

## Exhibit 1.1

### **Market Analysis of Affordable Housing Need in the Black Hills.**

Black Hills Area Habitat for Humanity (BHAHFH) uses multiple ways to determine where to build affordable housing in the Black Hills. We review government statistics and community studies, meet with government officials and local leaders, speak to local citizens, and work with low-income families. BHAHFH continually builds in Rapid City, with four homes currently under construction and a waiting list of 10 partner families. This market analysis concludes that the need for affordable housing exists in Rapid City and that Black Hills Area Habitat for Humanity will be meeting a significant community need by building a Habitat for Humanity home.

#### *Rapid City Market Analysis*

The City of Rapid City is the county seat of Pennington County in western South Dakota and with a population of 69,854 is the second largest city in South Dakota. Rapid City's economy is fairly diverse with significant economic activity in tourism, retail, health care, light manufacturing, and government. According to the US Census Bureau<sup>1</sup>, median household income is \$45,707, slightly less than state household income at \$49,091. However, 37.8 percent or 10,624 of all Rapid City households earn less than \$35,000 a year.<sup>2</sup> For a family of four this is less than 60 percent of Area Median Income. Rapid City's poverty rate is 16.1 percent.

Housing costs in Rapid City are significantly higher than state averages. The median value of owner occupied houses is \$153,900, which is \$24,100 more than South Dakota's median value of \$129,800. Higher valued owner occupied housing generally leads to more expensive rents. This is seen in the census statistics where 46 percent of renters pay more than 30 percent of their income to rent.<sup>3</sup> According to the Department of Housing and Urban Development, "Families who pay more than 30 percent of their income for housing are considered cost burdened and may have difficulty affording necessities such as food, clothing, transportation and medical care."<sup>4</sup> Government statistics point to a significant need for affordable housing in Rapid City.

Government statistics demonstrating the need for affordable housing is matched by community sentiment expressed in the Black Hills Community Needs Assessment. In 2011, 17 organizations commissioned the South Dakota Public Policy Institute, a project of the Chiesman Center for Democracy, to conduct a Community Needs Assessment study in the Black Hills area, which includes Butte County, Lawrence County, Meade County, Fall River County, Custer County, and Pennington County. In that survey affordable housing was noted as a significant issue for

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<sup>1</sup> [quickfacts.census.gov/qfd/states/46/4652980.html](http://quickfacts.census.gov/qfd/states/46/4652980.html)

<sup>2</sup> [factfinder2.census.gov/faces/tableservices/jsf/pages/productview.xhtml?pid=ACS\\_12\\_5YR\\_DP03](http://factfinder2.census.gov/faces/tableservices/jsf/pages/productview.xhtml?pid=ACS_12_5YR_DP03)

<sup>3</sup> [factfinder2.census.gov/faces/tableservices/jsf/pages/productview.xhtml?src=bkml](http://factfinder2.census.gov/faces/tableservices/jsf/pages/productview.xhtml?src=bkml)

<sup>4</sup> [www.hud.gov/offices/cpd/affordablehousing/](http://www.hud.gov/offices/cpd/affordablehousing/)

the region and for Pennington County (which is primarily composed of Rapid City citizens). In fact, 75.9 percent of Pennington County households state that affordable housing was a need in the community, while 68.8 percent reported issues about substandard housing. Furthermore, 60.7 percent stated that overcrowded housing was a problem. In that same survey, 10.6 percent of Pennington County residents stated that they need housing support.

The community's statement of need for affordable housing matches sentiments expressed by local residents and leaders. The best way to understand demand for affordable housing is reviewing attendance at Black Hills Habitat's quarterly homeowner informational meetings. Over the last year 123 people have attended the informational meetings and we average 2 -3 phone inquiries daily. 10 families are currently participating in the program. Need is also assessed through consultation and dialogue with 33 partner churches, Love INC and Cornerstone Rescue Mission, Red Cross, Neighborworks, and other local non-profits. The affiliate's executive director has also consulted directly with city development officers and has participated in the development of a local housing coalition.

The need for affordable housing in Rapid City is clear. A significant portion of the population is struggling economically and would benefit from stable, affordable housing. The community as a whole and local residents recognize the need for affordable housing in Rapid City. Currently, Black Hills Area Habitat for Humanity is the only organization that serves families who do not qualify for conventional home loans and make less than 60 percent of Area Median Income. The services of Habitat would meet a community need and help stabilize the life of a family.