Analysis of Impediments to Fair Housing Choice

City of Rapid City, South Dakota

August 2002
ANALYSIS OF IMPEDIMENTS TO FAIR HOUSING CHOICE
City of Rapid City, South Dakota

Jerry Minson, Mayor

8/19/2002
Date
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Executive Summary

The City of Rapid City’s Analysis of Impediments to Fair Housing Choice (AI) report was prepared as a requirement of the U. S. Department of Housing and Urban Development (HUD). Entitlement jurisdictions are required to prepare an AI report every five years. This report was prepared by the consulting firm of Albertson Clark Associates using HUD’s “Fair Housing Planning Guide”. The consultant conducted the data collection and analysis for this report through a review of available published reports and publications and through a series of interviews with staff and/or representatives of many of the participating agencies, organizations, businesses and the general public as listed on Page 3.

The general public was involved in the preparation and review of this report through the interviews that were conducted, as well as through a review by area housing-related agencies. Copies of the draft report were distributed to agencies contacted during preparation of the report. Two public meetings were held on July 17, 2002 with advance notice given by advertisement in the Rapid City Journal. Five people attended the public meetings. Comments are summarized in Section Six.

The impediments to fair housing choice identified in this report are listed below. A series of recommended actions are also provided for each impediment and are detailed in Section Seven of this report. The following impediments to fair housing choice have been identified:

- Development costs and fees, as they contribute to housing cost;
- The NIMBY ("not in my backyard") syndrome;
- The enforcement of 1994 UBC accessibility requirements rather than Fair Housing Act standards in new residential construction may be an impediment to fair housing choice; however, adoption and enforcement of the 1997 UBC would remove this impediment (Since the release of the draft of this report, the City has adopted the 1997 UBC, which would remove this impediment);
- A lack of emergency and transitional housing units;
- A lack of affordable housing units, both rental and home ownership, for very low and low-income households for single parents, families with children, seniors and persons with disabilities;
- Low income levels or wages; and
- Housing discrimination.
SECTION ONE
Introduction

The City of Rapid City's AI report was prepared as a requirement of the U. S. Department of Housing and Urban Development (HUD). Entitlement jurisdictions are required to prepare an AI report every five years. The intent of this report is to affirmatively further fair housing by identifying all impediments to fair housing which presently exist in the community and to develop actions for the reduction and/or elimination of these impediments. These actions are intended to:

- analyze and eliminate housing discrimination in the community;
- promote fair housing choice for all persons;
- provide opportunities for racially and ethnically inclusive patterns of housing occupancy;
- promote housing that is physically accessible to and usable by all persons, particularly persons with disabilities; and
- foster compliance with the nondiscrimination provisions of the Fair Housing Act.

Impediments to fair housing choice are any actions, omissions, or decisions:

- taken because of race, color, religion, sex, disability, familial status, or national origin which restrict housing choices or the availability of housing choices; or
- which have the effect of restricting housing choices or the availability of housing choices on the basis of race, color, religion, sex, disability, familial status, or national origin.

This report was prepared for the City of Rapid City by Albertson Clark Associates, using HUD’s “Fair Housing Planning Guide”. The consultant conducted the research, data collection and analysis for this report through a review of published articles, reports and publications. Information was also collected through a series of interviews conducted by the consultant with the staff and/or representatives of many of the participating agencies, organizations, businesses and the general public as listed on Page 3 of this report. These agencies, organizations and businesses represent fair housing organizations, other governmental agencies and advocacy groups involved in housing issues, housing providers, lenders and financial institutions, educational institutions and other organizations involved or interested in housing issues. This listing represents all of the groups contacted by the consultant and/or which provided information used in the preparation of this report. The general public was involved in the preparation and review of this report through the interviews that were conducted. Copies of the draft report were distributed to agencies contacted during preparation of the report. Two public meetings were held on July 17, 2002 with advance notice given by advertisement in the Rapid City Journal. Five people attended the public meetings. Comments are summarized in Section Six.
Participating Agencies, Organizations, Businesses and General Public

Fair Housing Organizations:
Rapid City Human Relations Commission
South Dakota Division of Human Rights
United States Department of Housing and Urban Development, Office of Fair Housing and Equal Opportunity, Region VIII

Other Governments:
Black Hills Council of Governments
Pennington County Department of Equalization
Pennington County Department of Social Services
Pennington County Detox
Pennington County Planning Department
Pennington County Treasurer
Rapid City Community Development Corporation
Rapid City Community Development Department
Rapid City Building Inspection Office
Rapid City Planning Department
Rapid City Planning and Zoning Commission
Rapid City Police Department
South Dakota Department of Labor
South Dakota Housing Development Authority

Advocacy Groups:
Black Hills Area United Way
Black Hills Legal Services
Native American Heritage Association (NAHA)
Rapid City Housing Coalition
Rural America Initiatives - Project Takoja
Salvation Army of Rapid City
Senior Companions
Stepping Stones
Youth and Family Services
Wellspring
Western Resources for dis-Abled Independence

Housing Providers:
Accessible Space, Inc. (Galaxy Apartments)
Black Hills Area Habitat for Humanity
Black Hills Workshop
Cornerstone Rescue Mission
Fountain Springs Senior Apartments
Friendship House
Golden Acres Mobile Home Park
Lakota Community Homes
Meadowlark Hill Mobile Home Park
Pennington County Housing and Redevelopment Commission
Pleasant Acres Mobile Home Park
Pokorney Construction
Prairie Estates Mobile Home Park
Tyler Knue Construction
Wesleyan Health Care Center
Working Against Violence, Inc.

**Lenders and other Financial Institutions:**
American State Bank
Conseco Finance
First Western Federal Savings Bank
Norwest Mortgage
Rushmore Bank and Trust
Security Mortgage Corporation
Wells Fargo Bank

**Educational Institutions:**
National American University
Rapid City Public Schools
South Dakota School of Mines and Technology
Western Dakota Technical Institute

**Other Organizations:**
Black Hills Area Board of Realtors
Black Hills Area Chamber of Commerce
Canyon Lake Senior Citizens Center
Lewis, Kirkeby & Hall Property Management (managing six apartment complexes)
Raben Real Estate
Rapid City Economic Development Partnership

**General Public:**
Five citizens attended the public meetings held July 17, 2002

A listing of all articles, reports and publications used in the preparation of this report is included in Appendix A.
SECTION TWO
Background Data

Introduction

Rapid City is located in Pennington County in western South Dakota. The area is commonly referred to as the Black Hills area because the heavily pine-forested hills produce a very dark blue color in contrast to the lighter colors of the foothills prairie grasses. The Black Hills became part of the Dakota Territory in 1875 and the gold rush began shortly after. The area was settled by miners, cattle ranchers, railroaders and others looking for business opportunities. Rapid City was settled in 1876 by prospectors who came to the area looking for gold. The city was first known as Hay Camp and later named after the creek (Rapid Creek) that flows through a geologic formation on the edge of the Black Hills, known locally as “The Gap”. The completion of the Fremont, Elkhorn and Missouri Valley Railroad in 1886 saw Rapid City become the major trading center for the region.

On June 9, 1972 a flash flood put Rapid Creek over its banks, flooding the area and killing 238 people. As a result, homes and businesses were moved out of the flood plain and a greenway running the length of the city was created. Today, Rapid City continues to serve as the eastern gateway to the tourism and recreational industry of the Black Hills and as a regional hub for western South Dakota. Passenger air travel is available to and from Rapid City at the Rapid City Regional Airport, located on the eastern edge of the city. A strong military presence exists in the area, with Ellsworth Air Force base located to the northeast of the city, which has nearly 14,000 persons associated with the base. Several institutions of higher education are located in Rapid City. These institutions are National American University, South Dakota School of Mines and Technology, and Western Dakota Technical Institute. Health care is provided for a regional population of approximately 320,000 at the Rapid City Regional Hospital.

The area’s climate is semi-arid with annual rainfall that averages 16.7 inches and average annual snowfall at 39.1 inches. The annual average temperature is a mild 46.6°F. The climate, as well as the city’s location in the Black Hills, has contributed to continued population growth in Rapid City and the surrounding area. The area also ranked 47th nationally in the total crime index, making Rapid City a relatively safe place to live.

A. Demographic Data (Note: the best available data was used in the preparation of this report. In some cases, data was available for Pennington County rather than specifically for Rapid City. Also, some 2000 Census data is not yet available, so 1990 Census data was used where necessary.)

Rapid City has experienced a fairly consistent level of growth over the past five decades, with the exception of the decade between 1950 and 1960, when population grew by 67.5% during the post-war growth period. Data from the 1950 census showed a total population of 25,310 persons and the 2000 census shows total population at 59,607 - an increase of 34,297 persons, or an approximate 135% increase over 50 years. During that same period, the Pennington County population rose from 34,053 to 88,565 persons (a 160% increase). The average annual growth rate for this 50-year period
in Rapid City was 2.7%. Table 1 below shows population growth in Rapid City for the period of 1950 - 2000.

<table>
<thead>
<tr>
<th>Year</th>
<th>Population</th>
<th>Percent of Increase</th>
</tr>
</thead>
<tbody>
<tr>
<td>1950</td>
<td>25,310</td>
<td>-</td>
</tr>
<tr>
<td>1960</td>
<td>42,399</td>
<td>67.51%</td>
</tr>
<tr>
<td>1970</td>
<td>43,836</td>
<td>3.38%</td>
</tr>
<tr>
<td>1980</td>
<td>46,492</td>
<td>6.05%</td>
</tr>
<tr>
<td>1990</td>
<td>54,523</td>
<td>17.27%</td>
</tr>
<tr>
<td>2000</td>
<td>59,607</td>
<td>9.32%</td>
</tr>
</tbody>
</table>

Source: U. S. Census Bureau 1950 - 2000

Changes in the community’s demographic composition are evident over the past decade. Between 1990 and 2000, the number of households in the city increased from 21,152 to 23,969. Average household size decreased from 2.57 persons per household in 1990, to 2.39 persons per household by 2000 according to Census data. The number of female heads of household and non-family households increased, but the percentages of males and females remained essentially the same over the past decade, with 49% of the population being male and 51% female. Table 2 below shows households by type for the 1990 and 2000 Census. The number of households headed by females increased by 26% over this decade, while households headed by males increased by 89.6%.

<table>
<thead>
<tr>
<th>Household Type</th>
<th>1990</th>
<th>2000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Family Households</td>
<td>14,329</td>
<td>15,211</td>
</tr>
<tr>
<td>Female Head of Household</td>
<td>2,391</td>
<td>3,020</td>
</tr>
<tr>
<td>Male Head of Household</td>
<td>521</td>
<td>988</td>
</tr>
<tr>
<td>Non-Family Households</td>
<td>6,823</td>
<td>8,758</td>
</tr>
<tr>
<td>Total Households</td>
<td>21,152</td>
<td>23,969</td>
</tr>
</tbody>
</table>

Source: U. S. Census Bureau 1990, 2000

An aging trend is clearly evident in the city. The median age based on the 1990 Census in Rapid City was 30.9 years of age, while the median age in the 2000 census is 34.8 years. The South Dakota median age in the 2000 census was 35.6 years. Projections for age groups show the “baby boomer” group (those in the 40-50's age group) as having the largest future increase. Over the next decade, this trend is expected to continue, as the boomers become “seniors” and more noticeably affect the need for housing and services geared for seniors. The under 5 age group and the 5-9 age group have
decreased over the past decade, while the 10 - 14 and 14 - 19 age groups have increased. These changes will impact school enrollment at various grade levels in coming years. The only other age group that decreased over the past decade is the 25-34 age group. Table 3 below shows the distribution of age throughout the Census Tracts in Rapid City. Tracts 103 in North Rapid and 109.01 in South Rapid have the largest numbers of children, while Tracts 103 in North Rapid and 108 in South Rapid have the largest numbers of persons over the age of 65.

<table>
<thead>
<tr>
<th>Tract</th>
<th>Under 15</th>
<th>18-24</th>
<th>25-34</th>
<th>35-44</th>
<th>45-54</th>
<th>55-64</th>
<th>65-84</th>
<th>+85</th>
</tr>
</thead>
<tbody>
<tr>
<td>101</td>
<td>0</td>
<td>173</td>
<td>109</td>
<td>30</td>
<td>31</td>
<td>12</td>
<td>17</td>
<td>17</td>
</tr>
<tr>
<td>102</td>
<td>298</td>
<td>359</td>
<td>296</td>
<td>189</td>
<td>94</td>
<td>76</td>
<td>222</td>
<td>12</td>
</tr>
<tr>
<td>103</td>
<td>1,930</td>
<td>739</td>
<td>1,192</td>
<td>789</td>
<td>524</td>
<td>409</td>
<td>590</td>
<td>90</td>
</tr>
<tr>
<td>104</td>
<td>1,511</td>
<td>798</td>
<td>965</td>
<td>616</td>
<td>384</td>
<td>384</td>
<td>414</td>
<td>11</td>
</tr>
<tr>
<td>105</td>
<td>213</td>
<td>818</td>
<td>397</td>
<td>148</td>
<td>144</td>
<td>213</td>
<td>168</td>
<td>6</td>
</tr>
<tr>
<td>106</td>
<td>1,006</td>
<td>268</td>
<td>713</td>
<td>432</td>
<td>206</td>
<td>229</td>
<td>271</td>
<td>9</td>
</tr>
<tr>
<td>107</td>
<td>1,133</td>
<td>504</td>
<td>814</td>
<td>568</td>
<td>316</td>
<td>389</td>
<td>648</td>
<td>104</td>
</tr>
<tr>
<td>108 pt.</td>
<td>955</td>
<td>426</td>
<td>652</td>
<td>620</td>
<td>295</td>
<td>140</td>
<td>379</td>
<td>80</td>
</tr>
<tr>
<td>109.01 pt.</td>
<td>1,903</td>
<td>475</td>
<td>1,198</td>
<td>1,002</td>
<td>474</td>
<td>140</td>
<td>379</td>
<td>80</td>
</tr>
<tr>
<td>109.02 pt.</td>
<td>336</td>
<td>111</td>
<td>348</td>
<td>120</td>
<td>71</td>
<td>164</td>
<td>163</td>
<td>24</td>
</tr>
<tr>
<td>110.01 pt.</td>
<td>738</td>
<td>166</td>
<td>374</td>
<td>453</td>
<td>229</td>
<td>297</td>
<td>443</td>
<td>138</td>
</tr>
<tr>
<td>110.02 pt.</td>
<td>1,027</td>
<td>170</td>
<td>405</td>
<td>813</td>
<td>513</td>
<td>411</td>
<td>431</td>
<td>10</td>
</tr>
<tr>
<td>110.03 pt.</td>
<td>649</td>
<td>140</td>
<td>299</td>
<td>480</td>
<td>175</td>
<td>150</td>
<td>75</td>
<td>12</td>
</tr>
<tr>
<td>111 pt.</td>
<td>532</td>
<td>304</td>
<td>522</td>
<td>429</td>
<td>260</td>
<td>193</td>
<td>369</td>
<td>23</td>
</tr>
<tr>
<td>112 pt.</td>
<td>765</td>
<td>249</td>
<td>516</td>
<td>408</td>
<td>293</td>
<td>288</td>
<td>434</td>
<td>23</td>
</tr>
<tr>
<td>113 pt.</td>
<td>1,173</td>
<td>288</td>
<td>603</td>
<td>712</td>
<td>568</td>
<td>469</td>
<td>439</td>
<td>43</td>
</tr>
<tr>
<td>114 pt.</td>
<td>902</td>
<td>229</td>
<td>443</td>
<td>281</td>
<td>140</td>
<td>78</td>
<td>102</td>
<td>6</td>
</tr>
</tbody>
</table>

Source: U. S. Census Bureau, 1990

Racial composition of the resident population in Rapid City is predominantly white (84.3%), dropping from 88.1% in the 1990 Census. American Indians and Alaska Natives comprise 10.1% of the total population, up from 8.8% in the 1990 Census. Overall, minority populations make up 15.7% of the City's total population. Table 4 below shows the city's racial and ethnic composition. Other minority groups included in this data are African Americans, Asians and Native Hawaiians and other Pacific islanders. Persons of Hispanic origin account for 1,650 or 2.7% of the total
population. Map 1 shows Census boundaries in Rapid City, while Map 2 illustrates the distribution of population by race in Rapid City by Census Tract. Census Tracts 103 in North Rapid and tracts 108 and 109.01 in South Rapid have the highest numbers of minority populations.

<table>
<thead>
<tr>
<th></th>
<th>1990</th>
<th>2000</th>
<th>% of Population in 2000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Asian</td>
<td>491</td>
<td>594</td>
<td>1.0%</td>
</tr>
<tr>
<td>African American</td>
<td>691</td>
<td>579</td>
<td>1.0%</td>
</tr>
<tr>
<td>Native American</td>
<td>4,852</td>
<td>6,046</td>
<td>10.1%</td>
</tr>
<tr>
<td>White</td>
<td>48,082</td>
<td>50,266</td>
<td>84.3%</td>
</tr>
<tr>
<td>Native Hawaiian, Pacific Islander</td>
<td>50</td>
<td>35</td>
<td>0.1%</td>
</tr>
<tr>
<td>Other Races</td>
<td>357</td>
<td>2,087</td>
<td>3.5%</td>
</tr>
<tr>
<td>Total</td>
<td>54,523</td>
<td>59,607</td>
<td>100%</td>
</tr>
<tr>
<td>Hispanic Origin</td>
<td>1,650</td>
<td></td>
<td>2.7%</td>
</tr>
</tbody>
</table>

Source: U. S. Census Bureau, 1990, 2000

Based on 1990 Census data, persons with work disabilities account for approximately 9.0% of the 16-64 work age population in Rapid City, or about 3,122 persons. These figures include those with mobility limitations and/or self-care limitations, which may require physical modifications to housing units. The number of persons with disabilities in the community is expected to continue to increase, particularly as the number of age-related disabilities increases as the population ages. Western Resources for dis-Abled Independence provides services for persons with physical, mental or emotional disabilities and in FY 2001, served 396 consumers. Black Hills Workshop serves nearly 600 persons annually with physical and other types of disabilities.

B. Income Data

Based on 1989 data collected for the 1990 Census, per capita income in Rapid City was $12,469. The highest average income for the Rapid City Metropolitan Statistical Area (MSA), based on 2000 figures, was in the mining sector ($48,106) while the lowest average income was in the retail sector ($15,276). The average pay for all workers in the MSA in 2000 was $24,341. Average hourly wages ranged from $6.11 per hour for dining room and cafeteria attendants to $6.96 for counter attendants, cafeteria, food concession and coffee shop employees; to $27.52 - $39.52 for managers in such areas as advertising, construction, engineering and finance. Table 5 on the next page shows income distribution of households by race. Minority households account for 26.8% of all households that had an income of under $5,000 based on 1990 Census data. Of the households that had an income of under $15,000, 9.8% were minority households.
<table>
<thead>
<tr>
<th>Race</th>
<th>under $5,000</th>
<th>$5,000 - $9,999</th>
<th>$10,000 - $14,999</th>
<th>$15,000 - $24,999</th>
<th>$25,000 - $34,999</th>
<th>$35,000 - $49,999</th>
<th>$50,000 - $74,999</th>
<th>$75,000 - $99,999</th>
<th>over $100,000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Afric. Amer.</td>
<td>14</td>
<td>24</td>
<td>38</td>
<td>94</td>
<td>37</td>
<td>39</td>
<td>28</td>
<td>6</td>
<td>0</td>
</tr>
<tr>
<td>Asian, Pacif. Island</td>
<td>37</td>
<td>27</td>
<td>20</td>
<td>37</td>
<td>8</td>
<td>7</td>
<td>24</td>
<td>3</td>
<td>5</td>
</tr>
<tr>
<td>Native Amer.</td>
<td>304</td>
<td>162</td>
<td>177</td>
<td>167</td>
<td>154</td>
<td>124</td>
<td>46</td>
<td>10</td>
<td>0</td>
</tr>
<tr>
<td>White</td>
<td>965</td>
<td>1,902</td>
<td>1,834</td>
<td>4,383</td>
<td>3,811</td>
<td>3,502</td>
<td>2,125</td>
<td>426</td>
<td>534</td>
</tr>
<tr>
<td>Total</td>
<td>1,320</td>
<td>2,115</td>
<td>2,069</td>
<td>4,681</td>
<td>4,010</td>
<td>3,672</td>
<td>2,223</td>
<td>445</td>
<td>539</td>
</tr>
</tbody>
</table>

Source: U. S. Census Bureau, 1990

The median family income for 1990 was $34,800. Updated median income data is provided annually from the Department of Housing and Urban Development (HUD). For FY 2001, this figure is $46,500 for a family of four. In 1989, "poverty" was defined in the United States as income less than $12,674 for a family of four. At that time, 12.23% of all families were below the poverty level and 19.46% of individuals were considered to be living in poverty. U. S. Census Bureau data of 1989 shows 7,257 (or 13.3% of the total population) in Rapid City were living in poverty and of these, 2,931 (or 40%) were under the age of 18. Of all seniors over the age of 64, 9.7% were living at or below the poverty level. While specific data is not available, it is estimated that a majority of persons with disabilities live at or below the poverty level. Map 3 illustrates households that are below the poverty level by block groups. The distribution of low and moderate-income households is shown on Map 4. This map identifies the census block groups with 51% or more of the population in the low to-moderate income range, as defined by HUD.

C. Employment Data

According to the South Dakota Department of Labor and Employment, the Rapid City MSA had 48,420 persons in the labor force in February of 2002. During this same time, the unemployment rate for the area was 3.7%, while unemployment for South Dakota as a whole was 3.2% and the national unemployment rate was 5.5%. Average wages by sector in 2000 show the mining sector to be the highest at $48,106 annually. The retail ($15,276) and service sectors ($23,597) have the lowest and third lowest average annual wages respectively. The agriculture, forestry and fishing sector was the second-lowest paying sector at $16,339. The service sector employed 15,700 persons as of February 2002 - nearly one-third of all jobs - while the retail sector accounted for another one-fourth of all jobs. Projections provided by the South Dakota Department of Labor show that by 2008, the greatest increases in jobs are expected to occur in the agriculture/forestry/ fishing sector (expected to grow by 29.3%) and services sector (expected to grow by 25.3%). The construction; finance/insurance/real estate; and retail trade sectors follow, with 18.8%,18.1% and 15.3% increases
expected. It is important to note that while the services and retail sectors are projected to continue to increase over the next years, on average, jobs in these sectors pay some of the lowest wages. Overall, job growth for the Rapid City area increased by 1.6% between February of 2001 and February 2002, with the largest increase occurring in the retail trade sector, at 8.0%. In contrast, 11.4% of the manufacturing jobs were lost during that same period.

The South Dakota Job Service Center (aka One Stop Career Center) is located on New York Street. The center provides job training, testing, job counseling and job referrals for the area. Services are also provided for resume writing, completing job applications and preparing for job interviews. The center is served by RapidRide, the City’s fixed-route transit system.

Public transportation in Rapid City is provided to the general public by RapidRide, which offers fixed-route service on four routes between the hours of 6:30 A.M. and 5:55 P.M. Paratransit service is also available with Dial-a-Ride, which provides door-to-door service for those that are ADA paratransit eligible. Ridership in 2001 totaled 234,720 passenger trips, with 166,789 trips on RapidRide and another 67,931 Dial-a-Ride trips. Ridership was down somewhat from 2000 passenger numbers, which may be due, in part, to the reverse route changes made in 2001. Current routes serve area schools, shopping areas, public buildings, recreational and cultural facilities, medical facilities, employment areas and some housing developments. Map 5 shows the relationship between the location of public housing and current bus routes providing access to and from these locations. During interviews for this report, several people made comments that there is a lack of public transportation available. This may be a perception, or it may be due to the fact that the system has four routes and is not able to serve the entire community. Some of the more affordable housing units are located outside Rapid City, in surrounding communities and there is no public transportation available to serve these areas.

D. Housing Profile

The most recent average sales price of single family homes in Rapid City indicate a continuing increase, as shown in Table 6 below. These figures show average sales prices for single family homes and the percent of change over the past three years. The number of homes on the market at the end of each year during this time period ranged from 400 homes in 1999 to a present 459 homes and homes are taking longer to sell as the prices increase.

<table>
<thead>
<tr>
<th>Year</th>
<th>Average Sales Price</th>
<th>Percent of Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>1999</td>
<td>$104,535</td>
<td>--</td>
</tr>
<tr>
<td>2000</td>
<td>$115,590</td>
<td>10.5%</td>
</tr>
<tr>
<td>2001</td>
<td>$126,066</td>
<td>9.0%</td>
</tr>
<tr>
<td>2002 (through 3/02)</td>
<td>$128,800</td>
<td>2.1%</td>
</tr>
</tbody>
</table>

Source: Raben Real Estate
Homes or housing units advertised and sold in the area at $100,000 and under are still available in Rapid City, but on a fairly limited basis. In the March 2002 edition of the “Homefinder Magazine” real estate publication, ten housing units were for sale within the city limits priced at or under $100,000. Seven of these listings were for single-family detached homes, while the other three were for mobile or manufactured homes. The real estate classified ads in the Rapid City Journal for March 17, 2002 showed 42 homes for sale in the Rapid City area, with the lowest sales price at $77,900 and the highest at $435,000. Of the 42 homes listed, 8 were priced under $100,000 and 19 homes were priced under $150,000. While these listings do not represent all available homes for sale, they are indicative of the growing trend in home sales toward higher prices. The more affordable types of housing units in the area tend to be mobile homes and manufactured housing units which are typically found in the unincorporated areas of Pennington County. In 1999, the average home sales price was $104,535 and through March of 2002, the average sales price was $128,800. This represents a 23.2% increase in average home sales price in less than four years.

Based on current interest rates, a household income of over $30,000 is necessary to purchase a home from the inventory of homes listed at over $100,000 where the majority of home selections are found. Many households in Rapid City (nearly 50%) earn less than $30,000 annually, which precludes many of them from most affordable segments of home ownership in the area. It is important to note, however, that the income data in this report is from the 1990 Census, while home sales price data is much more recent. Income data from the 2000 Census is not yet available.

The 2000 Census showed 25,906 housing units in Rapid City. Of these housing units, 14,211 were owner-occupied, while 11,695 were rental units. Demand for a diverse housing stock for varying income levels is expected to continue to increase over the next several years. Population projections by the Rapid City Planning Department put the estimated 2025 population at 103,000. Some of this growth is expected to occur through annexation of existing areas that were developed in unincorporated Pennington County, while other growth will occur through new developments in the city. Based on the city’s average household size of 2.39 persons, this means that more than 18,000 additional housing units will be needed during that time period, which is an average of over 700 new housing units per year. Based on recent building permit data, it would appear that construction of new housing units is not keeping up with the population projections.

For the past three years, the City issued a total of 643 residential building permits. In 2001, the City issued building permits for 201 single family homes (includes attached and detached homes) and permits for 57 new multi-family units for a total of 258 new housing units. In 2000, 142 single-family permits were issued and permits for 28 multi-family units were issued, for a total of 170 new housing units. Permits issued in 1999 were for 142 single-family units and 73 multi-family units, for a total of 215 new housing units. For the first month in 2002, permits for 14 new housing units have been issued. This means that nearly 700 housing units have been, or are under construction. During this same period in unincorporated Pennington County, a total of 1,266 building permits were issued, with 728 permits for single-family “stick-built” homes and 538 for mobile or manufactured homes. As of October 31, 2001 there were 5,602 mobile or manufactured homes in unincorporated Pennington County. Nearly 10% of these homes were placed on sites in the past three years and
23% were placed since 1991, indicating a trend toward increasing the housing stock in mobile and manufactured housing. This trend is also evidenced by the large number of mobile and manufactured housing sales businesses in the area.

The new housing units currently under construction are primarily single-family detached homes selling in the high $100,000's - $200,000's. There are few developments planned or under construction for more affordable home ownership. As residential construction continues, the supply of affordable housing units for the low and very low-income households is still limited. Based on current construction trends, it appears that the majority of these new units will not be affordable to those of very low and low-incomes where the need is greatest. One alternative is the Governor's House Program, started by Governor Bill Janklow. Sponsored by the South Dakota Housing Development Authority, this program provides reasonably sized, affordable homes to individuals and families that are income-qualified. The homes are sized at either 768 square feet or 960 square feet and are low maintenance, energy efficient homes constructed through the Governor’s Inmate Training Program. This program keeps the cost of housing affordable, while providing training for inmates in the state’s correctional facilities. The result is one of the most innovative affordable housing programs in the United States. This six-year old program has resulted in 825 new homes and 40 day care centers being constructed throughout South Dakota using these houses. To date, there are 17 Governor's Houses in Rapid City, with another 5 homes planned and funded from the City’s FY 2002 CDBG Program. The only difficulty experienced with this program to date is finding available lots for the houses. Governor Janklow is running for a House seat, so it is not known whether the new governor, once elected, will continue this highly successful program.

Between 1969 and 1974, the Lakota Community Homes cooperative was developed, which was and still is a unique concept. This housing development consists of 198 single-family detached homes for rent in North Rapid. Residents pay a membership fee, which is similar to a security deposit and are expected to participate in community meetings and maintain the interior of their home and lawns. Fewer people are interested in this concept today, so waiting lists for housing there are fairly small. Rapid City, like many other communities, has traditionally had a mix of rental and owner-occupied units. According to 2000 Census data, 59.29% of housing units were owner-occupied, while 40.71% were renter-occupied. Table 7 on the next page shows recent average market rate rents in Rapid City. These rents typically do not include utilities.

<table>
<thead>
<tr>
<th>Unit Type, Size</th>
<th>Range/Average Monthly Rents</th>
</tr>
</thead>
<tbody>
<tr>
<td>Buffet/efficiency</td>
<td>$290 - 455 (average $373)</td>
</tr>
<tr>
<td>One bedroom</td>
<td>$380 - 635 (average $508)</td>
</tr>
<tr>
<td>Two bedroom</td>
<td>$420 - 710 (average $565)</td>
</tr>
<tr>
<td>Three bedroom</td>
<td>$485 - 915 (average $700)</td>
</tr>
</tbody>
</table>
Table 7: Apartment Market Rents - 2002

<table>
<thead>
<tr>
<th>Unit Type, Size</th>
<th>Range/Average Monthly Rents</th>
</tr>
</thead>
<tbody>
<tr>
<td>Four bedroom</td>
<td>no data provided</td>
</tr>
</tbody>
</table>

Source: Derived from data provided by Kahler Property Management, 2002

The current rental market is fairly competitive, with an estimated multi-family vacancy rate of about 3.09%. This information comes from a January 2002 survey conducted by Kahler Property Management of 2,166 rental units. This accounts for approximately 18% of all rental units in Rapid City, so vacancy rates may actually be higher. A vacancy rate of five to seven percent is generally considered to be a sign of a healthy rental market. Lower vacancy rates mean that the housing market is very competitive and rates tend to increase in such a tight market. As the vacancy rate increases, some landlords may reduce rents and/or offer incentives to attract tenants. The March 17, 2002 Rapid City Journal rental listings had 26 ads for apartments, with rents ranging from $260 - $350 for an efficiency apartment; $330 - $530 for a one bedroom; and $450 - $895 for a two bedroom. The most common size of apartment unit found in Rapid City appears to be the two-bedroom unit.

While there are several post-secondary educational institutions in Rapid City, students attending these schools do not appear to be competing with those of lower incomes for housing. The South Dakota School of Mines and Technology has an enrollment of 2,210 students. National American University has 750 students and provides on-campus housing. Western Dakota Technical Institute has 1,000 students in diploma or degree programs, while another 4,000 - 5,000 annually attend specialized training. The Oglala Lakota College, offering courses predominantly for Native Americans, is also located in Rapid City. The Ardent Learning Center specializes in computer training. Many of these schools offer courses of interest to those already residing in Rapid City, so this minimizes the impact on the local housing market.

The 40th Percentile Fair Market Rents (FMR) for existing housing in Pennington County were released by the U.S. Department of Housing and Urban Development in April of 2002. These rent levels represent the maximum amount a Section 8 voucher holder is permitted to pay for rent, plus all utilities, under HUD guidelines. The FMR in Rapid City for a buffet/efficiency apartment is $392; a one-bedroom apartment is $467; a two-bedroom apartment is $622; a three-bedroom apartment is $846; and a four-bedroom apartment is $1,024. Rents for larger units are determined by adding 15% to the four bedroom fair market rent for each additional bedroom. Based on the average apartment market rents shown in Table 7 on the previous page, some apartments rent at rates that exceed the 40th percentile FMR. This means that some of the available units are out of the allowable price range under Section 8, thereby somewhat limiting these renters’ choice of housing. Map 6 shows the locations of public assistance households by block group.

Households with limited incomes have difficulty acquiring housing in Rapid City. General financial management principles have traditionally suggested spending no more than 30% of gross income toward housing costs, including utility costs. With the current market, it is very difficult for those
households with limited or fixed incomes to acquire market rate housing at no more than 30% of their incomes. As a result, some mortgage loan programs geared to low and moderate-income persons are now allowing prospective purchasers to qualify at higher debt-to-income ratios, using a larger percent of gross income to go toward housing costs. Housing for purchase typically qualifies as “affordable” if it can be purchased by a low or moderate-income household at a price that will not exceed 30% of the monthly household income and the sales price does not exceed the mortgage limits as determined by HUD. January 2001 FHA-insured loan limits for a single-family home in Pennington County were set at $132,000. As the cost of owner-occupied housing units increases, home ownership may become less attainable for low and moderate-income households. The recent low interest rates (ranging from 6.75% - 7.00% 30-year fixed rate) combined with greater flexibility in underwriting and down payment assistance, may offer opportunities for more people to become home owners.

Many of the low and moderate-income households in Rapid City are located in neighborhoods in North Rapid and South Rapid. This has occurred, in large part, due to the historical growth and development of the community. Many of the new housing units constructed for 1972 flood survivors were built in North Rapid, since there was an abundance of land available that was zoned for the higher densities needed to accommodate everyone. As newer areas have been developed beyond the downtown, the community experienced some out-migration from the older parts of town. As residents experience upward mobility and can afford larger, more expensive housing, they tend to move out to newer areas of the community. Much of the new development has been occurring on the west side of the City.

As housing costs have risen, low and moderate-income families have experienced more limited housing choices. Families with children have even fewer choices for units that are affordable and large enough to accommodate them, since there are generally fewer large units existing or planned in the community or under construction. The majority of apartments are two-bedroom units. One builder noted that two-bedroom units are typically constructed by builders because they are the easiest configuration of unit to work with from a construction standpoint. The larger housing units generally tend to be found in single-family detached homes which may not be affordable for low or moderate-income families. Based on 2000 Census data, 63.5% of all households in Rapid City had children living in the household.

Persons with disabilities typically have difficulty finding housing units that are accessible, as well as affordable. The majority of accessible housing units are found in newly-constructed housing units, where they are required by the Uniform Building Code. These units tend to be more expensive then existing housing units because they are newer and may offer more amenities. Older housing units that were not constructed to be accessible are typically costly to retrofit to today’s accessibility standards. Many low and moderate-income families and persons with disabilities are faced with fewer housing choices and many have remained in the older, established parts of the community where housing is generally less expensive, but where it may also be in substandard condition.

Another form of housing found in the community are group homes. There are a number of group
homes that are dispersed throughout the community and serve a variety of clients, including seniors, the developmentally disabled, and youth. Details on the City’s group home requirements are found in Section Four of this report.

E. Maps

The following maps are included in the Appendix of this report and are referred to in the preceding pages of text:

Map 1: Census Boundaries
Map 2: Population by Race by Census Tract
Map 3: Households in Poverty by Block Group
Map 4: Low/Moderate Income Households
Map 5: Bus Routes and Public Housing
Map 6: Public Assistance Households by Block Group
### SECTION THREE

**Evaluation of Current Fair Housing Legal Status**

**A. Fair Housing Complaints**

Based on information provided by the Office of Fair Housing of the U. S. Department of Housing and Urban Development, Denver Office, there have been 13 fair housing complaints filed on properties located within Rapid City between FY1997 and FY 2001. Table 8 shows the nature and status of these complaints. (Note: The federal fiscal year is from October 1 - September 30).

<table>
<thead>
<tr>
<th>Year</th>
<th>#</th>
<th>Basis</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY 1997</td>
<td>1</td>
<td>discriminatory advertising and notices; discrimination in terms, conditions, privileges relating to rental</td>
<td>case closed - no cause determination</td>
</tr>
<tr>
<td>FY 1998</td>
<td>2</td>
<td>1 - refusal to rent; discriminatory advertising and notices; discrimination in terms, conditions, privileges relating to rental; and discriminatory acts (coercion, etc.); 1 - discrimination in terms, conditions, privileges relating to rental; and discriminatory acts (coercion, etc.)</td>
<td>1 case closed - complainant failed to cooperate 1 case had conciliation/successful settlement</td>
</tr>
<tr>
<td>FY 1999</td>
<td>3</td>
<td>1 - discriminatory terms, conditions, privileges; 1 - refusal to rent and discriminatory advertising and notices; 1 - discriminatory terms, conditions, privileges relating to rental</td>
<td>3 cases closed - no cause determination</td>
</tr>
<tr>
<td>FY 2000</td>
<td>1</td>
<td>discriminatory terms, conditions, privileges</td>
<td>1 case closed - no cause determination</td>
</tr>
<tr>
<td>FY 2001</td>
<td>6</td>
<td>2 - discriminatory terms, conditions, privileges; 1 - refusal to rent; discriminatory terms, conditions, privileges; and discriminatory acts (coercion, etc.); 1 - refusal to rent; discriminatory terms, conditions, privileges and failure to make reasonable accommodation; 1 - refusal to rent; 1 - discriminatory terms, conditions, privileges; discriminatory acts (coercion, etc.)</td>
<td>2 cases closed - no cause determination 2 cases dismissed - lack of jurisdiction 1 case closed - unable to locate complainant 1 case still open</td>
</tr>
<tr>
<td>TOTAL</td>
<td>13</td>
<td>5 - refusal to rent 3 - discriminatory advertising 4 - discriminatory acts (coercion, etc.) 11 - discriminatory terms, conditions, etc. 1 - reasonable accommodation</td>
<td>7 cases - no cause determination 1 case - complainant failed to cooperate 1 case - unable to locate complainant 1 case - conciliation/successful settlement 2 cases - lack of jurisdiction - A total of 12 cases have been closed - A total of 1 case remains open</td>
</tr>
</tbody>
</table>

Sources: Office of Fair Housing, U. S. Department of Housing and Urban Development
Of the 13 complaints filed, all but one (which was filed in 2001) have been closed. More than half of the complaints filed have been found to have a "no cause determination". Two of the complaints were filed by persons having a physical disability, although only one of these complaints was based on a failure to provide reasonable accommodation. Another complaint was filed for a person with a mental disability. Seven of the complaints were filed by Native Americans, four by African Americans and two were filed by Asians. The most common basis for all of the complaints was discriminatory terms, conditions, privileges, or services and facilities as related to rental units, followed by a refusal to rent. Most of the complaints were filed on several grounds. In past years, data provided by HUD included the specific property location and complainant name, so that it was possible to determine whether there were any particular patterns occurring, however, Right to Privacy laws have reduced the amount of data now available on housing discrimination complaints.

The South Dakota Division of Human Rights (SDDHR) maintains caseload statistics for discrimination complaints, including real property and housing complaints. Since 1997, the Division handled a total of 423 complaints in the state related to employment, real property and housing, public accommodations, public services and education. Of these, there have been five complaints filed related to housing. This data is not tabulated on a geographic basis, so there is no way to determine whether any of these complaints were associated with property in Rapid City. The majority of complaints handled by the Division are related to employment and the housing complaints make up only one percent of all complaints. According to Division staff, most housing complaints are referred to the HUD Office in Denver.

In summary, having 13 complaints filed on properties in Rapid City over a period of five years is not a large number of complaints, particularly since seven of the complaints had a no cause determination finding by HUD; however, the existence of any complaint is indicative of the need for additional public awareness and education about the Fair Housing Act and the protection given from discrimination by the act. There is no way to determine how many complaints may never be filed since in the case of housing discrimination, individuals are often more concerned about finding a place to live than in taking the steps necessary to pursue a discrimination complaint.

HUD recently undertook a fair housing survey in conjunction with Fair Housing Month, which is held annually in April. This survey included 1,001 men and women in the Washington, D.C. area and was conducted as a telephone survey. Results showed that only 38% of the survey respondents were aware that it was illegal to refuse to rent to a family because of having children; however, 81% surveyed thought that it was illegal to restrict the sale of a home to white buyers. Of those surveyed, 14% thought that they had been victims of some form of housing discrimination. While these results may not be mirrored elsewhere in the United States, they may be indicative that there is still work to do to inform the general public about fair housing and what is covered under the Fair Housing Act.

B. Identification of Fair Housing Concerns or Problems

This Analysis of Impediments study was conducted to better understand the concerns and problems
related to housing that Rapid City residents face. Impediments to fair housing choice includes any action, omission or decision taken because of race, color, religion, sex, disability, familial status, or national origin that may restrict housing choices or the availability of housing choices. This section addresses housing problems related to discriminatory and illegal practices, as well as general and specific local housing concerns that may occur. The discriminatory and illegal practices listed below are examples and definitions of the kinds of discrimination that could occur in a community with respect to housing, which are considered illegal under the provisions of the Fair Housing Act and are not intended to imply that these practices are occurring.

1. Discriminatory and Illegal Practices

Advertising or printing and/or publishing, or causing the printing and/or publishing of any notice, statement or advertisement in the sale or rental of a dwelling which shows preference, limitation, or discrimination.

Blockbusting is the unethical real estate practice of creating fear by moving one or more households of another race or creed into a neighborhood, then exploiting the situation by urging residents to sell their homes at deflated prices.

Control of listings is when a real estate agent or broker refuses to list a home or rental because it is minority-owned or because of the neighborhood in which it is located.

Discrimination in the provision of brokerage services may result when a minority or disabled real estate agent or broker is denied membership in a multiple listing directory or other organization.

Lending practices are discriminatory when different credit standards are used to qualify minority and non-minority home buyers. In addition to race, such things as marital status, age, sex and number of dependents may also be the basis for discriminatory lending practices.

Rental practices discriminate against minorities, families, seniors, or persons with disabilities when a landlord charges higher rent for equivalent units, misrepresents information concerning unit vacancies, requires larger security deposits and/or uses different or higher standards of tenant approval.

Steering is the practice of directing a prospective buyer away from a certain property due to a person’s race, color, religion, sex, disability, familial status, or national origin.

Many of the above described discriminatory practices may occur unknowingly. When discrimination occurs in the area of housing, it encourages segregated living patterns and housing markets. These discriminatory practices are often difficult to see and document. Those who have been discriminated against must bring charges of housing discrimination to the attention of local, state or federal authorities in order to detect and enforce against such illegal practices. The Fair Housing Equal Opportunity Office at HUD in Denver responds to fair housing complaints. Anecdotal information
was provided during interviews for this report that there may be discrimination against the Native American population in housing. The HUD data showed five housing discrimination complaints filed by Native Americans, while three were filed by Asians and three by African Americans. Of these complaints, seven had no cause determinations made by HUD. This data is indicative that some discrimination is occurring and warrants further tracking. **Conclusion:** There is housing discrimination occurring and this is an impediment to fair housing choice. Further tracking of housing complaints should be made on a regular basis.

2. General Housing Concerns

**Local Preferences:**

The Pennington County Housing and Redevelopment Commission does not have preferences for housing selection other than for veterans. As of March 11, 2002, the Commission’s waiting list had approximately 279 families and 76 requests for housing for individuals. Some of these may represent duplicates on the waiting list, as housing requests may be for multiple types of units for the same family or individual. The waiting period for housing is dependent on the nature and location of the desired housing unit, but appears to typically be about 6-12 months. Some housing units, particularly two-bedroom units, may have a waiting period of up to 24 months. The Commission manages 1,150 Section 8 housing vouchers, the majority of which are in Rapid City and owns and operates 286 units for the elderly/disabled, 177 family units and 37 units for the developmentally disabled. The Commission operates throughout Pennington County, although the majority of these housing units are in the Rapid City area. Another area the Commission is working on related to housing is providing life skills classes for middle school youth. If individuals can be better informed about the basic skills needed to live in today’s society at an earlier age, they may become more responsible citizens in the future, particularly in the area of housing, where there are responsibilities related to care and maintenance of one’s housing.

**Expiring Housing Assistance Contracts:**

There is only one known housing assistance contract that has expired in Rapid City. This development consists of 48 housing units and the rents have not converted to market rate. Housing Assistance Contracts were 20-year contracts that were granted to offset 40-year mortgages. Under these contracts, tenants pay 30% of their adjusted gross income for rent and the difference between the tenant’s ability to pay and the total operating cost of the rental property is covered by an operating subsidy contract under the site-based Section 8 program. When housing assistance contracts expire, the housing units will still be available for rent; however, if rents increase to market rate rents, the units may become unaffordable to current tenants.
3. Specific Housing Concerns

**Housing Needs for Persons with Disabilities:**

Data from the 1990 Census show that about 3,122 persons, or 9.0% of the population between the ages of 16 - 64 in Rapid City has some disability. This includes those with a work disability, mobility limitation and self-care limitations. Many of these individuals are either unemployed or underemployed and live at or below the poverty level. As the general population ages, there is expected to be an increased need for housing units for people who experience reduced mobility with age. The City's Community Development Block Grant (CDBG) Program provides grants and low-interest loans for housing rehabilitation for such things as architectural barrier removal, ramps and grab bars. Funding to cover improvements for about 12 homes is provided annually. In FY2001, Western Resources for dis-Abled Independence provided services for 396 consumers with physical, mental or emotional disabilities. Of these, 271 consumers (or 68%) were between the ages of 23 and 64, and 229 consumers had multiple disabilities. Western Resources provides advocacy services, independent living skills training, peer support and information and referrals on independent living and disability-related issues. The majority of the accessible housing units owned and operated by the Pennington County Housing and Redevelopment Commission are geared for seniors and it is difficult for families to find accessible units, particularly units that will accommodate wheelchair bound persons. Black Hills Workshop provides housing for their clients in group homes and in apartments. There is an average of 40 persons on a waiting list for housing and the wait may range from 2 - 6 years. Black Hills serves about 600 persons annually that have physical and other types of disabilities.

**Housing Needs for Single Heads of Household with Children:**

There is an increasing number of single parent households with children in Rapid City. Many of these households have a female head of household and are larger households, with four or more members. Such households need more space than is available in the typical two-bedroom rental unit. The number of single heads of household requesting assistance under various housing assistance programs is increasing. The Salvation Army of Rapid City provided assistance to 153 persons in 2001. Of these, 109 (or 71%) were females and of the females, 103 (or 94%) were female heads of household. The types of assistance provided by the Salvation Army includes rental assistance, past due rent, rent deposit, and assistance with shut-off notices on utilities. Of particular difficulty is to find housing which will accommodate family members who are disabled, especially those that are wheelchair bound. Another area where housing is difficult to obtain is for young women who are pregnant and who may no longer be living at home. Project Takoja of the Rural America Initiatives works with pregnant teens to provide culturally relevant support. Many types of counseling and referral services are provided to assist during prenatal care. The staff of Project Takoja is providing an average of 50 referrals over an 18-month period, most of which, are for young Native American women between the ages of 12 - 19. While Project Takoja does not provide housing, clients of the project are typically in need of housing and the need most often identified during preparation of this report was for housing for single parents with children.


**Housing for the Homeless:**

There is no Census data available on the number of homeless persons in the Rapid City area; however, the Continuum of Care Gap Analysis estimates that there are approximately 250 individuals and 292 families and children in need of emergency housing. Other estimates put the homeless number at 450 persons, plus those who may be living “doubled up”, resulting in overcrowding in housing units. The Cornerstone Rescue Mission, a faith-based shelter, has 62 beds for male guests, 24 beds for female guests and 6 family rooms that will accommodate a total of 20 guests. In addition to providing emergency housing, the Mission is committed to vocational development through providing jobs and employment training. The Mission has a thrift store that employs eight. If those staying at the Mission do not have a job, they will be put to work at the Mission. Basic life skills are taught to guests staying at the Mission. To date, the Mission has provided approximately 29,000 nights of lodging and over 100,000 meals have been served annually. The Mission is looking for additional shelter space in Rapid City, with a former motel being considered to provide more space. Transitional housing is also provided by Native American Heritage Association (NAHA) at Tiyospaye (“extended family”), which is located in a former motel. Housing is provided for a maximum of 120 days and is not open to those using alcohol or drugs. Children staying at Tiyospaye have transportation to school provided for them. There are 50 rooms available. While many of those who find housing at Tiyospaye are of Native American heritage, the facility is open to anyone. Pennington County Detox shelters an average of 48 alcohol users daily. Stays average from 24-90 days. From Detox, people may then move to Friendship House, which provides transitional housing for those who are chemically dependent. Space for 26 men and six women is available with about 150 persons receiving assistance per year. In addition to transitional housing, supportive services are offered at Friendship House. Stepping Stones provides transitional housing for homeless youth.

**Housing Needs for Seniors:**

The population of seniors in Rapid City is expected to continue to increase as the current population ages and as other seniors move into the community. It is becoming increasingly difficult for seniors to find housing that suits their needs for accessibility and affordability. Census data from the 2000 census shows that in Rapid City, there were 10,067 persons over the age of 60 (or 17% of the population). In 1989, there were 8,328 persons over the age of 60 (or 15% of the population) and about 8.8% of the seniors in the area were living at or below poverty levels. Housing options for seniors in Rapid City include assisted living, independent living and full-care nursing, as well as apartments and houses. The Wesleyan Health Care Center offers 90 skilled nursing beds, two assisted living beds and 50 senior apartments at Fountain Springs. There are currently vacant units at Fountain Springs. Staff at the center noted a future trend toward private rooms in nursing homes and the need to be able to accommodate couples where one individual needs assistance and the other can still live independently. There is a state-mandated moratorium on building any new nursing homes in the near future. Many of these senior housing options, particularly assisted and independent living, can be very costly and may be too expensive for many seniors. Senior Companions is an organization that works to keep seniors socially active and living independently.
by providing in-home services such as companionship, meal preparation, respite care and basic errands. These services are intended to prevent or delay nursing home placement. The volunteers working as Senior Companions also benefit from a monthly stipend and providing a valuable service to their peers. In 2001, volunteers gave over 12,000 hours of service to Senior Companions. An interesting observation was made about seniors during interviews for this report. Often times, seniors receiving financial assistance must choose between the kinds of assistance they can receive, as some assistance may make them financially ineligible to receive other forms of assistance. The specific case noted was that a senior would lose energy assistance if they accepted qualified medicare benefits, because their medicare benefits would be considered as income for eligibility for the energy assistance program.

**Housing Needs for Minorities:**

Census information shows that many minority persons in Rapid City are below poverty level, making it very difficult to afford housing. Many of the Native American Indians in the area move between Rapid City area and area reservations. Tiyo Spaye, operated by NAHA, provides transitional housing for Native American Indian families and requires the school-age children to attend school while living in transitional housing. Those agencies providing emergency and transitional housing in Rapid City are typically full during the winter months and may have to turn people away. Many of these agencies provide services specifically oriented to minority populations, in particular, for Native Americans and have seen increasing needs in the area of housing in the past several years. Native Americans make up the largest minority population in Rapid City, at 10.1% of the total population.

**Displacement:**

Displacement does not appear to have been a problem in Rapid City in recent years. After the 1972 flood, however, a large number of homes and businesses were removed from the flood plain, so many people had to be re-located. Many of the new housing units constructed for flood survivors were in North Rapid, since there was an abundance of land available that was zoned for the needed higher densities to accommodate everyone. A potential for displacement are any remaining HUD housing contracts which may expire in the next several years. As these contracts expire, rents could increase, resulting in the potential displacement of seniors and persons with disabilities currently residing in these units, unless rental assistance is available. There is one housing development of 48 units located in North Rapid that apparently was under a HUD contract that has since expired; however, rents have apparently not gone to market rates, so residents have continued to remain in these units using a Section 8 voucher. A unique situation in Rapid City occurs every spring, as hotel and motel rooms that were used off-season to house local residents must be vacated to get ready for the summer tourist season, leaving many persons with no housing. While this situation creates temporary housing for people and provides some income to hoteliers, it results in a form of displacement during the tourist season in Rapid City.
Housing Needs for the Mentally Ill:

Finding housing for the mentally ill is becoming more difficult in the Rapid City area. Most mentally ill persons cannot work, and live on very low incomes, so they have an even more difficult time finding and paying for housing. Behavior Management Systems (BMS), a community mental health center, has provided housing and case management services for the mentally ill for the past 55 years in Rapid City. There is currently an average wait of nearly 13 months for housing through BMS, which includes a 17-unit apartment complex, several four-plexes for Stepping Stones (a program for adolescents from 16-21 years of age), and two residential treatment facilities.

Nearly 3,800 clients are assisted by BMS annually, and that number is expected to increase. Of these clients, about 700 are adults with severe and persistent mental illness, while over 800 are emotionally disturbed children. The mentally ill population is expected to continue to increase in numbers, as more prison inmates are released into the community. Estimates put the number of mentally ill prison inmates, or those with an addiction, at about 60% of the prison population in the United States. In addition to assisting the mentally ill, BMS also provides a substance abuse program for pregnant women/young mothers, and provides services to the general population, which makes up nearly half of BMS' clients annually.
SECTION FOUR
Identification of Impediments to Fair Housing Choice

A. Public Sector

1. Zoning and Site Selection:

a. Comprehensive and Neighborhood Plans

The City’s Comprehensive Plan was adopted a number of years ago and since that time, the approach to land use planning has been through a Future Land Use Plan, adopted in 1999 as an element of the Comprehensive Plan. This plan identifies 14 different neighborhood areas covering a 238 square mile area. Areas within the city, as well as the three mile platting jurisdiction and the Metropolitan Planning Organization area are included. A set of common goals have been adopted for use in all neighborhood planning areas and include goals related to compact growth, a unified land use and transportation system, preservation and improvement of existing neighborhoods, preservation and enhancement of the local economic base, community activity and employment centers, environmental resources, preservation of downtown, and cultural, historic and recreational resources.

Future land use plans have been adopted for the South Robbinsdale, Southwest Connector, North Rapid, Elk Vale and Northeast Neighborhood Areas. These plans were developed in 1999 and 2000, at a time when the Planning Department was a joint City/County department. Since 2000, the City and County have had separate Planning Departments. The neighborhood plans identify future land uses and their locations throughout Rapid City. Residential uses are broken out by type (single-family, mobile homes, multi-family and group homes - assisted living units, dormitories and jails), density and actual number of units. The plans show a good mix of housing unit types distributed throughout the community.

b. Zoning and Subdivision Codes

The City’s Zoning Code is a fairly traditional, prescriptive zoning approach. There are 23 different zoning districts, of which five are residential districts. The residential zoning districts range from the LDR-1 Low Density Residential District 1 with a minimum lot size of six thousand square feet, to the HDR - High Density Residential District, which allows single-family dwellings on 6,500 square foot lots and multi-family dwellings. Single-family homes proposed with septic systems in any of the residential districts must have a minimum lot size of 20,000 square feet - one acre, depending on soil conditions. The MDR - Medium Density Residential District and HDR - High Density Residential District permit multi-family dwellings, in addition to single-family and two-family dwellings. The HDR District also allows buildings of up to seven stories, or sixty-five feet. The LDR - 2 Low density residential district 2 also allows two-family dwellings with the intent of providing a “slightly higher population density, but with basic restrictions similar to the LDR-1 District. The CB-Central Business District allows single-family and two-family dwellings as mixed-
uses on the upper floors of buildings that have some other type of land use on the ground floor, such as retail or office use. This district also allows apartment units. Offering what is a fairly small minimum lot size (6,500 square feet for single-family dwellings and 8,000 square feet for two-family dwellings), allowing mixed-uses in the Central Business District near downtown, and allowing taller buildings in the HDR District can result in higher densities, which in turn may help reduce the cost of housing development and provide more affordable housing units. Town houses are permitted in the LDR-2, MDR, and HDR zoning districts. If all underlying zoning requirements are met, then there is no public review process required. If smaller than normal lot sizes are proposed (i.e. minimum of 3,500 square feet), then the Use on Review procedure is necessary, requiring City Council review and approval.

A method for achieving a greater level of flexibility is using the Planned Development approach. The PRD - Planned Residential Development consists solely of residential land uses, while the PUD - Planned Unit Development allows for a mix of residential and commercial land uses. These approaches allow the City’s standard zoning and subdivision ordinance to be modified, with the intent being to “provide optional methods of land development to encourage imaginative urban design; allow a mix of land uses which are compatible and well integrated, but which would otherwise be discouraged by conventional zoning regulations; provide an adequate review procedure which will promote the proper development of those areas which may be environmentally sensitive because of facts such as steep slopes and unusual topography; and promote compatibility with adjacent land use and available public facilities in terms of such factors as intensity of use, density and traffic circulation”. Density bonuses are available for such items as size of development, recreational facilities and parking.

Manufactured and mobile home housing units may occur in one of four different ways in the MHR - Mobile Home Residential District. These ways are as a manufactured home, designed to HUD standards on a permanent foundation; a manufactured home, designed to UBC standards on a permanent foundation; a mobile home designed to HUD standards; and a mobile home designed to UBC standards. Most communities only offer two such options - one for manufactured homes and one for mobile homes. Land lease mobile home parks are distributed throughout the area.

The City’s Zoning Ordinance defines family as “one or more persons related by blood, marriage, or adoption, or a group not to exceed five persons (excluding servants) none of whom are related by blood or marriage, occupying the premises and living as a single nonprofit housekeeping unit as distinguished from a group occupying a boarding or lodging house, hotel, club, or similar dwelling for group use. A family shall be deemed to include domestic servants employed by the family”. This definition would allow up to five unrelated adults to share a housing unit. Enforcement of this definition is typically done only on a complaint basis. Allowing up to 5 unrelated persons to share housing is a fairly flexible approach to the definition of “family”.

Because the Rapid City area is a tourist destination, there are over 4,000 hotel/motel rooms in the area. During off-peak season, many of these rooms are made available for rent to area residents. This approach provides another source of housing and provides income to hoteliers, but the rooms
and units must be vacated in time for tourist season, beginning in May. Thus, this is a temporary solution for housing.

There is a three-mile platting jurisdiction outside the incorporated areas of the city. In this three-mile area, the City has jurisdiction to approve plats for development, even though the area remains in Pennington County. This area of extraterritorial jurisdiction is expected to be annexed at some point in the future. The City has a fairly aggressive stance on annexation, with a full-time planner hired just to process annexations. Several key areas such as Rapid Valley and the airport are areas that the City would like to have annexed in the future.

**Conclusion:** The Rapid City Future Land Use Plan and Zoning and Subdivision Ordinances offer flexibility in the area of housing densities and definition of “family”, so they are not impediments to fair housing choice.

c. Development Costs

Land development costs appear to be fairly high in Rapid City and they are a contributing factor to housing costs in the community. These are the costs for extending utilities to a lot and building the streets to provide access to the lot. Factors affecting land development costs would include the costs of labor, as well as the cost of materials. Estimates for the cost to provide a developed lot in Rapid City range from $25,000 - $35,000, depending on location of the property and whether it is a private developer or non-profit developing or acquiring the lot. The cost of raw land on the west side of Rapid City has historically been higher, while land on the north and south sides of Rapid City has been less expensive. One builder noted that land prices can exceed $50,000 for a half acre, depending on location. The net effect of land development costs is that these costs are generally passed on to the builder, who then passes them on to the home buyer in the cost of new housing. Developers and builders that already own land may be able to offer housing at somewhat lower prices, since land purchase does not have to be factored into the equation.

Application fees for planning review are set at $250.00 for most applications and the City’s review process runs on a five week schedule, culminating in a public hearing before the City Council. This is a fast review process and the application fees are reasonable. Of greater concern by area builders and developers are the proposed water and sewer tap fees recently proposed at $1,000 each. While most growing communities typically require payment of both water and sewer tap fees, Rapid City has historically absorbed these costs. Area builders are concerned about these costs adding to the overall cost of housing in the area and one builder noted that the cost impact of the water and sewer tap fees to builders may be more in the neighborhood of $2,500. Most of the new housing being built is not within the affordable range for many people. The biggest impact of these fees may be felt by non-profit housing groups such as Black Hills Area Habitat for Humanity, or the Rapid City Community Development Corporation. Establishment of a waiver process for bona fide affordable housing projects would be one way to minimize the impact on those least able to tolerate increasing housing costs. The drainage basin fees have also been noted by area builders as being a significant cost. These fees range from a low of $325 per acre in the South Canyon-Lime Creek Basin to a high
of $5,750 per acre in the Knollwood Basin. As a result, building permit fees are higher in Rapid City than in unincorporated Pennington County. An average building permit fee in Rapid City for a 1,500 square foot was estimated to be about $1,400 by the Building Inspection staff. This amount does not include the proposed water and sewer tap fees. There is also apparently a perception on the part of some developers that the City is “unfriendly” to local developers - a point that may warrant further exploration to determine if this is a widely-held opinion or not.

Conclusion: Development costs and fees are impediments to fair housing choice as they contribute to housing cost.

d. Public Response

Most recent housing projects have had to deal with the NIMBY (“not in my back yard”) syndrome. Neighborhood opposition to new development has increased in Rapid City in recent years, as in other communities throughout the United States. Residents are becoming skilled at finding reasons for opposing a development. Many residents appear to want only development that is similar to their own development next door, or development that provides desirable services. The general sentiment expressed by residents appears to be in favor of “low density” and to discourage “affordable housing” near their neighborhoods. Neighborhood opposition can result in costly delays and in some cases, denial of a development. Affordable housing developments are often targeted for opposition by citizens purely on the basis of who the future tenants may be. There has been some opposition expressed on Governor’s Houses being located in residential neighborhoods. Neighborhood involvement typically takes place during the future land use planning process through neighborhood meetings. On development proposals, neighborhood involvement does not typically occur until the public hearing stage.

Conclusion: The NIMBY syndrome is an impediment to fair housing choice.

e. Building Codes/New Residential

The Rapid City Building Inspection Office is responsible for conducting inspections for areas inside city limits. The 1994 Uniform Building Code (UBC) has been adopted by the City and while this version of the UBC is fairly consistent with the Fair Housing Act, there are some differences. Differences exist in the definitions of dwelling units and living units, in determining which is the ground floor in mixed-use structures containing residential units and in those instances where an elevator exists or is required, resulting in the potential for fewer accessible units to be constructed. Under consideration by the City is the adoption of the 1997 UBC, which reflects the provisions of the Fair Housing Act. The City does not enforce federal requirements such as ADA accessibility standards in building construction or parking requirements, but places this responsibility with the contractor or developer.

Conclusion: The enforcement of 1994 UBC accessibility requirements rather than Fair Housing Act standards in new residential construction may be an impediment to fair housing choice; however,
adoption and enforcement of the 1997 UBC by the City would remove this impediment. Since the draft of this report, the City adopted the 1997 UBC.

f. Group Homes

Group homes often provide a housing alternative for persons with disabilities and for seniors. There are approximately 20 group homes in the Rapid City area. The existing group homes provide housing for the developmentally disabled in nine homes; assisted living for seniors in 10 homes; and one home for temporary foster care for youth. Group homes with six or more residents are permitted in all of the City’s residential zones, subject to Use on Review approval by the City Council. The Council may place conditions regarding hours of operation, supervision, services and programs to be provided, the number of persons, proximity to other group homes and other conditions deemed appropriate. The CB-Central Business District also allows group homes and missions.

Conclusion: The City’s definition of group homes and related Zoning Code standards are supportive of group homes and do not appear to be an impediment to fair housing choice.

g. Neighborhood revitalization, municipal and other services, employment-housing-transportation linkage: CDBG funds have been used to rehabilitate homes of low and moderate-income individuals and families within the target neighborhoods. Transit routes for the RapidRide also provide linkages to and from targeted areas. Fixed-routes are operated from approximately 6:30A.M. - 5:55 P.M. and link key housing, employment, service, education and shopping locations. Dial-a-Ride service is also available for seniors and those with disabilities.

Conclusion: The City programs supporting neighborhood revitalization, municipal services and the transportation-employment-housing linkage are supportive of fair housing choice.

h. Housing Authority and other assisted/insured housing provider tenant selection procedures; housing choices for certificate and voucher holders: The Pennington County Housing and Redevelopment Commission has not adopted preferences, with the exception of a preference for veterans who apply for housing with the Commission. The Commission presently owns and operates 500 public housing units and manages 1,150 Section 8 vouchers, most of which are in Rapid City. Local housing providers generally appear willing to accept Section 8 vouchers. Several anecdotal comments were received regarding the difficulties experienced by persons seeking public or assisted housing that have either credit history or criminal record problems.

Conclusion: There does not appear to be any impediment to fair housing choice in tenant selection procedures by the Pennington County Housing and Redevelopment Commission.

i. Expiration of subsidized housing unit contracts and possible displacement: There is one housing development of 48 housing units in North Rapid that was under Section 8 Housing Assistance Payment Contracts. These contracts were established as 20-year contracts to offset 40-year mortgages for the construction of multi-family housing units. The residents in this development
may continue to reside in these units using a Section 8 voucher. If units are taken off of contracts, the result may be a conversion of housing units to fair market rents. In some cases, the locations of units, or their condition, may not lend themselves to higher fair market rents, so they will continue to accept vouchers.

**Conclusion:** There is no expected loss of affordable housing units under HUD contracts.

**j. Property tax policies:** There is a property tax reduction program for seniors, based on income. The program essentially freezes the assessed valuation on the property until ownership is transferred. In the interim, the property is typically increasing in value, even though assessments are frozen.

**Conclusion:** The property tax reduction program for owner-occupied homes and for seniors is supportive of fair housing choice.

**k. Planning Commission/Human Relation Commission/City Council:** The Rapid City Planning and Zoning Commission consists of seven members appointed by the City Council. The Commission provides recommendations to the City Council on land use-related items and the City Council is the final authority on these matters. The City Council consists of ten members and the Mayor. The City also has a Human Relations Commission, which consists of 14 appointed members. This Commission is intended to promote equal opportunity and treatment for all persons regardless of race, color, creed, religion, sex, national origin or ancestry. While the Commission has not been very active on the topic of housing recently, they are charged with focusing on the areas of employment, housing and public services. The City Council, Planning and Zoning Commission and Human Relations Commission have fairly diverse memberships, including representatives of the senior, disabled, and Native American populations.

**Conclusion:** The make-up of the Planning and Zoning Commission and City Council are supportive of fair housing choice, as is the City’s Human Relations Commission.

**B. Private Sector.**

**1. Sale or rental of housing:**

**a. Supply and Demand** - The rental vacancy rate in Rapid City is estimated to be about 3.09%. Additional affordable home ownership opportunities are expected to be available in 2002, with the construction of new homes by Black Hills Area Habitat for Humanity, as well as by several private developers. Habitat, in its 11th years, has constructed 25 homes in the Rapid City area and plans on starting five more homes this year in the North Rapid area. Approximately 50 families apply for housing through Habitat each year and are determined to be eligible for a home. Ideally, Habitat would like to build eight to ten homes each year to fill a need for home ownership for low income families. The Pennington County Housing and Redevelopment Commission reports a waiting list of about 355 households seeking rental housing assistance (Note: some of these households may have applied for several different types of housing, which means numbers may be duplicates). The
Commission administers about 1,150 Section 8 vouchers and operates about 500 public housing units, most of which are for seniors. Emergency housing is available through the Cornerstone Rescue Mission and through the shelter at Working Against Violence, Inc. for victims of domestic abuse. Transitional housing is available at Tiyospaye, operated by the Native American Heritage Association (NAHA), which has 50 rooms. Transitional housing is also provided for specific populations at Friendship House (chemically dependent), Black Hills Workshop (those with disabilities), Behavior Management Systems (mentally ill) and Stepping Stones (homeless youth). Transitional housing has been in great demand and many agencies have had to turn clients away due to lack of space.

The City’s FY2002 Action Plan identified emergency and transitional housing as high priorities for housing for the community. In addition, home ownership is also identified as a high priority, as are rental units for families and seniors, particularly for those who have very low to low incomes (0-30% and 31-50% of MFI).

**Conclusion:** A lack of emergency and transitional housing units and rental and home ownership opportunities for very low and low income persons is an impediment to fair housing choice.

**b. Size of Family** - The majority of housing units in Rapid City are two-bedroom apartment units. There are few larger units of 3 bedrooms and larger for low and moderate-income families. Many of the larger units are found in older homes in the older areas of the city. Map 6 shows the locations of larger housing units throughout the community.

**Conclusion:** A lack of larger housing units for families appears to be an impediment to fair housing choice.

**c. Persons with Disabilities** - During this study, anecdotal information was given indicating that there may be a shortage of housing units for the disabled. While there generally appears to be a fairly good supply of accessible housing units for those with disabilities, there may be difficulties with location, or cost that may make units not suitable for a particular situation. The Housing and Redevelopment Commission maintains 286 units for seniors/disabled and 37 for the developmentally disabled. Younger persons that have a disability requiring accessible housing may choose not to live in a location that is geared to seniors, due to differences in age and lifestyles. Black Hills Workshop staff notes that those on their waiting list for housing may wait from two to six years to be placed in a group home or an apartment supervised by the Workshop. Accessible Space, Inc. has opened the Galaxy Apartments in Rapid City. These independent living apartments consist of 20 one and two-bedroom units for persons with mobility impairments and/or brain injuries. Income qualifications apply, yet the apartments are not full. Further evaluation may be necessary to determine whether this is due to a lack of accessibility of the unit, cost and/or some other factor such as location. For single-family dwellings, housing rehabilitation to install ramps, grab bars, etc. is provided through the City’s Neighborhood Restoration Program. The Cornerstone Rescue Mission is raising funds to install an elevator in the mission, so it will be fully accessible to the disabled.
Conclusion: The need for and provision of accessible housing units, particularly for wheel-chair bound persons should be evaluated and monitored through contact with area agencies serving the disabled population to determine if there is an adequate supply.

d. Homelessness - There is an increasing need for emergency and transitional housing and on-going supportive services for those who are homeless, to assist them in breaking the cycle of homelessness. On-going support services include substance abuse treatment, counseling, training and educational programs, and general support services. The City’s FY2002 Action Plan identified the need for emergency and transitional housing as a high priority. The providers of emergency and transitional housing are at or beyond capacity at various times of the year, particularly during the winter, and must turn people away due to a lack of space.

Conclusion: The lack of an adequate number of emergency and transitional housing units is an impediment to fair housing choice.

2. Provision of Housing Brokerage Services: Training on fair housing is required when realtors are initially licensed, to avoid discrimination when marketing, selling, or renting property. Additional continuing education on fair housing is taken as part of license renewal. The National Association of Realtors provides detailed information on their web site regarding fair housing for its members. There are 244 licensed real estate agents in the Rapid City area that are members of the Board of Realtors. The Black Hills Area Multi-Housing Association has been formed of area property managers and landlords. This organization consists of owners and managers of multi-family rental units in the Rapid City area. The association meets on a regular basis to address topics of interest to those working with multi-housing units in the area. A unique program available to area landlords is the City Police Department's Crime Free Multi-Housing Program. This program offers a multi-faceted approach to problem solving and crime prevention in an eight-hour class geared to landlords and realtors. The program teaches participants about gangs, drugs, crime free lease agreements, and crime prevention through environmental design. The program is given quarterly and nearly 100 have completed the training. While not oriented toward fair housing issues, this course may offer solutions to problems that could otherwise result in a potential for, or a perception of housing discrimination. There does not appear to be any evidence of discrimination in the provision of real estate services.

Conclusion: Current real estate services appear to be supportive of fair housing choice.

3. Public policies and actions affecting the approval of sites and other building requirements used in the approval process for the construction of publicly-assisted housing: The City's Community Development Department priorities as identified in the FY 2002 Action Plan are transitional and emergency housing, rental housing assistance and home ownership opportunities as high priorities for providing affordable housing for the community. These Community Development priorities have been supported by the CDBG Program in recent years. The Community Development Department participates in the Rapid City Community Development Corporation (RCCDC), which was started in 1995 with area banks and other business support. The corporation's
objective is to partner with others to build affordable housing for home ownership opportunities for low income persons. The RCCDC started with funds totaling $125,000 and over time, has added assets through donations from local lenders, as well as interest income from the revolving loan fund. To date, the RCCDC has provided funding for property acquisition and/or construction for 16 homes. It is planning on acquiring 5-9 lots in the Northbrook Village Subdivision in North Rapid. Prices for homes that have been sold recently by the RCCDC have ranged from $50,000 - $55,000. The RCCDC received special recognition from HUD in 2000 as winner of the “Simply the Best” Best Practice award.

**Conclusion:** The City’s Community Development priorities and CDBG programs are supportive of fair housing choice.

4. **Administrative policies concerning community development and housing activities which affect opportunities of minority households to select housing inside or outside of areas of minority concentration:** The City of Rapid City has not adopted specific policies regarding the development and distribution of affordable housing throughout the community; however, the City’s Community Development Department adheres to the directives issued by the Department of Housing and Urban Development for the administration of the Community Development Block Grant Program, which include affirmatively further fair housing; and an anti-displacement and relocation plan. The City also has a grant program through the Finance Office that will assist in subsidizing some City fees. Black Hills Area Habitat for Humanity has been a recipient of this grant in the past, using these funds to help pay for the building permit fees and waste disposal.

**Conclusion:** The policies of the City of Rapid City designed to encourage the development and distribution of affordable housing and the Finance Office grant program are supportive of fair housing choice; however, there are few policies specifically addressing the provision of affordable housing.

5. **Where there is a determination of unlawful segregation or other housing discrimination by a court, or a finding of noncompliance by HUD regarding assisted housing within a recipient’s jurisdiction, an analysis of the actions which could be taken by the recipient to help remedy the discriminatory condition, including actions involving the expenditure of funds made available:** There is no known determination of unlawful segregation or other housing discrimination by the court, or a finding of noncompliance by HUD regarding assisted housing.

**Conclusion:** There is no determination of unlawful segregation or other housing discrimination by a court, or a finding of noncompliance.

6. **Lending policies and practices:** Local lending and financial institutions were contacted regarding lending programs, policies and practices. Fair housing and fair lending training is provided to staff involved in lending, to ensure that there is no disparate affect created by lending policies and practices. Local lenders participate in community activities under the Community Reinvestment Act (CRA), in particular, through participation in the Rapid City Community
Development Corporation (RCCDC), since it’s inception in 1995.

Most area lenders participate in South Dakota Housing Development Authority loan programs. The Authority is “committed to leading the affordable housing industry by integrity, innovation and financial strength” The Authority has a unique website to assist anyone moving into South Dakota or to a different community within the state in finding affordable housing. Home ownership programs provided by the Authority include the First Time Homebuyer Program, Mortgage Assistance Program, and Employer Mortgage Assistance Program. The First Time Homebuyer Program offers below-market fixed interest rate mortgages that are handled by local lender participants. Income limits for Pennington County are $49,300 for a family of two or fewer persons and $56,695 for a family of three or more persons. The new construction purchase price must not exceed $143,832 and the existing home purchase price must not exceed $104,630. Interest rates are at 5.95% for a 30-year fixed rate mortgage, of 4.95% for a step-rate interest, which starts at a predetermined rate and increase one-half of one percent per year for the first four years of the loan. The rate then remains fixed for the remainder of the loan. The Mortgage Assistance Program, or MAP, provides down payment and closing cost assistance through a second mortgage for home buyers, with a maximum loan amount of $2,000. Interest rates for these loans are fixed at 3.0% or 5.5%, depending on income levels. The Employer Mortgage Assistance Program also provides down payment and closing cost assistance to home buyers employed by a participating employer. This program is a partnership loan program with South Dakota employers to provide benefits that support economic development and employee attraction and retention.

The Authority also administers development programs, including the HOME Program, Housing Tax Credit Program, Multifamily Bond Financing Program, Emergency Shelter Grant Program and Rural Site Development Program for rural communities.

Security Mortgage Corporation participates in the Fannie Mae Timely Payment Reward Program, which rewards home buyers for making payments on time. This program offers a competitive interest rate to those who have had past credit problems and can reduce the interest if timely house payments are made. With a market interest rate of 6.75%, the Timely Payment Reward Program may offer an interest rate in the range of 7.5%, which then can be reduced over time. Lenders noted that cash to close is still probably the biggest obstacle that many first time home buyers face.

Most lenders participate in traditional FHA and VA loan programs. These programs allow 97% and 100% financing with minimal or no closing costs. Credit history must be very good in order to participate in the 100% program. On January 1, 2001 FHA lowered the required mortgage insurance payment, which will in turn, reduce monthly mortgage payments.

In general, underwriting requirements for most loan programs have become more flexible in recent years. A more “common sense” approach to underwriting is used, including evaluating factors such as self-employment history, allowing greater debt-to-income ratios, using utility bill payments for credit history and working to find a housing unit that is affordable for a particular client. Another important aspect is that some loan programs require first-time home buyer education. This kind
Conclusion: In general, local lending policies and practices appear to be supportive of fair housing choice; however, home mortgage lending data should be evaluated again in the near future to ensure there are no racial or geographic trends occurring, nor any discrimination on the basis of gender.

C. Public and Private Sector.

1. Fair Housing Enforcement - Fair Housing enforcement is presently handled by the Office of Fair Housing and Equal Opportunity, U.S. Department of Housing and Urban Development, Region VIII. At the state level, the South Dakota Division of Human Rights refers housing complaints to HUD. The Pennington County Housing and Redevelopment Commission provides fair housing information and complaint applications to residents who believe they have been the victim of housing discrimination. The City has a 14-member Human Relations Commission that has provided opportunities to address fair housing issues, but it does not enforce fair housing at the local level and would refer citizens to HUD’s Office of Fair Housing.

Conclusion: The existing enforcement and information regarding fair housing appear to be supportive of fair housing choice.

2. Informational Programs - Information regarding fair housing is provided locally by the Pennington County Housing and Redevelopment Commission and by other housing providers. Information on fair housing and equal opportunity is also provided by the South Dakota Division of Human Rights and by HUD. The City’s Human Relations Commission also provides general information on fair housing and refers citizens to HUD. Black Hills Legal Services addresses housing issues, but primarily those dealing with landlord/tenant disputes. Legal Services also provides information on how to file a housing discrimination complaint with HUD. In 2001, Black Hills Legal Services assisted 950 persons with legal questions, the majority of which, were related to housing. Of particular concern may be reaching the owners of small apartment complexes who may not otherwise be aware of fair housing standards. The Black Hills Area Multi-Housing Association is one organization that may be able to distribute information on fair housing. Informational programs on fair housing have been provided in the past in the Rapid City area, but not recently.

Conclusion: Local informational programs are generally supportive of fair housing choice; however, there appears to be a need to offer expanded programs to address the impediments identified, and to broaden the distribution of this information.

3. Income Levels - Through interviews conducted for this project, the most common theme mentioned as being an impediment to fair housing choice relates to income or wage levels in the community. Income and wages have not begun to keep pace with the increasing cost of housing, creating a significant gap between the two. The most recent average wage for the area was $24,341 in 2001. Apartment rents now range from $290 (for efficiency) to $915 for a three bedroom unit. In 1994, rents ranged from $320 to $875 in a City-conducted rent survey. Between 1994 and 2002, apartment rents increased by 4.0% - 10.0%, depending on unit type and location. In addition to
monthly rent payments, tenants typically must pay for at least one month’s security deposit when they first move into the unit. A credit check fee and rental application fee may also be charged, meaning that it can cost over $1,100 to rent the average two-bedroom apartment in Rapid City. Average home sales prices increased by 10.5% and 9.0% annually in 2000 and 2001 and in the first two months of 2002, had already increased by 2.1%, indicating a continued trend of an annual increase of nearly 10.0%. The January 30, 2002 fire that destroyed the Federal Beef Processors, Inc. packing plant left many of the nearly 400 former Federal Beef employees out of work. Many of these individuals are still unemployed. A 1999 task force appointed by Governor Janklow released a report in December of 1999, showing that wages in South Dakota were 23-29% below the national average.

Conclusion: Low income levels or wages, are an impediment to fair housing choice.
SECTION FIVE
Assessment of Current Public and Private Fair Housing Programs and Activities in the Jurisdiction

A. Actions and Programs

The City’s CDBG Entitlement Grant is used to fund high priority activities, such as transitional and emergency housing, rental assistance, and home ownership opportunities. In 2002, the City will participate in and fund projects for housing rehabilitation (approximately 12 homes are planned for funding); rental assistance; acquisition of land for future construction of new housing units; assisting with the funding of a new shelter for WAVI; a new elevator for the Mission; and support services for seniors and youth. These activities will take place in the city’s target area boundaries.

B. Housing Rehabilitation

The City’s Community Development Department administers housing rehabilitation funding. Approximately 12 homes receive rehabilitation funding annually through the Neighborhood Restoration Program. Funded items may include installation of new water heaters and furnaces; installation of insulation and new roofing materials; exterior siding and painting; installation of windows; and plumbing repairs. Grants of up to $7,000 and low interest loans at 3.0% are available to homeowners who qualify, based on income guidelines and family size. The South Dakota Housing Development Authority offers the Cooperative Home Improvement Program (CHIP), which gives reduced rate financing for low and moderate income home owners to repair or renovate their homes. In Pennington County, interest rates for this program are 1.9%, 3.9% or 5.9%, depending on gross annual income. CHIP loans have level monthly payments and are amortized over a term of up to seven years. The maximum loan amount is $15,000.

C. New Affordable Housing Construction

Black Hills Area Habitat for Humanity has constructed 25 homes in the Rapid City area since 1991 and plans to build five new homes in 2002. The six-year old Governor’s House program has resulted in 17 Governor’s houses in Rapid City, with another 5 homes planned and funded from the City’s FY 2002 CDBG Program. The only difficulty experienced with this program to date is finding available lots for the houses, although it is unclear whether this program would be continued by future governors. The RCCDC is planning on the acquisition of 5-9 lots in the Northbrook Village Subdivision in North Rapid. Another potential area for affordable housing is in the Tyler Knue Subdivision, also in North Rapid.

Another type of housing unit that may offer a more affordable home ownership opportunity in the future is the town home, which includes ownership of real property, in addition to the unit. Two area builders are constructing new town home and multi-family units that will provide additional affordable housing options. A one-bedroom town home is being offered for sale at $79,900 while the two-bedroom will be $99,900. Many of the new multi-family units being built are intended for
higher income persons; however, as more new units are available, some older units may reduce rents in order to attract tenants to fill these older units.

Mobile and manufactured homes are still a fairly affordable type of housing and may become an increasing trend. There are a number of businesses involved in the sale of mobile and manufactured homes in the area. In Pennington County in 2001, there were six new mobile home parks approved. In the city, several existing parks are under review to be expanded, creating new spaces. The use of mobile homes, or manufactured homes on permanent foundations, is expected to continue as a means of providing a more affordable housing unit. One local lender, Western Federal Savings Bank, will loan for the purchase of land that includes a mobile home that is not on a permanent foundation. Most of these home ownership opportunities are in unincorporated Pennington County, while land lease mobile or manufactured home communities are found within the City limits.

D. Rental Subsidies

The Pennington County Housing and Redevelopment Commission provides funding for rental assistance for approximately 1,150 families and individuals per month through Section 8 housing vouchers, which are administered by the Commission for areas throughout Pennington County, including Rapid City.

E. Transitional Housing for Homeless

Emergency housing is provided at the Cornerstone Rescue Mission and at Working Against Violence, Inc. (WAVI) for victims of domestic abuse. The Mission has 62 beds for male guests, 24 beds for female guests and 6 family rooms that will accommodate a total of 20 guests. The Mission also provides supportive services such as jobs and employment training. The planned installation of an elevator in the Mission will mean the building is fully accessible to all persons. WAVI has a 26-bed shelter for domestic abuse victims and guests stay an average of 12 days. In 2001, 6,147 stays were provided at the shelter. A larger shelter is needed and some funding has been committed from the FY 2002 CDBG Program for a new shelter. Of particular need for those staying at the shelter is transitional housing to move into after their shelter stay ends.

Transitional housing is also provided by the Native American Heritage Association (NAHA) at Tiyospaye. Housing is provided for a maximum of 120 days and is not open to those using alcohol or drugs. Children staying at Tiyospaye have transportation to school provided for them. There are 50 rooms at Tiyospaye. Stepping Stones provides transitional housing for homeless youth, while Friendship House offers housing for the chemically dependent.

The Continuum of Care Gaps Analysis shows the greatest housing needs to be in emergency shelter and transitional housing for families and individuals, rental units for all persons and home ownership opportunities. These areas are all listed as high priorities in the City’s FY 2002 Action Plan for the CDBG Program.
SECTION SIX
Public Process

The public process used for the development and review of the Analysis of Impediments to Fair Housing Choice report included several key components. First, information for this report was collected through research and a series of interviews conducted by the consultant with the staff and/or representatives of the participating agencies, organizations, and businesses. Over 60 different housing organizations, governmental agencies and advocacy groups involved in housing issues, housing providers, lenders and financial institutions, educational institutions and other organizations involved or interested in housing issues were contacted and are listed on Page 3 of this report.

Next, copies of the draft report were distributed to agencies contacted during preparation of the report. Two public meetings were held on July 17, 2002 with advance notice given by advertisement in the Rapid City Journal. Five people attended the public meetings. The following summarizes the comments given at the public meetings:

- This report will be a good resource for us.
- Suggest adding a “second chance” program to help people get past their tenant history problems (This suggestion was incorporated into the action steps in Section Seven).
- How can this information be made available to the public? Suggest putting it into the library, on the City’s web site. Could also mail copies out to the apartment complexes.
- Would like to encourage other rental property owners to participate in the Multi-Housing Association.
- Would like to see Behavior Management Systems included in the report as a provider of housing for the mentally ill (Information on Behavior Management Systems was included in Section Three).
- What is the definition of “disability”? (City staff will provide the definitions as used in the Census as a follow-up to this question).
- Should establish a definition for “affordable housing development” so not just any development can be considered affordable housing (This suggestion was incorporated into Section Seven as an action step).
- The 1997 UBC was adopted, so there should be a reference made to this.
SECTION SEVEN
Conclusions and Recommendations

The impediments to fair housing choice and related actions listed below have been identified through the preparation of this Analysis of Impediments report. These impediments are not listed in any particular order of priority. Each action includes a target time period for the action to be undertaken and completed. Some actions are noted as on-going. These action items will be addressed primarily by the City of Rapid City, with assistance of other area organizations and entities.

**Impediment 1.** Development costs and fees, as they contribute to housing cost, are an impediment to fair housing choice.

Action 1.a: The City will consider the establishment of a policy to evaluate all goals, policies, actions, regulations and fees for their potential impact on the provision of affordable housing - 2002/2003

Action 1.b: The City will define what a “bona fide affordable housing development” is - 2002

Action 1.c: The City will work with the Homebuilder’s Association and area home builders, service providers and other interested groups and individuals to evaluate land development costs and fees and the related impact on affordable housing; and identify possible solutions and alternatives including such things as fee reductions, waivers or rebates for bona fide affordable housing developments - 2003/2004

**Impediment 2.** The NIMBY (“not in my backyard”) syndrome is an impediment to fair housing choice.

Action 2.a: The City, along with area housing agencies, housing advocates, the Human Rights Commission and area lenders will develop and participate in an Affordable Housing/Fair Housing Public Awareness Program to use throughout the community, including information materials such as brochures, videos, press releases, etc. on the need for affordable housing - 2002/On-going

Action 2.b: The City will use information obtained through needs assessments, surveys, etc. to “put a face” to those needing affordable housing and incorporate this information into Action 2.a - On-going

**Impediment 3.** The enforcement of 1994 UBC accessibility requirements rather than Fair Housing Act standards in new residential construction may be an impediment to fair housing choice; however, adoption and enforcement of the 1997 UBC would remove this impediment (Since the release of the draft of this report, the City has adopted the 1997 UBC, which would remove this impediment).

Action 3.a: The City will monitor the provision of accessible housing units through the Building Department, using the 1997 UBC - On-going
**Impediment 4.** A lack of adequate emergency and transitional housing units is an impediment to fair housing choice.

Action 4.a: The City will support area housing providers in the pursuit of additional funding from public and private sources, for the provision of additional emergency and transitional housing units - On-going

Action 4.b: Area agencies will continue to provide services such as transitional housing, emergency housing, homeless prevention training, health care referrals and housing counseling to assist in the prevention of homelessness and work to create more compatible case management tools - On-going

**Impediment 5.** A lack of affordable housing units, both rental and home ownership, for very low and low-income households for single parents, families with children, seniors and persons with disabilities is an impediment to fair housing choice.

Action 5.a: The City will facilitate the provision of housing for low and very low-income households, families with children, seniors and persons with disabilities through the consideration of funding for developments that provide housing targeted for these populations - On-going

Action 5b: The City will continue to support the First-Time Home Buyers’ Program operated by the Rapid City Housing Coalition - On-going

Action 5c: The City will evaluate a variety of development techniques (including such things as land trust development, land banking, fast tracking, etc.) as a means to encourage and facilitate the construction of affordable housing - 2004

Action 5d: The City will partner with other area housing organizations to develop a “second chance” program, to assist prospective tenants in overcoming their past tenant history problems, including program elements on how to become a good tenant - 2003

**Impediment 6.** Low income levels or wages are an impediment to fair housing choice.

Action 6.a: The City will work with the Chamber of Commerce, Economic Development Partnership and other business and education organizations to promote opportunities for the creation of jobs paying higher wages in Rapid City - On-going

Action 6.b: The City, Economic Development Partnership, educational institutions, major employers and other business and education organizations will work together to ensure that adequate training opportunities are made available and promoted to area residents to increase employability - On-going

**Impediment 7.** Housing discrimination is an impediment to fair housing choice.

Action 7.a: The City, Housing Authority, Multi-Housing Association, and area housing agencies will
work together to develop and distribute information on fair housing - 2002/On-going

Action 7.b: The City, Housing Authority, Multi-Housing Association, and area housing agencies will work together to schedule, plan, and conduct fair housing seminars, workshops and forums for the public, on a regular basis - On-going
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