and removed; however, the zoning regulations in their entirety have not been comprehensively reviewed or updated in fifty years.

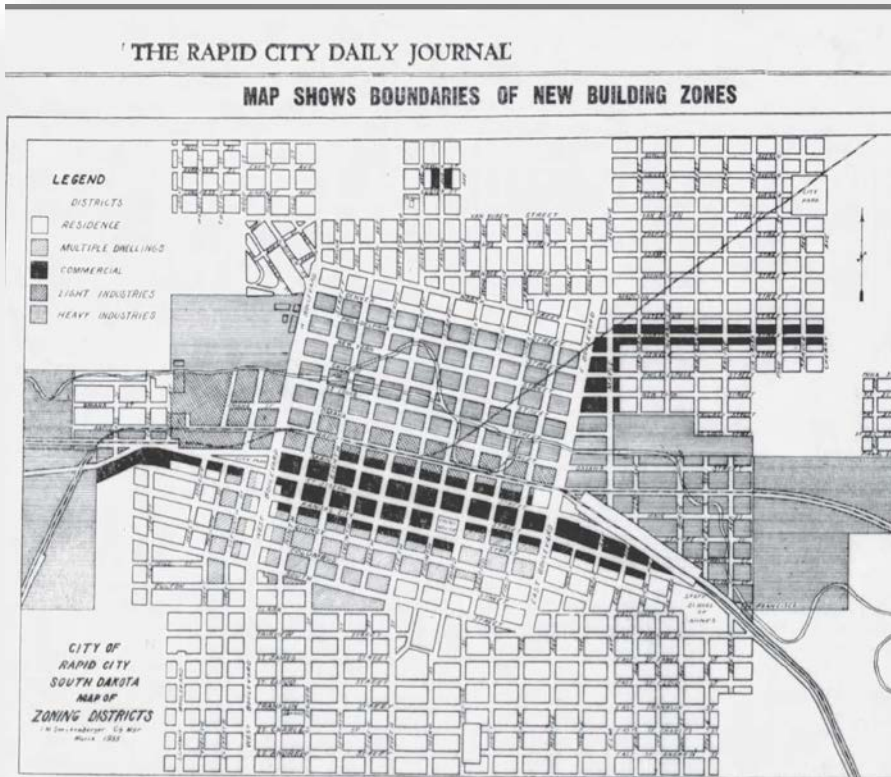
The City's most recent Comprehensive Plan, *Plan Rapid City*, was adopted in 2014. This document established recommendations for how the City should plan for future growth in order to meet community goals.



# 1

## Revise Land Use Regulations

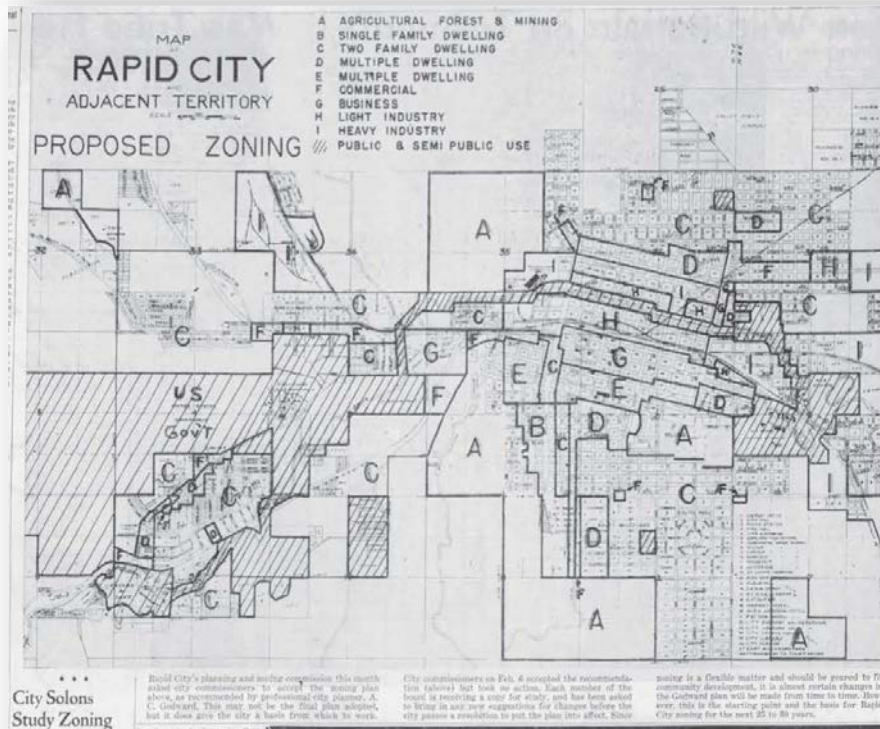
### Zoning History of Rapid City



Left: March 16, 1935 Article from the Rapid City Journal explaining the City's first Zoning Code.

The zoning district "residence" allowed single family or two family structures.

Multiple dwelling areas were delineated, limiting them to areas generally south of Omaha to South Street, and a small portion of West Boulevard.



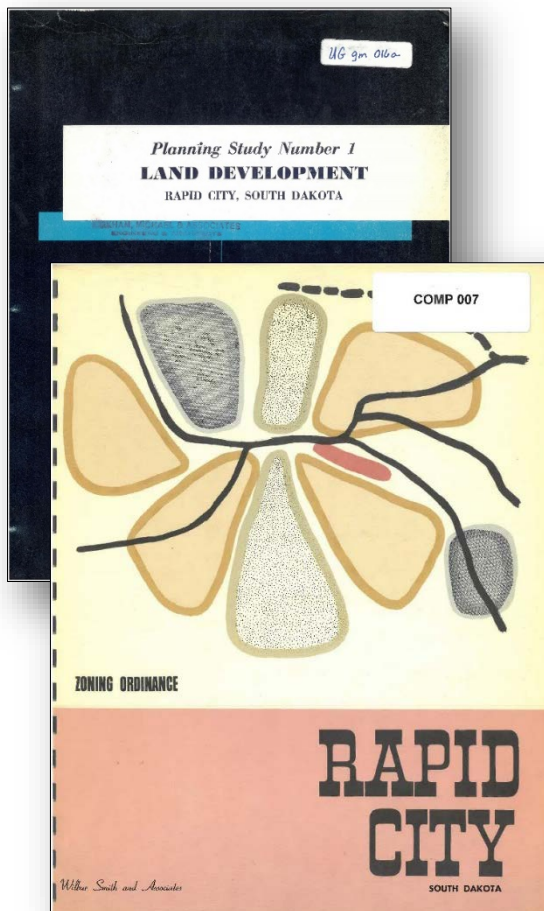
Left: February 9<sup>th</sup>, 1950 Article from the Rapid City Journal explaining the proposed changes to Rapid City's Zone Code following the recommendations developed for the 1948 City Plan.

With this zoning code change, two-family units became its own district, creating areas where only single family structures were conforming uses. Multiple dwelling districts were further divided into "D" and "E" with "E" established for apartment style subsidized low income housing located "away from other residential districts."



# 1

## Revise Land Use Regulations



Left: Covers of the 1964 land use studies, which resulted in the adoption of the 1968 Zoning Code. The planning horizon for these documents extended to 1985.

- This land use plan assumed that single family units would be the prominent form of housing, accounting for 90% of total residential units by 1985.
- The plan anticipated conservation and consolidation, but little expansion of the medium density areas that existed “in the older parts of the urban area, south, east, and west of the Central Business District”
- This plan called out “A small high density development exists at present in a mixed medium and just north of the Central Business District.” with no goals for expansion.

As stated previously, Rapid City’s currently adopted zoning standards were written in 1968 and have been revised numerous times over the past 50 years. However, this zoning code retains much of its original language. For example, the purpose statements for all three residential zoning districts remain unchanged since 1968. Similar to the first and second major zoning amendments, the 1968 code introduced more regulations such as higher parking requirements, open space standards, lot size requirements, and the removal of context based setbacks for areas existing prior to the adoption of the code. These policies, along with other economic, social, and cultural factors – have played a role in restricting the construction and preservation of housing that is diverse in configuration, size, and style. At the same time, these standards favor single family homes which are unattainable to a broad spectrum of our community’s income earners. Removing these barriers where they exist, in service to a more livable community, is part of Rapid City’s adopted 2014 Comprehensive Plan.

---

*“As the City becomes increasingly diverse in terms of its household composition and age, a wider array of housing options—in terms of price, configuration, and location— will be needed. In addition, aging housing stock in core areas of the community will also need continued maintenance and investment. - Plan Rapid City, 2014*

---

# 1

## Revise Land Use Regulations

*Plan Rapid City* addresses community housing needs as a critical element of livability and economic health. *Plan Rapid City* acknowledges that while multi-family options in Rapid City have increased in recent years, the predominance of single family homes leaves unmet housing needs for many in the community. Rapid City must plan for a wider array of housing options in terms of price, style, and location.

### Smart Growth Principles

Much like the rest of the country, Rapid City's consumption of land for urban development has grown at an increasing rate over time with population. This has occurred largely due to automobile dominance and resultant popular demand for suburban development patterns. However, the outward sprawl of municipal boundaries imposes costs to society. As communities become less compact and therefore less walkable, there are increasing infrastructure maintenance liabilities that must be funded through taxation, loss of natural habitat, and human health tolls associated with less active lifestyles. The separation of housing from employment, education, commerce, and medical facilities increases the cost of transportation to and from these places. Over the past several decades "Smart Growth" practices have been advocated for in response. Smart growth is a planning strategy that aims to serve the economy, community, public health, and the environment. An important fixture of smart growth is an ability to preserve and build new mixed-use places. Mixed-use refers to a form of pedestrian friendly development that harmoniously blends two or more components of residential, commercial, cultural, institutional, and/or industrial uses.

*Plan Rapid City* establishes several priority areas to create new opportunities for housing in a mixed-use format. This includes Activity Centers such as Rushmore Mall, Baken Park, and the Northgate Shopping Center, Revitalization Corridors such as St. Patrick Street, North La Crosse Street, and East North Street, and Downtown.

In addition to prioritizing mixed-use development, *Plan Rapid City* introduces "Urban Neighborhood" areas where the primary development form should consist of a range of medium to high-density housing types such as townhomes, small scale apartments, small lot single-family homes, duplexes, patio homes, assisted living centers, and live-work units.

Mid Tern Goal: In addition to implementing code revisions, pursue methods for to incentivize smart growth development practices and mixed-use development within priority corridors, and smart growth development practices can be incentivized through new or existing economic development tools.

# 1

## Revise Land Use Regulations

### Plan Rapid City Zoning Diagnosis

The Comprehensive Plan sets the vision for development, but the zoning ordinance provides the rules for development. In many cases, the character of development described in the plan, is not permitted in the zoning regulations. Similar to the 1949 and 1968 comprehensive plans, Plan Rapid City identified revisions to the zoning code that are needed to enable the type of development envisioned in the Plan. The Zoning Diagnosis section of Plan Rapid City identifies land use barriers that prevent development of housing in mixed-use settings, and in more diverse residential neighborhood formats. The Zoning Diagnosis suggests that land use regulations can support more community housing options and improve housing affordability by

- 1) revising current residential zoning districts to remove barriers and allow for additional styles of housing; and,
- 2) creating new mixed-use districts that allow for the integration of commercial and residential uses.

### Downtown Area Master Plan Housing Assessment

The Housing Strategy section of the Downtown Area Master Plan (2016) identifies some barriers of the High Density Residential District. It further recommends adding contextual height limits and setback provisions to the residential areas adjacent to downtown. These contextual standards could allow a broader range of housing such as small lot detached homes, multi-unit detached homes, row houses, stacked flats, walk-up apartments, and similar.



Small lot detached



Multi-unit detached



Row houses



Walk-up apartment



Mid-rise apartment



Small home village

# 1

## Revise Land Use Regulations

### Short Term Goal: Build on the existing code diagnoses to determine next steps for land use updates.

There are several different approaches that can be used to revise land use regulations, each ranging greatly in cost and complexity. For example, some communities elect to overhaul their entire code, others opt to make incremental changes over time based on code section or geographic area. The City should enlist the assistance of a zoning code consultant/s to perform a comprehensive diagnosis of Rapid City's zoning code and recommend a series of alternatives for an update process that will meet the community's needs.

### Short Term Goal: Pursue individual code revisions that can quickly influence housing affordability.

Comprehensive code revision will take some time to complete. In the interim, City staff should pursue individual code revision ordinances that will help to preserve and develop affordable and workforce housing. For example,

- Adopt an ordinance to allow small homes on small lots in new neighborhoods.
  - Reduce parking minimums in residential districts.
- Revise the standards for duplexes and three – fourplexes to allow their rehabilitation and construction in existing and new neighborhoods.
- Remove the Planned Development requirement to have multiple buildings on a lot in the Medium Density Residential District.
- Expand contextual area regulations for neighborhoods developed prior to the 1968 zoning code to assist with infill development and rehabilitation of existing housing.
- Evaluate housing requirements in the Central Business District and the Urban Commercial District.
- Evaluate the impact of vacation homes on the housing market and craft a short term rental/vacation home policy that accounts for this impact.
- Review standards for mobile home parks and seek revisions allowing for upgrades and rehabilitation while maintaining safety and quality housing standards.

In addition to further code diagnosis and revision, other land use revision regulation changes and clean ups can be pursued as minor amendments.

#### ***What is Infill Development?***

*Infill development is the process of developing vacant or underutilized parcels within existing areas that are already largely developed.*

# 1

## Revise Land Use Regulations

### Short Term Goal: Adopt an Affordable Housing Administrative Exceptions Ordinance

As an interim measure to occur prior to the comprehensive code diagnosis, the City can make progress toward removing barriers to affordable housing development. At present, the Community Development Director is authorized to grant deviations of up to 20% of any minimum or maximum zoning district standards, development standards, and area regulations as a form of relief to landowners when the strict application of a particular regulation results in “peculiar, exceptional, or practical difficulties” upon the property owner. As a short term strategy to accommodate the development of affordable housing, the City should consider adopting an ordinance that grants an administrative exception greater than the current 20% maximum when certain affordable housing criteria are met. For example:

1. The policy would not be intended to serve single family residential projects. This ordinance would be applicable to multifamily projects of 6 or more units.
2. The developer would agree to certifying tenant income limits
3. The developer would agree to certifying rent limits
4. The developer would agree to a period of affordability of 15 years minimum.
5. The developer would agree to terms of enforcement provisions if affordability requirements are not met.
6. Affordability Target: a. A minimum of 20% of units at 50% Area Median Income (AMI); or, b. A minimum of 40% of units at 60% AMI

A greater exception would help to remove common barriers of development associated with parking, lot size, open space, building height etc. An administrative exception of up to 40% (An additional 20% beyond what can currently be granted) is consistent with examples of inclusionary housing policies that provide density bonuses to developers.

Exception requests would be examined on a case by case basis. Not all affordable housing projects would need the maximum exception allowed. This ordinance amendment would create an opportunity to develop housing for low income households by removing some land use obstacles where necessary and appropriate.

*Community Development staff recommends increasing the administrative exception by an additional 20% maximum for projects that meet the criteria listed in 1 – 6 above. This figure comes from evaluating typical density bonus standards used as a form of incentive as part of inclusionary housing programs. (Source: [www.inclusionaryhousing.org](http://www.inclusionaryhousing.org)) The performance of these criteria should be monitored and updated upon adoption.*



## 2

# Support the Rapid City Strategic Housing Trust Fund

## Overview

A local housing trust fund is a funding tool that exists specifically to support the preservation and production of affordable housing in harmony with a community's housing goals. Housing trust funds are supported by local governments who either establish and staff them as part of their operating program, or help sustain them with dedicated public funds, technical assistance, and participation.

## Program Elements

The Rapid City area non-profit, Black Hills Area Community Foundation (BHACF) through the Rapid City Collective Impact Initiative, acts as a leader and convener in addressing area housing needs. As part of their efforts, BHACF established the Rapid City Strategic Housing Trust Fund (SHTF) in 2020. The SHTF will support local affordable housing needs primarily through no-low Interest loans and loan guarantees.

These dollars will be deployed broadly to meet affordable housing needs. Eligible recipients could use funds for projects such as construction/rehabilitation of housing units; property acquisition; rental or utility assistance; eviction mitigation; homelessness prevention initiatives, and to address other needs as they arise.

Funding would be available for projects enabling individuals and families with earnings at or below 115% AMI, based on family size. Priority would be given to projects serving individuals and families who earn less than 80% AMI. The trust fund has flexibility to invest in a wide range of for profit and non profit efforts that address strategic housing needs.

## Goals of the Strategic Housing Trust Fund:

Address workforce housing shortages by supporting investments in housing construction and rehabilitation.


Enhance mixed-income housing development.

Provide a long-term, dedicated revenue source for strategic housing needs.

Fund eviction mitigation efforts through rental and utility assistance.

## WHO BENEFITS FROM STRATEGIC HOUSING?

Low to Moderate income individuals and families

Annual Income (individual)	\$20,000 - \$35,000	\$36,000-\$50,000
Affordable Monthly Rent	\$500 - \$899	\$899 - \$1249
Occupation 	Hospitality worker, Childcare Provider, Waitstaff, Substitute Teacher, Nursing Assistant, Forestry Worker, Building Maintenance, Culinary Staff.	Construction Worker, Electrician, Bus Driver, Hair Stylist, Security Guard, Pharmacy Technician, Enlisted Military, Nonprofit Staff.



## Support the Rapid City Strategic Housing Trust Fund

### Governance/Operating Structure

The SHTF is managed and administered by BHACF with the assistance of the Advisory Board comprised of representatives from the BHACF, the John T. Vucurevich Foundation, the City of Rapid City, and others who have a demonstrated commitment to community service, strategic housing, philanthropic work, or advancement of affordable housing efforts.

The Advisory Board will work closely with BHACF in identifying and recruiting capital, creating an application process, evaluating needs and projects for funding, reviewing applications and will make recommendations for distribution of RCSHTF funds. Through its representation on the Advisory Board the City of Rapid City will be an integral player in the evaluation and distribution process.

The SHTF has well-developed objectives and guidelines to ensure that funds are spent on projects and needs that closely align with the City's objective to develop and preserve more affordable housing for its workforce.

### Funding Support from Municipal Sources

Local businesses and foundations provided seed funds to start the trust fund. Additional sources of revenue may include philanthropic donations, State and Federal grants, and investment from Elevate Rapid City.

The City of Rapid City should consider providing additional financial support as match to other community sources. Potential sources of funds could include:

- A recurring percentage of Vision Funds or General fund dollars.
- Funds from user fees such a Real Estate Transfer Fee, Document recording fee, Short Term Rental Registration Fee, etc.

---

***"The overall objective of the trust fund is to creative flexible, low-interest loans for developers and property owners to increase the stock of workforce rental units. Those funds will be revolving, so it is more akin to an investment than it is a grant."***

***- David Lust, Strategic Housing Consultant***

---

**Short Term Goal: Dedicate Funds to support the Rapid City Strategic Housing Trust Fund.**

### **Long Term Goal: Develop Additional Sources of Funds for Housing Initiatives**

According to Rapid City's Comprehensive Plan Housing Toolbox, real estate transfer fees are often used in tourism driven communities where home prices are driven up by second home owners and overnight visitors. This approach is suggested in the Housing Tools section of the Comprehensive Plan to build or purchase affordable units. Under this recommendation, these fees could be collected and used to support the RCSHTF.

### 3

## Implement a Rental Registration System

### Purpose

A Rental Registration System (RRS) is a local requirement for landlords to register with the City and provide basic information such as address, number of units, and contact information. Communities who implement an RRS, such as Sioux Falls, do so for several reasons.

- Better understand the supply of rental housing for purposes of planning, policy development, and community education.
- Create a strong line of communication between the City and landlords. This can be useful for both landlords and the City in emergency situations, for purposes of soliciting public input, and to relay information about grants, funding opportunities, and other community resources.

Rental Registrations can function as a stand-alone policy, or be combined with a licensing/inspection policy as described in the next section. Even in the absence of a licensing and inspection requirement, RRS's offer beneficial outcomes.

For example, during the Covid-19 pandemic, an ad hoc list of Rapid City multi-family apartment managers was developed to facilitate meetings between landlords, philanthropic organizations, and service providers. These meetings proved critical in being able to proactively respond to the local public health and economic emergency. The meetings helped community leaders understand local needs and to disseminate information about the availability of funds and other resources. Had a rental registration system been in place at the time of the pandemic, the scope and effectiveness of this outreach would have been even greater.

A rental registration process must be carefully crafted so as to provide benefits to the public while avoiding an overly cumbersome or invasive process to achieve compliance. The registration requirements must consider the needs of both landlords and the local government.

### Case Study: Sioux Falls, SD

Rental registration requirements were established by the City of Sioux Falls in the early 2000's and were revised in 2017. The main purpose of the policy is to protect citizens by providing a path of communication if issues come up. The following is a program overview:

- ❑ Sioux Falls Ordinance 150.175 requires that property used as housing rental to register and obtain a permit from the City. This policy applies to properties where whole units are rented out, and for short term rentals such as Airbnb. Households renting out a single room and sharing common space do not need to register.
- ❑ There is no fee to register
- ❑ The one page application asks for rental address, number of units, owner name and contact information, and entity responsible for maintenance and management of the property.
- ❑ Registration occurs once, unless ownership or contacts need to be updated. Permits can be revoked if a property has four code violations resulting in citations and fines within a four year period.

**Short Term Goal: Partner with Pennington County Health and Human Services and consult with local stakeholders and property owners to develop a Rental Registration System.**

# 4

## Evaluate a Proactive Rental Inspection Program

### Rapid City Code Enforcement and Building Inspection

Rapid City's team of building inspectors and code enforcement officers respond to citizens on a reactive (complaint-based) model to enforce ordinances related to public health and safety. These ordinances cover areas such as grass and weeds, abandoned/junk vehicles, nuisances, snow and ice, etc. For substandard building complaints, a building inspector is brought into the process. This is the traditional approach used by municipalities to address public safety hazards; however, alternative (proactive) approaches with greater purview extended to commercial housing entities are starting to become more common.

A targeted, proactive rental inspection approach could help preserve housing and ensure safe and healthy living environments. Under a Proactive Rental Inspection (PRI) program, rental units are inspected through windshield surveys or other inspections on a periodic basis to make sure rental housing units are safe and habitable. Under this approach, complaints from the public serve as a supplement. This code enforcement approach could coincide with the adoption of Strategy 4, a rental registration system. A transition to this approach would require additional staffing, training, and other resources. PRI inspectors should be trained to respond to both health and building safety concerns. These inspections could be conducted by City staff or certified inspectors from the private sector.

A PRI program prioritizes minimum housing standards and can lead to better outcomes for residents, property owners, and the entire community. It does this by:

- Ensuring that unsafe housing conditions don't fall through the cracks, thus raising the bar for housing standards and helping to mitigate public health risks.
- Alerting landlords to issues at their property before they worsen, encouraging preventative maintenance and avoiding more costly future repairs.
- Resulting in a better outcomes for vulnerable tenants who are less likely to report substandard housing conditions.
- Helping to preserve housing stock and stabilizing neighborhoods since substandard housing can also have a negative effect on neighboring property values and can contribute to blight.

**Mid-term Goal: Evaluate the feasibility and merits of a Proactive Rental Inspection Program**

# 4

## Evaluate a Proactive Rental Inspection Program

### Legal Authority

The legal authority to create a PRI program in Rapid City is established by three provisions within South Dakota State Law:

- 1) Through police powers vested in every state to regulate the exercise of private rights in the interest of public health, public morals, public safety, and the general welfare of the community.
- 2) Through nuisance powers enabled by SDCL 21-10 and SDCL 34-16.
- 3) Through municipal promotion powers enabled by SDCL 9-12-11

### Substandard Housing in Rapid City

Over the past 5 years, the Rapid City Community Development Department has documented an average of 80 substandard structure code cases per year, not all of which are residential. Since cases are only identified via complaint, the actual number of substandard habitations within the community are substantially greater. Oftentimes people living in substandard housing will not report their landlord. They may fear eviction or be unfamiliar with their rights and the legal and procedural channels necessary to file a complaint.

#### Short-term Goal: Restore funding for demolition program

The Rapid City Community Development Department estimates that at any given time there are 25 or more derelict residential structures that pose significant public safety risks and are thus fit for demolition. Historically, the Rapid City Community Development Department has requested funds for removal of these structures. Funding has not been available in recent years to accomplish this task meaning that unsafe and low performing properties blight Rapid City neighborhoods, and reduces opportunity for infill construction of new residential structures. A return to dedicated funding for a demolition program can remove unsafe structures and create new opportunities for housing .

Year	Substandard Structure Cases
2015	108
2016	90
2017	51
2018	83
2019	70



Residential lot in Rapid City where a derelict structure was removed in 2019.

## 4

## Evaluate a Proactive Rental Inspection Program

### Options for PRI Program Elements

A PRI program should be specifically crafted to meet the needs of a community; however, there are model ordinances and case studies to look to for best practices. Refer to the model ordinance found at [www.changelabsolutions.org](http://www.changelabsolutions.org). The following are some topics to address in formulating a PRI program.

**How will rental units be identified?** A registration or licensing process must be created. Options include annually, at change of ownership, or on a fixed term.

**Which units should be inspected and will there be exceptions?** One option is to inspect all non-owner occupied housing with exceptions for government-subsidized housing because it's subject to other types of inspections. Some communities exempt new construction.

**How often will inspections occur?** This decision should be made based on need, staffing, and resources. Options include annually, or on periodic cycles such as every 3 years, or every 5 years.

**Will incentives or self-certification be allowed?** Some communities reward successful inspections with a waiver to extend the time until the next one is needed. In addition, some communities have certification programs so they can graduate to a self-certification program if they establish a record of passing inspections with no violations. A municipality must establish criteria to qualify for self-certification.

**What will be the scope of inspections?** Inspections should focus on the most important elements of health and building safety and be related directly to enforceable health and sanitation codes. For example: running water, functioning electricity/gas, heating/cooling systems, smoke/carbon monoxide detectors, absence of pests/severe mold, acceptable egress, functioning door locks, etc.

**What areas will be inspected?** Some options include combinations of exterior only, interior, interior common areas, and sampling of multi-unit structures. For example, 10% of units in a 50 unit building will be inspected and if the units fail the inspection, the inspectors can look at more areas.

**How will notice be given?** Effective notice should reduce fear, encourage cooperation, educate about rights/duties, convey information, be language accessible, and be easily understandable.

**How will violations be administered?** A program may include a system from warnings, re-inspection timelines, fines, and fees.

**How will the program be funded?** Fines and fees associated with the program will likely offset some program costs; however a program is likely to require additional support from the City's general fund. A program should provide community benefits while limiting costs that can be passed down to the tenants.

**How will the program be enforced?** Some options include administrative, civil, or criminal fees; Civil court injunction, or suspension of rental license.

**How will impacts to tenants be addressed?** Pursue partnerships with housing advocacy groups who can help tenants know their legal rights.

**Will the program offer a rehabilitation assistance component?** Some PRI programs utilize a portion of program funds to offer low interest loans to assist with rehabilitation of housing units.



# 5

## Launch a Building Permit Fee Waiver Program

### Reducing Construction Costs for Affordable Housing

The most costly aspects of a housing project's construction costs are land, labor, and materials. Building permit fees make up a relatively small overall percentage of project costs; however, even small savings can make a difference in the feasibility of a project that houses those earning extremely low to moderate incomes, given the narrow margins associated with the development of affordable housing.

One way the City can support the production of affordable housing is to pass an ordinance that would waive building permit fees for housing projects that meet certain criteria. Instead of developing a new set of criteria, the approach suggested in this Plan is to partner with other organizations and government agencies that incentivize affordable housing along a broad spectrum of community needs.

#### Benefits

- This approach encourages interagency partnership and reduces administration and overhead of program management.
- Many applicants for the funds of these programs will be more competitive because they can show local support, giving them the opportunity for additional points on scoring where available.
- This approach reduces paperwork and administration for the participants in these programs because they do not need to complete additional paperwork or engage in further compliance measures.
- This approach rewards developers meeting a wide range of affordability.

#### Impact to Community Development Revenue

This approach is anticipated to benefit 6 – 12 projects per year, representing a manageable loss in revenue from building permit fees, while still rewarding projects that contribute greatly to community housing needs.

Short Term Goal: Adopt the proposed building permit fee waiver ordinance. Under this ordinance, any housing project funded through the following programs would automatically have their building permit fee waived:

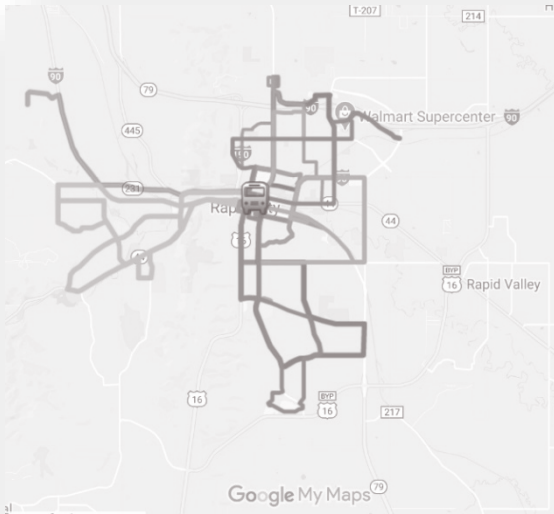
- Recipients of Rapid City Community Development Block Grant funds for projects that meet the national objective of benefitting low and moderate income persons
- Projects owned and managed by Pennington County Housing Authority
- Projects that qualify for the Affordable Housing Five Year Tax Abatement from Pennington County
- Projects funded by the South Dakota Housing Development Authority's HOME Program
- Projects funded by the South Dakota Housing Development Authority's Housing Opportunity Fund
- Projects allocated tax credits by the South Dakota Housing Development Authority's Housing Tax Credits Program
- Projects funded by the South Dakota Housing Development Authority's Housing Trust Fund

*This ordinance should be evaluated within six months of adoption to determine the scope of its impact on housing providers and the Department of Community Development operations. It should be modified as needed to expand or contract the criteria and eligibility requirements.*



## 6

## Study Public Transportation Solutions to Support Housing Affordability



### Transportation + Housing Costs

For most households, transportation is the second-largest annual expenditure after housing. Rapid City's public transportation system includes the fixed bus route "Rapid Ride," and paratransit service "Dial-A-Ride" for local residents who qualify for service under Americans with Disabilities Act. The Rapid City Metropolitan Organization will update the Transit Feasibility Study in the coming year/s. This planning process will emphasize community housing needs when making its assessment and recommendations for future investment in the public transit system. While transit staff is known for being friendly, accommodating, and responsive to user needs, these conditions have been identified as barriers for people who rely on public transportation:

- Limited hours of operation. Public Transit is available Monday through Friday from 6:20 am to 5:50 pm and Saturday from 9:50 am to 4:40 pm. No services is available on Sundays. This schedule is not favorable for early morning, evening, and weekend workers.
- Coverage. While the transit system does the best it can with constrained resources, access to some areas of the community is not available with the current route set up.
- Indirect connections. Riders may experience a ride time of one hour or more because a direct connection to their stop is not available. Instead, the route will take the passenger some distance out of the way, in order to connect to a different bus.
- Technology. Advancements in technology such as mobile app integration, web ticket purchase, live bus status updates, interactive mapping/navigation, etc. are not available through Rapid City's transit system.

**Long Term Goal:** City officials and housing partners must continue to evaluate and respond to needs of low income riders with regard to route design and hours of service in order to access housing, jobs, medical services, and daily needs while balancing budgetary and federal requirement constraints.

# PUBLIC PARTICIPATION PLAN

As mentioned in the introduction, the recommendations in this plan build on multiple years of past City planning efforts, housing studies, and community initiatives such as Collective Impact. Several community agencies and housing stakeholders have provided ideas for the development of this Strategic Plan; however, further public input is needed in order to further refine these strategies and to identify other issues and opportunities associated with housing in Rapid City. The following is a summary of public outreach efforts that need to occur as these concepts are further explored and/or implemented.

## BY STRATEGY

### 1

#### I. Revise Land Use Regulations

- **Administrative exception ordinance:** Since this ordinance supports affordable housing developments of 6 units or more, this ordinance impacts medium density, high density, and mixed-use commercial zoning districts. This ordinance expands on an existing administrative waiver already granted to the Community Development Director. Prior to adoption, the proposed ordinance should be reviewed with a cross section of housing developers for input.
- **Individual Code Revisions:** The public outreach for these changes will depend on what portion of the code, and how the code is being revised. In general, include housing developers (for profit and non-profit), neighborhood groups, real estate professionals, building professionals, and affordable housing advocates, etc. when updating sections of the code. Minor changes and cleanups will require a less stringent public outreach strategy than sweeping or substantial changes.
- **Perform further code diagnoses:** Further Code Diagnosis should create collaboration and coordination among City staff and a diverse set of stakeholders. Follow the Elements of Successful Code Revision Projects as outlined in the Comprehensive Plan: 1) Citizens and code users should have opportunities for meaningful input before changes are set in stone. 2) Revisions should effectively implement adopted plans and be based on input from elected officials, advisory committee members, staff, developers, and citizens. 3) Revisions should be based on a methodical analysis of the strengths and weaknesses of the current code and how it relates to community goals. There are no one-size-fits-all solutions.
- **Incentives for Smart Growth:** City staff should work with housing developers, economic development groups, and the building professional community to identify opportunities for incentives that align community goals with City resources where feasible.

# PUBLIC PARTICIPATION PLAN

2

**II. Support Strategic Housing Trust Fund:** Consider funding as part of the budgetary hearing process. Discuss use of Vision Funds as a supplement or alternative to allocating City funding.

3

**III. Implement a Rental Registration Program:** This strategy is in the earliest possible stages of development. To proceed, City staff need to perform further research and meet with a broad network of property managers and owners. Partner with the Pennington County Health and Human Services to identify a diverse group of stakeholders and request general public input utilizing press releases and City social media platforms. Perform one on one interviews, focus group discussions, web-based surveys, and hold in person meetings where possible to document stakeholder reactions, comments, concerns, and suggestions as opportunities for this program are identified and explored.

4

**IV. Proactive Rental Inspection program:** Like the previous recommendation, this strategy is in the earliest stages of consideration. Utilize similar strategies and networks identified for the Rental Registration Program. Organize additional outreach activities focused on obtaining input from populations in the rental market.

5

**V. Launch a Building Permit Fee Waiver:** This ordinance has been vetted with participating partners. This ordinance should be considered by the City Council as soon as possible and then evaluated within six months of adoption. Post adoption evaluation should determine the scope of its impact on housing providers and the Department of Community Development operations. It should be modified as needed to expand or contract the criteria and eligibility requirements.

6

**VI. Study Transportation Solutions:** Utilize planning processes being undertaken by the Metropolitan Planning Organization (MPO) as future public transit programs and services are analyzed and planned for. These planning processes use similar strategies to those mentioned elsewhere in this document including user surveys, public meetings, focus groups, and web-based surveys.

# PUBLIC PARTICIPATION PLAN

## IN GENERAL

The City should continue to partner with affordable housing advocates and analysts to understand, document, and communicate housing affordability needs in Rapid City. Garnering public support for the development and preservation of housing that is affordable to Rapid City's lower income and work force population will yield many benefits to not just those affected - but the community at large. Engage in creative strategies such as public service announcements and/or other marketing tools, to convey what housing needs in Rapid City looks like.

### Other Public Input Strategies:

- Link the Draft Strategic Plan on the City's website
- Issue a Press Release seeking written public comments
- Present the Strategic Housing Plan at the Rapid City Housing Summit, tentatively planned for fall of 2022.



# LIST OF SOURCES

## Data References in the Draft Rapid City Strategic Housing Plan

End Note	Data	Section	Source
1	Housing Cost Burdened Statistic	Introduction	Black Hills Knowledge Network Housing Affordability Study
2	Housing Cost Burden Definition	Introduction	U.S. Department of Housing & Urban Development
3	General Income Levels expressed as a % of AMI	Introduction	No national standard. These references used generally.
4	Area Median Income	Introduction	U.S. Census, Rapid City, American Community Survey 2013-2017
5	Benchmark Data Labs 2020 Analysis	Introduction	Data shared by Liz Hamburg, BHACF
6	Housing Supply shortage estimates	Introduction	Black Hills Knowledge Network Housing Affordability Study
7	Rapid City 2019 Year End Population	Community Profile	Rapid City Department of Community Development
8	Rapid City Annual Population Growth since 2000	Community Profile	Rapid City Department of Community Development
9	Race	Community Profile	U.S. Census, Rapid City, American Community Survey 2018, DP05, 5 year estimates
10	Alternative Estimate of Native American Population	Community Profile	<a href="https://www.southdakotadashboard.org/researcher-estimates-rapid-city-native-american-population-at-25">https://www.southdakotadashboard.org/researcher-estimates-rapid-city-native-american-population-at-25</a>
11	Total Number of Households	Community Profile	U.S. Census, Rapid City Quick Facts 2014-2018
12	Average Household Size	Community Profile	U.S. Census, Rapid City Quick Facts 2014-2018
13	Household Size Percentages	Community Profile	U.S. Census, Rapid City, American Community Survey 2018, (S2501 Occupancy Data) 5 year estimates
14	Median Household Income	Community Profile	U.S. Census, Rapid City, American Community Survey 2018, 5 year estimates
15	Per Capita Income	Community Profile	U.S. Census, Rapid City Quick Facts 2014-2018
16	Housing Cost Burden Rent Vs. Mortgage	Community Profile	U.S. Census, Rapid City, American Community Survey 2018, DP04, 5 year estimates
17	Housing Cost Burden for elderly	Community Profile	City of Rapid City Consolidated Plan and Annual Actual Plan 2018-2022; p. 100
18	Extremely housing cost burdened	Community Profile	Benchmark Data Labs Strategic Housing Summary - "Building Better Rapid City"
19	Current Poverty Rate	Community Profile	U.S. Census, Rapid City Quick Facts 2014-2018

# LIST OF SOURCES

## Data References in the Draft Rapid City Strategic Housing Plan

End Note	Data	Section	Source
20	Comparing Poverty in Rapid to Surrounding Areas	Community Profile	Black Hills Knowledge Network Housing Affordability Study p. 15
21	Poverty impacting white and american indian populations	Community Profile	Black Hills Knowledge Network Housing Affordability Study p. 16
22	Children in Poverty	Community Profile	Black Hills Knowledge Network Housing Affordability Study p. 17
23	Persons under 65 with a disability	Community Profile	U.S. Census, Rapid City Quick Facts 2014-2018
24	Total population with a disability	Community Profile	U.S. Census, Rapid City, American Community Survey 2018, 5 year estimates
25	Acessible rental needs	Community Profile	City of Rapid City Consolidated Plan and Annual Actual Plan 2018-2022; p. 67
26	Total Homeless Population	Community Profile	Interview with Lysa Allison on 1/15/2021
27	Homeless children in RC	Community Profile	Rapid City Journal
28	Aging Trend	Community Profile	Black Hills Knowledge Network Housing Affordability Study p. 13
29	Population by Age	Community Profile	U.S. Census, Rapid City, American Community Survey 2018, 5 year estimates
30	Total Number of Housing Units	Community Profile	U.S. Census, Rapid City, American Community Survey 2018, DP04, 5 year estimates
31	Housing Tenure	Community Profile	U.S. Census, Rapid City, American Community Survey 2018, DP04, 5 year estimates
32	Number of bedrooms	Community Profile	U.S. Census, Rapid City, American Community Survey 2018, DP04, 5 year estimates
33	2016 - 2018 Socioeconomic Report	Community Profile	Rapid City MPO Socioeconomic Report 2016-2018
In Text	Wages	Community Profile	Black Hills Knowledge Network Housing Affordability Study p. 23 - 27



# AFFORDABLE HOUSING RESOLUTION

LF082819-04

PREPARED BY: City Attorney's Office  
300 Sixth Street  
Rapid City, SD 57701  
(605) 394-4140

## RESOLUTION NO. 2019-070

### RESOLUTION ADOPTING THE RAPID CITY AFFORDABLE HOUSING POLICY

WHEREAS, access to quality, safe, attainable housing is a basic need for individuals and families to survive and thrive; and

WHEREAS, availability of housing in Rapid City impacts the strength and resiliency of the local and regional economy; and

WHEREAS, much like communities across the nation, Rapid City is experiencing concerning housing conditions; and

WHEREAS, the Black Hills Knowledge Network conducted the Rapid City Housing Affordability Study (June 26, 2018) to help the Rapid City community understand the local need for affordable housing; and

WHEREAS, the Rapid City Housing Affordability Study found, among other findings, that affordable housing was in short supply for low-income households in the Rapid City market area; and

WHEREAS, in 2014, the City adopted a *Plan Rapid City*, the City's Comprehensive Plan, as a tool for ensuring orderly, efficient, and resourceful growth and development in the community; and

WHEREAS, *Plan Rapid City* Goal BPG-3.2 aims to expand housing varieties to meet the community's changing needs; and

WHEREAS, *Plan Rapid City* Goal LC-2.1B directs the City to establish a comprehensive housing strategy and expand the City's purview and approach to housing beyond programs and housing groups currently in place; and

WHEREAS, the City of Rapid City can influence the housing situation through policy interventions and amendments to the Rapid City Municipal Code; and

WHEREAS, the City of Rapid City has adopted zoning regulations in Title 17 of the Rapid City Municipal Code; and

# AFFORDABLE HOUSING RESOLUTION

WHEREAS, the purpose of the Rapid City zoning ordinance among others is to promote the safety, health, morals, convenience and general welfare; to encourage the use of lands and natural resources in the city in accordance with their character, adaptability and suitability for particular purposes; to conserve social and economic stability, property values, and the general character and trend of community development; and to prevent excessive concentration of population by providing for the enforcement of such standards.


NOW, THEREFORE, BE IT RESOLVED by the City of Rapid City, hereby adopts the Rapid City Affordable Housing Policy, setting the goals and objectives for establishing Rapid City's Strategic Housing Plan.

Dated this 4 day of September, 2019.

CITY OF RAPID CITY

  
Mayor

ATTEST:

  
Finance Officer

(SEAL)