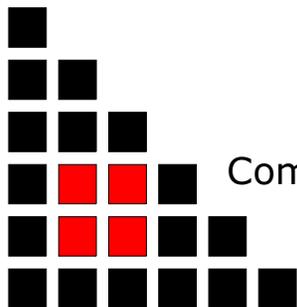


# Canistota HOUSING STUDY

May 2015

An analysis of the overall housing needs  
of the City of Canistota



Community Partners Research, Inc.

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## **Introduction**

Local elected and public officials are often held responsible for conditions and circumstances over which they have limited control. This is particularly true of housing. Most of the housing units in Canistota and McCook County are privately owned and were constructed with private funds. On an increasing scale, however, the public is demanding that public officials control what happens in this largely private housing market by eliminating blight, protecting individual investments, and generating new housing growth to meet economic development needs.

Community Partners Research, Inc., was hired by the City of Canistota to conduct a study of the housing needs and conditions in the City of Canistota.

### **Goals**

The multiple goals of the study include:

- ▶ Provide demographic data including the 2010 Census
- ▶ Provide an analysis of the current housing stock and inventory
- ▶ Determine gaps or unmet housing needs
- ▶ Examine future housing trends that the City can expect to address in the coming years
- ▶ Provide a market analysis for housing development
- ▶ Provide housing recommendations and findings

### **Methodology**

A variety of resources were utilized to obtain information for the Housing Study. Community Partners Research, Inc., collected and analyzed data from December 2014, to May 2015. Data sources included:

- U.S. Census Bureau
- American Community Survey
- Esri, a private data company
- Records and data from the City
- Records and data maintained by McCook County
- South Dakota State Data Center
- Interviews with City officials, community leaders, housing stakeholders, etc.
- Area housing agencies
- State and Federal housing agencies
- Rental property owner surveys
- Housing condition survey

**Limitations**

This Housing Study represents an analysis performed with the data available at the time of the Study. The findings and recommendations are based upon current solutions and the best available information on future trends and projections. Significant changes in the area's economy, employment growth, federal or State tax policy or other related factors could change the conclusions and recommendations contained in this Housing Study.

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## **Demographic Data Overview**

### **Sources of Data**

The following pages contain demographic data obtained from a variety of local, state and national sources for the City of Canistota and McCook County. At the time that research was completed for this Study, the 2010 Census information was available. However, the 2010 Census was more limited in scope than in the past. As a result, some of the demographic variables, such as income and housing cost information, were not available.

To supplement the decennial Census, the Census Bureau has created the American Community Survey, an annual sampling of households. The American Community Survey provides detailed demographic characteristics, replacing information once collected by the decennial Census. However, because the American Survey is based on sampling data, there is a margin of error that exists for each estimate. The following tables incorporate the 2010 Census data, when available, or the American Community Survey data.

The frequency of American Community Survey estimates vary depending on the size of the jurisdiction. For most jurisdictions in South Dakota, the 2013 estimates were derived from sampling that was done over a five-year period, between 2009 and 2013. Unless otherwise noted, the American Community Survey estimates are based on the five-year survey data.

Additionally, Community Partners Research, Inc., has obtained information from Esri, a private company based in California that generates demographic and projection data. Esri estimates and projections are included in this demographic data section.

## Population Data and Trends

<b>Table 1 Population Trends - 1980 to 2014</b>						
	1990 Census	2000 Census	% Change 1990-2000	2010 Census	% Change 2000-2010	2014 Esri Estimates
Canistota	608	700	15.1%	656	-9.4%	660
McCook Co.	5,688	5,832	2.5%	5,618	-3.7%	5,703

Source: U.S. Census; Esri, Inc.

- ▶ According to the 2010 U.S. Census, Canistota’s population was 656 people in 2010. When compared to the 2000 Census, the City had a population loss of 44 people from 2000 to 2010. The 44-person loss from 2000 was a population decrease of 9.4%.
- ▶ McCook County’s population was 5,618 in 2010. This was a decrease of 214 people from 2000, for a population loss of 3.7%.
- ▶ Canistota and McCook County experienced population increases in the 1990s. Canistota’s population increased by 92 people and McCook County’s population increased by 144 people from 1990 to 2000.
- ▶ Esri, a private data reporting service, has released 2014 population estimates. The estimate for the City of Canistota is 660, an increase of four people from 2010 to 2014. Esri’s 2014 estimate for McCook County is 5,703, a gain of 85 people since 2010.
- ▶ The Census Bureau has released population estimates. The most recent estimate for Canistota is effective July 1, 2013, and shows the City’s population at 657, a gain of one person from 2010 to 2013. The 2013 estimate for McCook County is 5,654 and shows the County up 36 people after the 2010 Census.
- ▶ Canistota’s population is primarily White and non-Hispanic/Latino. At the time of the 2010 Census, approximately 95.0% of the City’s residents were White, 2.0% were American Indian and 0.5% were Asian. Additionally, 0.9% of the population identified themselves as some other race and 1.5% of the population identified themselves as two or more races. Approximately 2.3% of the City’s population was identified as Hispanic/Latino.

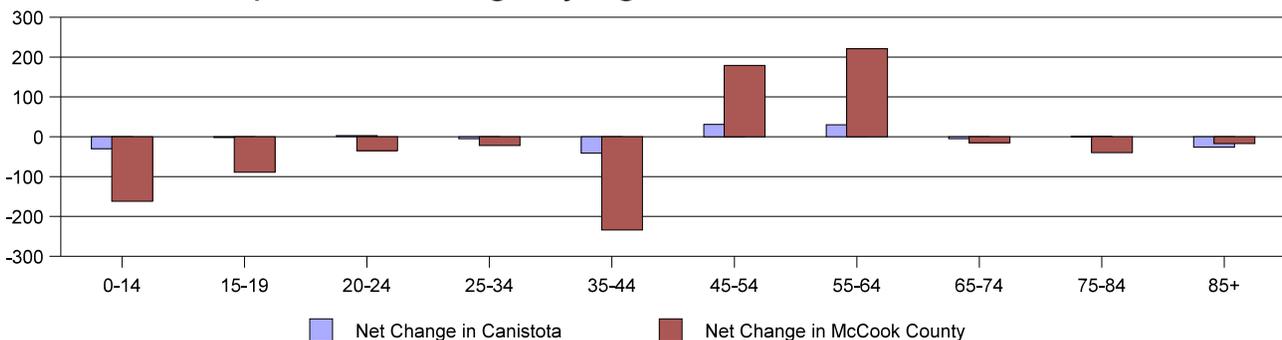
## Population by Age Trends: 2000 to 2010

The release of demographic information from the 2010 Census allows for some analysis of the changing age patterns for Canistota and McCook County. The following table compares population by age in 2000 and 2010, along with the numeric changes.

<b>Table 2 Population by Age - 2000 to 2010</b>						
Age	Canistota			McCook County		
	2000	2010	Change	2000	2010	Change
0-14	166	136	-30	1,374	1,212	-162
15-19	44	42	-2	434	345	-89
20-24	20	23	3	209	174	-35
25-34	80	75	-5	615	593	-22
35-44	106	65	-41	874	640	-234
45-54	67	98	31	680	859	179
55-64	47	77	30	508	729	221
65-74	57	52	-5	510	495	-15
75-84	62	63	1	411	371	-40
85+	51	25	-26	217	200	-17
Total	700	656	-44	5,832	5,618	-214

Source: U.S. Census

**Population Change by Age Between 2000 and 2010**



For many years, demographic analysts have been talking about the impact that is occurring as the large “baby boom” generation moves through the aging cycle. This trend has been evident in Canistota and McCook County. Between 2000 and 2010, Canistota had a gain of 61 people and McCook County had a gain of 400 people in the age ranges between 45 and 64 years old. In 2010, nearly all of the baby boomers were within these age ranges.

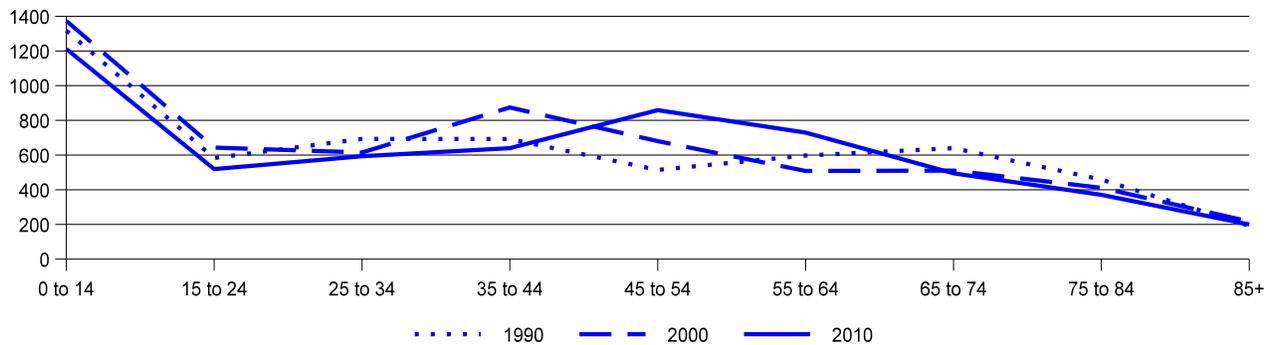
McCook County had population losses in all of the other age ranges. McCook County had a loss of 542 people in the 44 and younger age ranges and a loss of 72 people in the 65 and older age ranges.

In addition to the gains in the 45 to 64 age ranges, Canistota had a gain of three people in the 20 to 24 age range and a gain of one person in the 75 to 84 age range.

Canistota experienced a population loss of 32 people in the 0 to 19 age ranges, a loss of 46 people in the 25 to 44 age ranges and a net loss of 32 people in the 65 and older age ranges.

The aging trends present in McCook County can be traced back over the previous decades. One noticeable trend is the advancing wave created by the movement of the baby boom generation through the aging cycle.

**McCook County Age Distribution: 1990 to 2010**



## Population Projections

The following table presents population projections using two different sources. The South Dakota State Data Center has issued McCook County population projections for the year 2020. The other set of projections has been created by Esri, and span the five-year period from 2014 to 2019.

<b>Table 3 Population Projections Through 2019/2020</b>				
	2010 US Census	2014 Esri Estimate	2019 Esri Estimate	2020 Projection State Data Center
Canistota	656	660	673	N/A
McCook County	5,618	5,703	5,874	5,639

Source: U.S. Census; Esri; State Data Center

- ▶ Esri’s growth projections show a population gain of 13 people in Canistota from 2014 to 2019.
- ▶ Esri’s population projection for McCook County forecasts a gain of 171 people from 2014 to 2019.
- ▶ The State Data Center projects that McCook County’s population will be 5,639 in 2020. When compared to the County’s population in 2010, this projection expects a gain of 21 people during the current decade.
- ▶ Esri also projects a countywide gain of residents from 2010 to 2019. Esri’s projection of 5,874 people in 2019 is well above the State Data Center’s projection for 2020.

## Household Data and Trends

<b>Table 4 Household Trends - 1980 to 2014</b>						
	1990 Households	2000 Households	% Change 1990-2000	2010 Households	% Change 2000-2010	2014 Esri Estimate
Canistota	241	254	5.4%	242	-4.7%	245
McCook Co.	2,145	2,204	2.8%	2,168	-1.6%	2,227

Source: U.S. Census; Esri, Inc.

- ▶ According to the 2010 U.S. Census, Canistota and McCook County had a loss of households from 2000 to 2010. Canistota had 242 households in 2010, a decrease of 12 households from 2000, for a household loss of 4.7%.
- ▶ McCook County had 2,168 households in 2010. This was a decrease of 36 households, or a household loss of 1.6%.
- ▶ Canistota had a gain of 13 households and McCook County had a gain of 59 households during the 1990s.
- ▶ Esri estimates that Canistota has gained three households and McCook County has gained 59 households from 2010 to 2014.

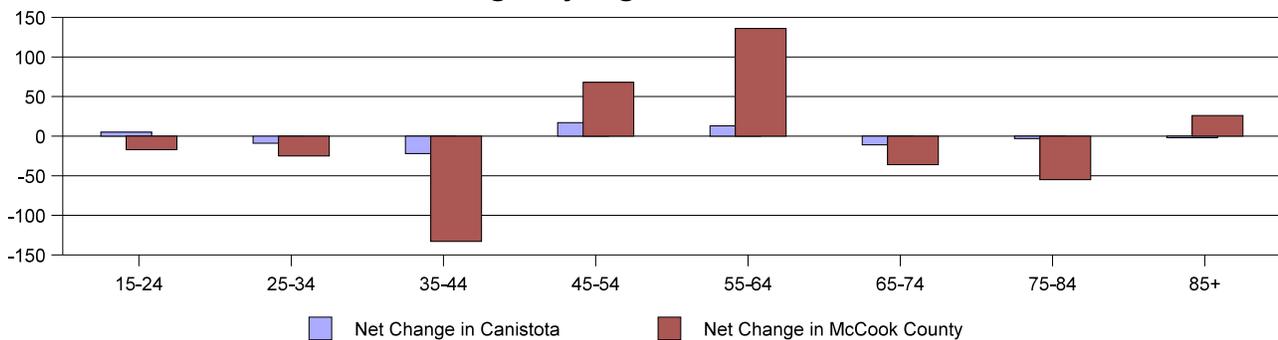
## Household by Age Trends: 2000 to 2010

The 2010 Census allows for some analysis of Canistota and McCook County's changing age patterns. The following table compares households by age of householder in 2000 and 2010, along with the numeric changes.

<b>Table 5 Households by Age - 2000 to 2010</b>						
Age	Canistota			McCook County		
	2000	2010	Change	2000	2010	Change
15-24	7	12	5	73	56	-17
25-34	41	32	-9	300	275	-25
35-44	59	37	-22	475	342	-133
45-54	37	54	17	390	458	68
55-64	26	39	13	271	407	136
65-74	36	25	-11	318	282	-36
75-84	35	32	-3	272	217	-55
85+	13	11	-2	105	131	26
<b>Total</b>	<b>254</b>	<b>242</b>	<b>-12</b>	<b>2,204</b>	<b>2,168</b>	<b>-36</b>

Source: U.S. Census

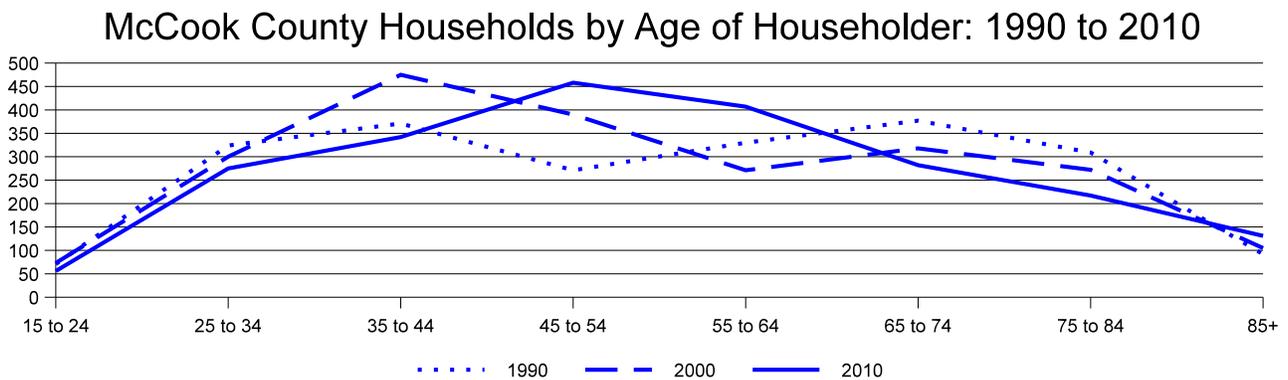
### Household Change by Age Between 2000 and 2010



From 2000 to 2010, Canistota added 30 households in the 45 to 64 year old age ranges, and five households in the 15 to 24 age range.

Canistota had a decrease of 31 households in the 25 to 44 age ranges, and a loss of 16 households in the 65 and older age ranges.

McCook County experienced a gain of 204 households in the 45 to 64 age range and a gain of 26 households in the 85 and older age range. McCook County had a loss of 175 households in the 44 and younger age ranges, and a decrease of 91 households in the 65 to 84 age ranges.



As with the longer-term patterns for population, it is possible to track the progression of the baby boomer households over the past 20 years in McCook County using Census information for households by the age of householder.

## Average Household Size

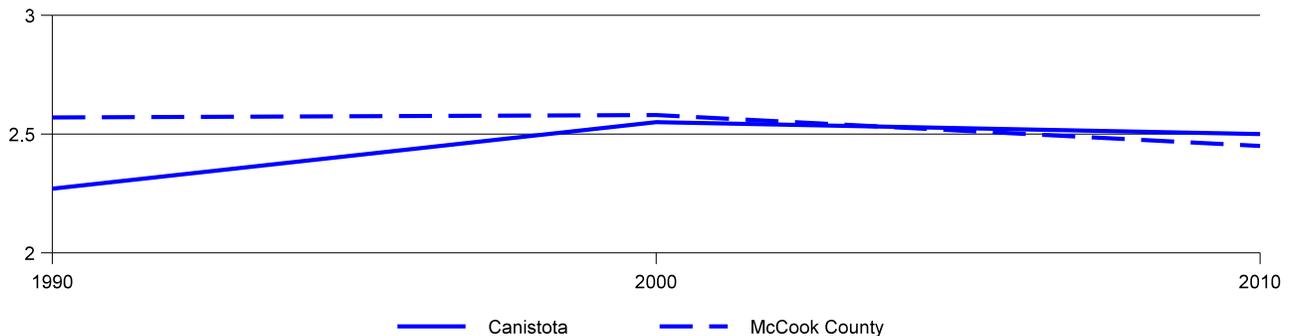
The following table provides decennial Census information on average household size. The 2014 estimates from Esri are also provided.

<b>Table 6 Average Number of Persons Per Household: 1990 to 2014</b>				
	1990 Census	2000 Census	2010 Census	2014 Esri Estimate
Canistota	2.27	2.55	2.50	2.52
McCook County	2.57	2.58	2.45	2.42
South Dakota	2.59	2.50	2.42	N/A

Source: U.S. Census; Esri, Inc.

Household formation has been occurring at a different rate than population change in recent decades due to a steady decrease in average household size. This has been caused by household composition changes, such as more single person and single parent families, fewer children per family, and more senior households due to longer life spans.

Average Household Size: 1990 to 2010



In Canistota, the average household size increased from 2.27 persons per household in 1990 to 2.50 in 2010. It is uncommon for a small City to have an increase in average household size, although the average size did decrease somewhat from 2000 to 2010. McCook County’s average household size decreased from 2.57 in 1990 to 2.45 in 2010. In 2010, Canistota and McCook County’s average household size were above the Statewide average.

Esri estimates that Canistota’s average household size has increased slightly but McCook County’s average household size has decreased slightly from 2010 to 2014.

## Household Projections

The following table presents Esri’s 2014 household estimates and 2019 household projections for Canistota and McCook County.

<b>Table 7 Household Projections Through 2019</b>			
	2010 Census	2014 Estimate Esri	2019 Projection Esri
Canistota	242	245	254
McCook County	2,168	2,227	2,315

Source: U.S. Census; Esri

- ▶ The growth projections calculated by Esri expect household growth in Canistota and McCook County from 2010 to 2019.
- ▶ Esri estimates that Canistota has added three households from 2010 to 2014 and projects that the City will add nine more households from 2014 to 2019.
- ▶ Esri’s 2014 estimate for McCook County is 2,227 households, an increase of 59 households from 2010. Esri projects that McCook County will add an additional 88 households from 2014 to 2019.

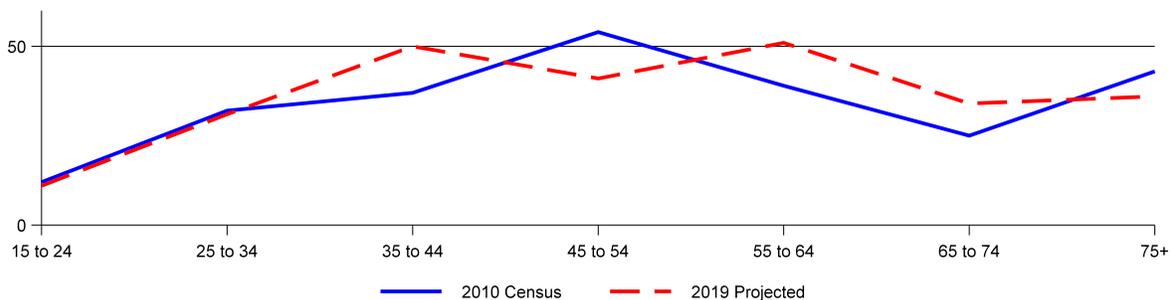
## Canistota Household by Age Projections: 2010 to 2015

Esri has released population by age projections to the year 2019. The following table present's Esri's 2019 household by age projections for Canistota, and the household changes from 2010 to 2019.

<b>Table 8 Canistota Projected Households by Age - 2010 to 2019</b>			
Age Range	2010 Census	Esri	
		2019 Projection	Change from 2010
15-24	12	11	-1
25-34	32	31	-1
35-44	37	50	13
45-54	54	41	-13
55-64	39	51	12
65-74	25	34	9
75+	43	36	-7
Total	242	254	12

Source: U.S. Census; Esri

City of Canistota Households by Age of Householder: 2010 to 2019



Consistent with the age distribution data presented earlier, the movement of the “baby boom” generation through the aging cycle should generate most of the City’s growth in households in the age ranges between 55 and 74 years old. These projections expect an increase of 21 households in Canistota from 2010 to 2019 in the 20-year age group between 55 and 74 years old. Growth of 13 households is also expected in the 35 to 44 age range. Esri’s projections expect a slight loss of two households in the 15 to 34 age ranges and a loss of 13 households in the 45 to 54 year old range, and a loss of seven households in the 75 and older age range.

## Households by Type

The 2010 Census can be compared to statistics from 2000 to examine changes in household composition. The following table looks at household trends within the City of Canistota.

<b>Table 9 Canistota Household Composition - 2000 to 2010</b>			
	2000 Census	2010 Census	Change
Family Households			
Married Couple with own children	73	50	-23
Single Parent with own children	15	19	4
Married Couple without own children	75	77	2
Family Householder without spouse	12	13	1
<b>Total Families</b>	<b>175</b>	<b>159</b>	<b>-16</b>
Non-Family Households			
Single Person	75	69	-6
Two or more persons	4	14	10
<b>Total Non-Families</b>	<b>79</b>	<b>83</b>	<b>4</b>

Source: U.S. Census

Between 2000 and 2010, Canistota experienced an overall net decrease of 16 “family” households. There was a decrease of 23 married couple families with children. The City had an increase four single parent families with children, a gain of two married couples without children and an increase of one family householder without spouse household.

The City of Canistota had a net increase of four “non-family” households. There was a decrease of six one-person households. There was an increase of 10 households that had unrelated individuals living together.

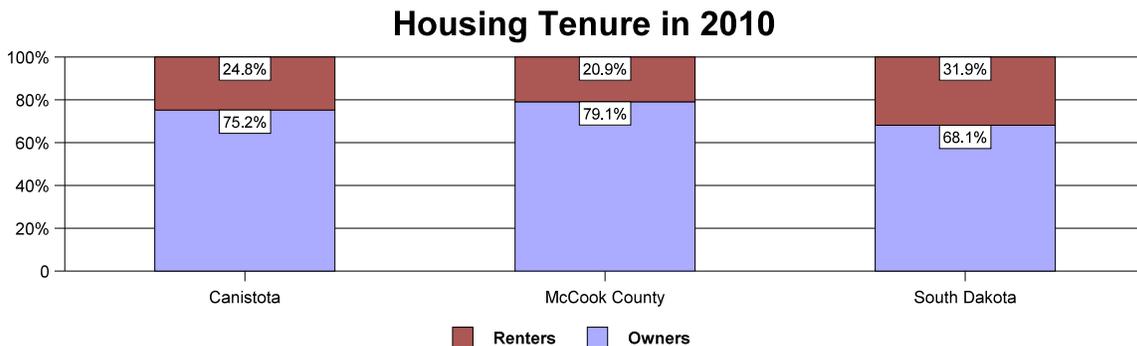
## Housing Tenure

The 2010 Census provided data on housing tenure patterns. The following tables examine tenure rates, along with changes that have occurred.

<b>Table 10 Household Tenure - 2010</b>				
	Number of Owners	Percent of all Households	Number of Renters	Percent of all Households
Canistota	182	75.2%	60	24.8%
McCook County	1,715	79.1%	453	20.9%
State	-	68.1%	-	31.9%

Source: U.S. Census

According to the 2010 Census, the ownership tenure rate in Canistota was 75.2% and McCook County's ownership rate was 79.1%. Canistota's rental tenure rate of 24.8% was below the Statewide rate of 31.9% renter households.



<b>Table 11 Households by Housing Tenure - 2000 to 2010</b>						
Tenure	Canistota			McCook County		
	2000	2010	Change	2000	2010	Change
Owners	197/77.6%	182/75.2%	-15	1,740/78.9%	1,715/79.1%	-25
Renters	57/22.4%	60/24.8%	3	464/21.1%	453/20.9%	-11
Total	254/100%	242/100%	-12	2,204/100%	2,168/100%	-36

Source: U.S. Census

The City of Canistota's ownership tenure rate decreased from 77.6% in 2000 to 75.2% in 2010. For McCook County, the ownership tenure rate increased from 78.9% in 2000 to 79.1% in 2010.

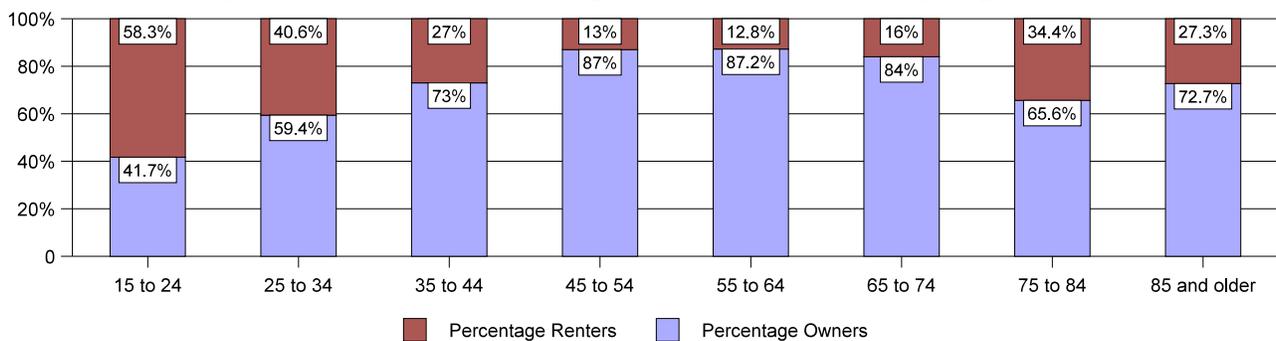
## Tenure by Age of Householder

The 2010 Census provided information on the tenure distribution of Canistota households within each defined age range. The following table examines the number and percentage of renters and owners in each age group in Canistota.

<b>Table 12 Canistota Tenure by Age of Householder - 2010</b>				
Age	Owners		Renters	
	Number	Percent within age	Number	Percent within age
15-24	5	41.7%	7	58.3%
25-34	19	59.4%	13	40.6%
35-44	27	73.0%	10	27.0%
45-54	47	87.0%	7	13.0%
55-64	34	87.2%	5	12.8%
65-74	21	84.0%	4	16.0%
75-84	21	65.6%	11	34.4%
85+	8	72.7%	3	27.3%
Total	182	75.2%	60	24.8%

Source: U.S. Census

**City of Canistota Housing Tenure Patterns by Age in 2010**



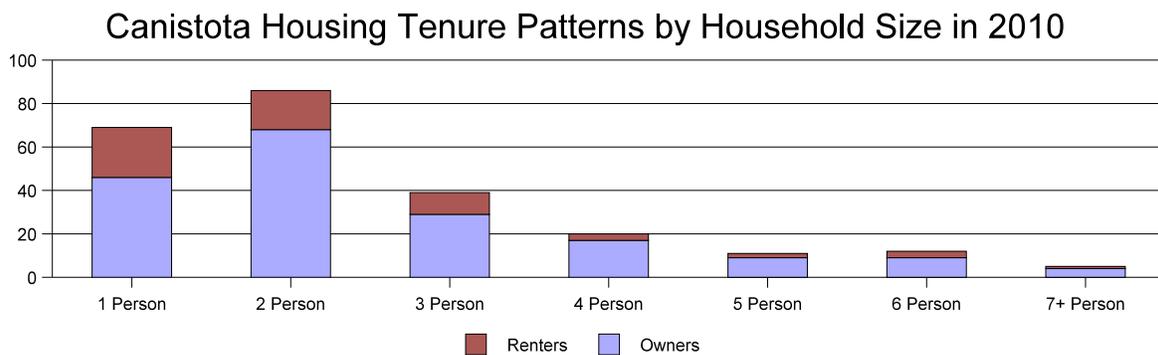
Households at the lowest end of the age spectrum showed a greater preference for rental housing. Approximately 45% of households age 34 and younger rented their unit. Home ownership rates for each of the 10-year age cohorts age 35 and older were above 65%.

## Tenure by Household Size

The 2010 Census provided information on housing tenure by household size. This can be compared to 2000 Census information to better understand trends for housing unit needs. The following table provides information for Canistota.

Table 13 Canistota Tenure by Household Size - 2000 to 2010						
Household Size	Owners			Renters		
	2000	2010	Change	2000	2010	Change
1-Person	45	46	1	30	23	-7
2-Person	69	68	-1	8	18	10
3-Person	28	29	1	9	10	1
4-Person	27	17	-10	6	3	-3
5-Person	17	9	-8	2	2	0
6-Person	10	9	-1	1	3	2
7-Persons+	1	4	3	1	1	0
Total	197	182	-15	57	60	3

Source: U.S. Census



From 2000 to 2010, there was a decrease in the number of owner households and a slight increase in the number of renter households in Canistota. There was a net increase of one household with one to three household members. There was a decrease of 19 households with four to six household members. However, there was a gain of three households with seven or more members. There was a loss of seven one-person renter households and a gain of 11 renter households with two or three members. There was a net loss of one household with four or more household members. Approximately 68% of the renter households in Canistota were one or two person households in 2010.

## 2013 Income Data

The 2010 Census did not collect information on household income. However, estimates are available at the city and county level through the 2013 American Community Survey.

Household income represents all independent households, including people living alone and unrelated individuals together in a housing unit. Families are two or more related individuals living in a household.

<b>Table 14 Median Household Income - 2000 to 2013</b>			
	2000 Median	2013 Median	% Change
Canistota	\$31,389	\$38,438	22.5%
McCook County	\$35,396	\$52,703	48.9%
South Dakota	\$35,271	\$49,495	40.3%

Source: U.S. Census; 2013 ACS 5-year survey

<b>Table 15 Median Family Income - 2000 to 2013</b>			
	2000 Median	2013 Median	% Change
Canistota	\$39,464	\$64,583	63.7%
McCook County	\$42,609	\$66,106	55.1%
South Dakota	\$43,237	\$63,195	46.2%

Source: U.S. Census; 2013 ACS 5-year survey

Information contained in the 2013 American Community Survey shows that the median household and family incomes have increased from 2000 to 2013 in Canistota and McCook County. Canistota’s median household income was well below the statewide median, however, Canistota’s median family income was above the statewide median. McCook County’s family and household incomes were both above the statewide medians.

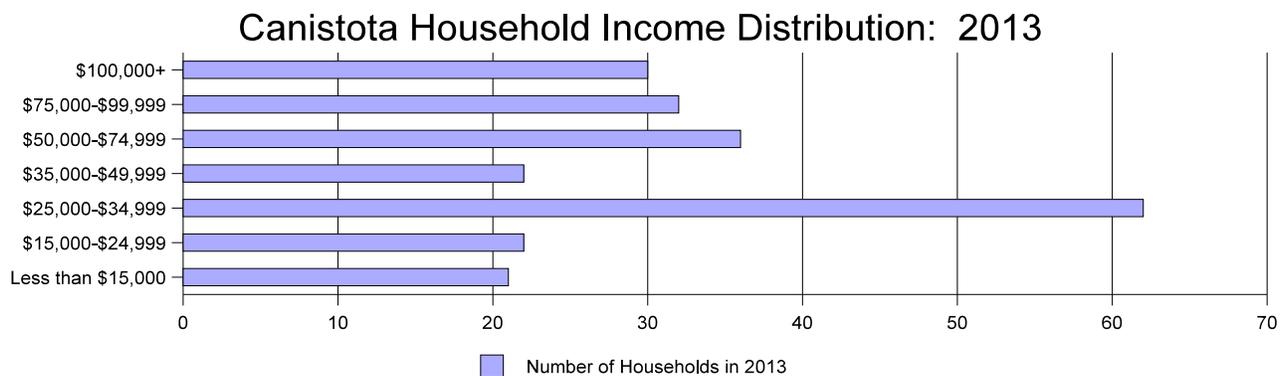
Generally, family household incomes tend to be higher than the overall household median, as families have at least two household members, and potentially more income-earners. Using the commonly accepted standard that up to 30% of gross income can be applied to housing expenses without experiencing a cost burden, a median income household in Canistota could afford approximately \$960 per month and a median income family household could afford \$1,615 per month for ownership or rental housing in 2013.

## Canistota Household Income Distribution

The 2013 American Community Survey household income estimates for Canistota can be compared to the same distribution information from 2000 to examine changes that have occurred over the past decade.

<b>Table 16 Canistota Household Income Distribution - 2000 to 2013</b>			
Household Income	Number of Households 2000	Number of Households in 2013	Change 2000 to 2013
\$0 - \$14,999	46/17.6%	21/9.3%	-25
\$15,000 - \$24,999	53/20.2%	22/9.8%	-31
\$25,000 - \$34,999	44/16.8%	62/27.6%	18
\$35,000 - \$49,999	61/23.3%	22/9.8%	-39
\$50,000 - \$74,999	38/14.5%	36/16.0%	-2
\$75,000 - \$99,999	10/3.8%	32/14.2%	22
\$100,000+	10/3.8%	30/13.3%	20
<b>Total</b>	<b>262/100%</b>	<b>225/100%</b>	<b>-37</b>

Source: 2000 Census; 2013 ACS



The 2013 American Community Survey estimated that there were 225 households in Canistota. Esri estimated that in 2014 there were 245 households in Canistota. Therefore, there may be an undercount of households in this table. However, it is still a good indicator of household income distribution.

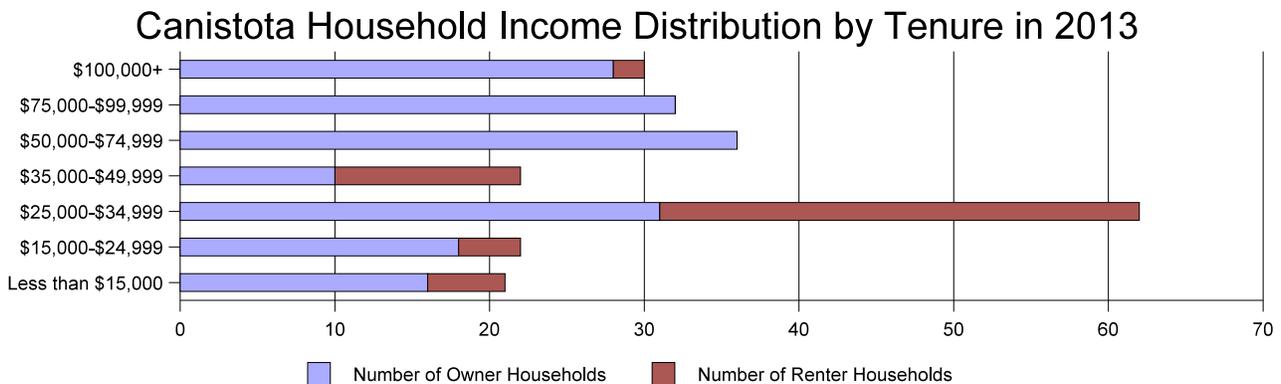
According to income estimates contained in the 2013 American Community Survey, household incomes have improved in Canistota in the highest income ranges. When compared to the 2000 Census (1999 income), the number of households with an income of \$50,000, or more, had a net increase of 40 households. Conversely, there was a net decrease of 77 households with annual incomes less than \$50,000. Although there was a decrease in the number of households in the lower income ranges, there were still 43 households with an annual income below \$25,000 in 2013, which represented 19.1% of all households in Canistota.

## Canistota Income Distribution by Housing Tenure

The 2013 American Community Survey provides income data by owner and renter status. The following table examines income distribution in Canistota. The American Community Survey is an estimate, based on limited sampling data, and there are some minor differences when compared to the 2010 Census. The 2013 American Community Survey reported income information on 225 households and the U.S. 2010 Census reported that there were 242 households in Canistota.

Household Income	Number of Owner Households	Number of Renter Households	Total Households
\$0 - \$14,999	16/9.4%	5/9.3%	21/9.3%
\$15,000 - \$24,999	18/10.5%	4/7.4%	22/9.8%
\$25,000 - \$34,999	31/18.1%	31/57.4%	62/27.6%
\$35,000 - \$49,999	10/5.8%	12/22.2%	22/9.8%
\$50,000 - \$74,999	36/21.1%	0/0%	36/16.0%
\$75,000 - \$99,999	32/18.7%	0/0%	32/14.2%
\$100,000+	28/16.4%	2/3.7%	30/13.3%
<b>Total</b>	<b>171/100%</b>	<b>54/100%</b>	<b>225/100%</b>

Source: 2013 American Community Survey



Income and housing tenure are often linked for most households, with home owners generally having higher annual income levels, and renters having lower incomes.

In 2013, approximately 74% of all renter households in Canistota had an annual income below \$35,000. At 30% of income, these households would have \$875 or less that could be applied to monthly housing costs. The median income for all renter households was approximately \$30,800 in 2013. At 30% of income, a renter at the median level could afford approximately \$770 per month or less for housing costs.

Most owner households had a higher income level than rental households. Approximately 56% of all owner households had an annual income of \$50,000 or more. The estimated median household income for owners in 2013 was approximately \$57,640. At 30% of income, an owner at the median income level could afford approximately \$1,440 per month for housing costs.

## 2013 Estimated Income and Housing Costs - Renters

The American Community Survey also collected information on housing costs. The following table provides data on the number of renter households that are paying different percentages of their gross household income for housing in the City of Canistota.

<b>Table 18 Gross Rent as a Percentage of Household Income - 2013</b>			
Percent of Income for Housing	Households Age 64 and Younger	Households Age 65 and Older	Total
Less than 20%	15	7	22/40.7%
20% to 29.9%	9	4	13/24.1%
30% to 34.9%	0	0	0/0%
35% or more	0	0	0/0%
Not Computed	19	0	9/35.2%
Total	43	11	54/100%

Source: 2013 American Community Survey

According to the American Community Survey, no renters in the City were paying 30% or more of their income for rent. Federal standards for rent subsidy programs generally identify 30% of household income as the maximum household contribution. When more than 30% of income is required, this is often called a “rent burden”. When more than 35% is required, this can be considered a “severe rent burden”.

Although the American Community Survey showed no renter households with a cost burden in 2013, this estimate was based on limited sampling within the community.

## 2013 Estimated Income and Housing Costs - Owners

The American Community Survey also provided housing cost estimates for owner-occupants. The following table provides estimates of the number of households in Canistota County that are paying different percentages of their gross household income for housing costs.

<b>Table 19 Ownership Costs as a Percentage of Income - Canistota</b>		
Percentage of Household Income for Housing Costs	Number of Owner Households 2013	Percent of All Owner Households 2013
0% to 19.9%	104	60.8%
20% to 29.9%	27	15.8%
30% to 34.9%	22	12.9%
35% or more	17	9.9%
Not Computed	1	0.6%
Total	171	100%

Source: 2013 ACS

Most owner-occupants in Canistota, which would include households with and without a mortgage, reported paying less than 30% of their income for housing. However, approximately 23% of all home owners reported that they paid more than 30% of their income for housing.

## Occupancy Status of Housing Units - 2010

Table 20 Occupancy Status of Housing Units - 2010						
	Occupied Units		Vacant Units			
	Owner	Renter	For Rent	For Sale	Seasonal Use	Other Vacant
Canistota	182	60	8	5	2	24
McCook Co.	1,715	453	114	31	25	153

Source: U.S. Census

- ▶ In 2010, according to the U.S. Census, there were 25 seasonal housing units in McCook County including two units in Canistota.
- ▶ In addition to the seasonal units in 2010, there were 298 vacant housing units in McCook County, including 37 units in Canistota.

## **Existing Home Sales**

This section examines houses that have been sold from 2010 to 2014 in the City of Canistota. The information was obtained from the South Dakota Department of Revenue, but reflects information assembled by the McCook County Equalization Office.

The County Board of Equalization collects and utilizes information from residential sales for its annual sales ratio study. The County compares the actual sale price to the estimated taxable value for each property. As a result, the County information for sales primarily reflects existing homes that have an established tax value. New construction sales activity would generally not be recorded in the data that was used for this analysis, unless the house had been constructed some time ago and did have an established tax value from the prior year.

The County also attempts to sort the residential sales into different groupings, primarily based on whether or not the house was actively listed for sale in the open market. As a result, some sales in the County's sample may have been sales that could be considered distressed, such as houses that were previously bank-owned, but were sold by the bank back into private ownership. While it can be argued that sales of bank-owned properties acquired through foreclosure are not fair market transactions, they may be included in the County data if the bank openly placed them for sale in the public market.

The County and State reject sales that show significant variation from the assessed value. Known as the "150% rule" these sales may be open market transactions but are not useful in the County's sales ratio analysis. The sales data obtained from the Department of Revenue identified the 150% rule sales. In the sales sample that follows, 150% rule sales have been included when they were open market transfers.

**Table 21 Canistota Residential Sales Activity - 2009 to 2014**

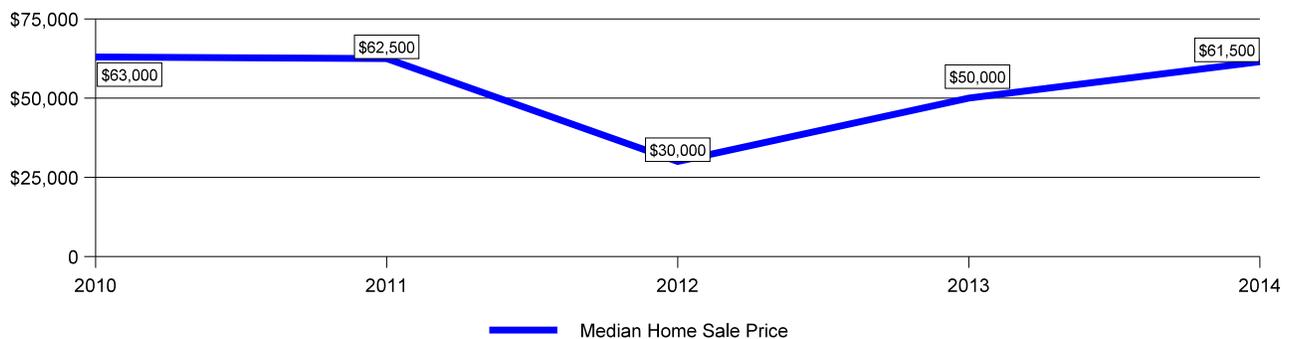
Sales Year	Number of Sales	Median Sale Price	Highest Sale	Lowest Sale
2014	16	\$61,500	\$180,000	\$12,000
2013	9	\$50,000	\$158,250	\$15,000
2012	5	\$30,000	\$65,000	\$4,500
2011	4	\$62,500	\$119,900	\$11,500
2010	11	\$63,000	\$127,000	\$23,000

Source: SD Dept. of Revenue; Community Partners Research, Inc.

Over the past five years the median home sale price in Canistota has ranged from a low of \$30,000 in 2012, to a high of \$63,000 in 2014.

In each of the years there was at least one house that sold for less than \$25,000, and at least one sale for \$65,000 or more. Over the entire five years reviewed, the highest valued sale was for \$180,000.

In 2011, there were only four sales. The two middle sales were for \$25,000 and \$100,000. We averaged these two sales to establish the median sales price for 2011.

**Median Home Sale Price: 2010 to 2014**

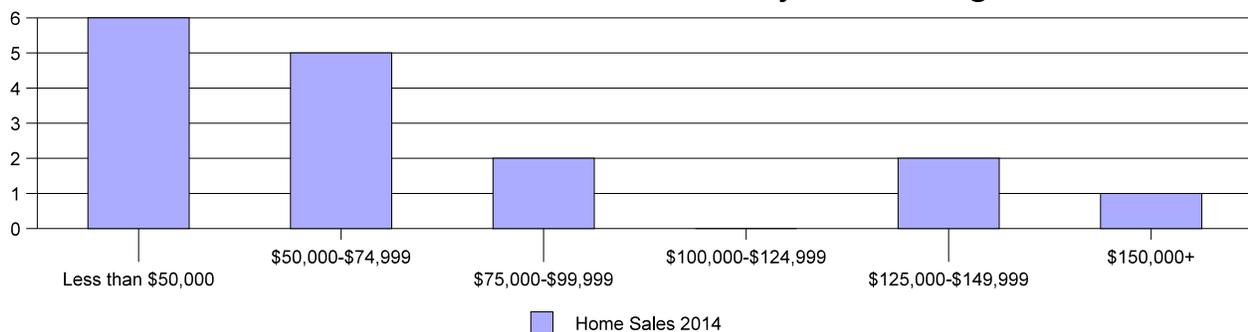
## Home Sales by Price Range

The following table looks at single family houses that sold within defined price ranges in 2014, the most recent 12-month sales sample available to the analysts.

Table 22 Canistota 12-Month Home Sales by Price Range		
Sale Price	Number of Sales	Percent of Sales
Less than \$50,000	6	37.5%
\$50,000 - \$74,999	5	31.3%
\$75,000 - \$99,999	2	12.5%
\$100,000 - \$124,999	0	0%
\$125,000 - \$149,999	2	12.5%
\$150,000 +	1	6.2%
Total	16	100%

Source: SD Dept. of Revenue; Community Partners Research, Inc.

### Recent Canistota Home Sales by Price Range



Recent home sales in Canistota have been widely distributed in different price ranges. Approximately 81% of recent sales were priced below \$100,000 and 19% sold for \$100,000 or more.

## Canistota Housing Condition

Community Partners Research, Inc. representatives conducted a visual 'windshield' survey of the 232 single family/duplex houses in Canistota. The City was divided into two neighborhoods.

The boundaries of the two neighborhoods are as follows:

- ▶ Neighborhood #1: North of Main St.
- ▶ Neighborhood #2: South of Main St.

Houses that appeared to contain three or more residential units were excluded from the survey. Houses were categorized in one of four levels of physical condition, Sound, Minor Repair, Major Repair, and Dilapidated as defined below. The visual survey analyzed only the physical condition of the visible exterior of each structure. Exterior condition is assumed to be a reasonable indicator of the structure's interior quality.

Dilapidated was the lowest rating used. These houses need major renovation to become decent, safe and sanitary housing. Some Dilapidated properties may be abandoned and may be candidates for demolition and clearance. Major Rehabilitation is defined as a house needing multiple major improvements such as roof, windows, sidings, structural/foundation, etc. Houses in this condition category may or may not be economically feasible to rehabilitate.

Minor Repair houses are judged to be generally in good condition and require less extensive repair, such as one major improvement. Houses in this condition category will generally be good candidates for rehabilitation programs because they are in a salable price range and are economically feasible to repair. Sound houses are judged to be in good, 'move-in' condition. Sound houses may contain minor code violations and still be considered Sound.

<b>Table 23 Windshield Survey Condition Estimate - 2014</b>					
	Sound	Minor Repair	Major Repair	Dilapidated	Total
Neighborhood #1	38/37.6%	25/24.8%	26/25.7%	12/11.9%	101
Neighborhood #2	51/38.9%	35/26.7%	35/26.7%	10/7.7%	131
Total	89/38.4%	60/25.8%	61/26.3%	22/9.5%	232

Source: Community Partners Research, Inc.

- ▶ Approximately 26% of the houses in the City of Canistota need minor repair and 26% need major repair. Approximately 38% are sound, with no required improvements. Twenty-two houses are dilapidated and possibly beyond repair.

## Canistota Building Permit Trends

Canistota has experienced limited new housing construction activity in recent years. The following table identifies the units that have been constructed from 2000 to 2014.

<b>Table 24 Canistota Housing Unit Construction Activity: 2000 to 2014</b>			
Year	Single Family	Two or More Units	Total Units Constructed
2014	0	0	0
2013	0	0	0
2012	0	0	0
2011	0	0	0
2010	1	0	1
2009	0	0	0
2008	0	0	0
2007	0	0	0
2006	2	0	2
2005	0	0	0
2004	1	0	1
2003	0	0	0
2002	0	0	0
2001	0	0	0
2000	0	0	0
TOTAL	4	0	4

Source: City of Canistota; Community Partners Research, Inc.

Over the past 15 years from 2000 to 2014, four new housing units have been constructed in Canistota, based on building permit issuance and U.S. Census information. All four units are single family homes.

## **Rental Housing Data**

### **Census Bureau Rental Inventory**

According to the 2010 U.S. Census, there were 60 occupied rental units and eight unoccupied rental units in Canistota, for a total estimated rental inventory of 68 units. The City's rental tenure rate in 2010 was 24.8%, below the Statewide rental rate of 31.9%.

At the time of the 2000 Census, Canistota had 57 occupied rental units, and three vacant rental units, for a total estimated rental inventory of 60 units. The rental tenure rate in 2000 was 22.4%.

Based on a Census comparison, the City had a gain of three renter-occupancy households, and an increase of approximately eight rental units from 2000 to 2010.

### **Rental Housing Survey**

As part of this housing study, a telephone survey was conducted of multifamily projects in Canistota. We also surveyed two senior with services projects in Salem and two senior with services projects in Bridgewater. Emphasis was placed on contacting properties that have four or more units. For the purposes of planning additional projects in the future, multifamily properties represent the best comparison of market potential. However, we also obtained information on some small rental properties.

Information was tallied separately for different types of rental housing, including market rate units, subsidized housing and senior independent and senior housing with services.

There were 68 housing units of all types that were contacted in the survey. Included in the 68 units are 38 light services and assisted living units located in Salem and Bridgewater. In addition to the 68 rental units, the nursing homes in McCook County, which have 159 beds, were also surveyed.

The units that were successfully contacted include:

- ▶ 14 market rate units
- ▶ 16 federally subsidized units
- ▶ 38 senior light services/assisted living units
- ▶ 159 beds in the nursing homes

The findings of the survey are provided below.

## **Market Rate Summary**

Information was obtained on 14 market rate rental units in four multifamily projects. The four projects include three mixed-use buildings and one townhouse project.

### **Unit Mix**

We obtained the bedroom mix on the 14 market rate units. The bedroom mix of the units is:

- ▶ one-bedroom - 1 (7.1%)
- ▶ two-bedroom - 12 (85.8%)
- ▶ three-bedroom - 1 (7.1%)

### **Occupancy / Vacancy**

At the time of the survey, there were no vacancies in the 14 market rate units that were surveyed. The rental property owners reported very high annual occupancy rates and a high demand for market rate rental units.

### **Rental Rates**

Rental units may include the primary utility payments within the contract rent, or the tenant may be required to pay some utilities separately, in addition to the contract rent.

In the following summary, Community Partners Research, Inc., has attempted to estimate the gross rents being charged, inclusive of an estimate for tenant-paid utilities.

The lowest and highest gross rents have been identified, as reported in the telephone survey.

<u>Unit Type</u>	<u>Lowest/Highest Gross Rents</u>
One-bedroom	\$325
Two-bedroom	\$400-\$600
Three-bedroom	\$550

Please note that the one-bedroom and three-bedroom rents that are reported above are only based on one unit.

## **Tax Credit Summary**

There are no tax credit units in Canistota.

## **Subsidized Summary**

The research completed for this Study identified one subsidized project. Canistota Apartments is a general occupancy Rural Development project which provides rental opportunities for lower income households. The project has 16 units including eight one-bedroom and eight two-bedroom units. The project includes two eight-plexes at different locations in Canistota.

The City's subsidized units have access to project-based rent assistance. These units can charge rent based on 30% of the tenant's household income up to a maximum rent.

## **Unit Mix**

The bedroom mix breakdown for the 16 subsidized housing units in Canistota Apartments is as follows:

- ▶ 8 one-bedroom (50%)
- ▶ 8 two-bedroom (50%)

## **Occupancy / Vacancy**

Canistota Apartments had two vacant one-bedroom units at the time of the survey, however, the manager reported that the units are usually fully occupied.

## **Senior Housing with Services**

### **Unit Inventory**

There are five senior with services projects in McCook County which include:

- ▶ **Canistota Good Samaritan Center** - The Canistota Good Samaritan Center is located in Canistota and includes 58 skilled nursing beds and two assisted living beds.
- ▶ **Diamond Care Center** - The Diamond Care Center is located in Bridgewater and includes 39 skilled nursing beds. The facility is part of a campus that includes Grandview Assisted Living.
- ▶ **Grandview Assisted Living** - Grandview Assisted Living is located in Bridgewater and includes 16 one and two-bedroom assisted living units. The facility provides the full array of assisted living services including meals, housekeeping, laundry, 24-hour staffing, etc. The facility is part of a campus that includes the Diamond Care Center.
- ▶ **Golden Living Center** - The Golden Living Center is located in Salem and is licensed for 58 skilled nursing and two assisted living beds. Although only 60 beds are licensed in 2015, the facility has a 63-bed capacity.
- ▶ **Leisure Assisted Living and Apartments** - Leisure Assisted Living and Apartments is located in Salem and includes 20 efficiency and two one-bedroom units. The 22 units include 10 assisted living and 12 residential living (light services) units. Currently, four tenants are assisted living residents and the remaining tenants are independent/light services tenants.

### **Occupancy / Vacancy**

At the time of the survey, the three nursing homes, Canistota Good Samaritan Center, Diamond Care Center and the Golden Living Center, all reported vacancies.

Grandview Assisted Living reported no vacancies and Leisure Assisted Living and Apartments reported several vacancies.

**Table 26 Canistota Multifamily Rental Housing Inventory**

<b>Name</b>	<b>Number of Units / Bedroom Mix</b>	<b>Rent</b>	<b>Vacancy/ Wait List</b>	<b>Tenant Mix</b>	<b>Comments</b>
<b>Market Rate</b>					
Anderson Rentals	1 - 1 bedroom <u>5 - 2 bedroom</u> 6 total units	\$275 \$300-\$400	No vacancies	General occupancy	Anderson Rentals includes four rental units in one mixed-use building and two rental units in a second mixed-use building. The six total units include one one-bedroom and five two-bedroom units. Rent is \$275 plus electricity for the two-bedroom units. Two two-bedroom units include all utilities and tenants in the other two two-bedroom units pay heat and electricity. The owner reports no vacancies.
Corner Court Apartments	<u>4 - 2 bedroom</u> 4 total units	\$500	No vacancies	General occupancy	Corner Court Apartments includes four two-bedroom town home units. The project was constructed in 1984 and remodeled in 1993. Rent is \$500 plus heat and electricity. Units are 950 to 960 square feet. The owner reports no vacancies and the units are always fully occupied.
Lambartz Properties	3 - 2 bedroom <u>1 - 3 bedroom</u> 4 total units	\$500 \$425	No vacancies	General occupancy	Lambartz Properties includes three two-bedroom units in a mixed-use building and one three-bedroom unit in a mixed-use building. The rents for the three two-bedroom units are \$500 plus heat and electricity. The rent for the three-bedroom unit is \$425 plus heat and electricity. The owner reports no vacancies.
<b>Subsidized</b>					
Canistota Apartments	8 - 1 bedroom <u>8 - 2 bedroom</u> 16 total units	30% of income	2 vacant 1-bedroom units	Family	Canistota Apartments is a 16-unit Rural Development family project. The project includes two eight-plexes. There are eight one-bedroom and eight two-bedroom units. The tenants pay 30% of their income up to a market rent of \$429 for a one-bedroom unit and \$454 for a two-bedroom unit. The manager reports two vacant one-bedroom units, however, the units are usually fully occupied.

**Table 26 Canistota Multifamily Rental Housing Inventory**

<b>Name</b>	<b>Number of Units / Bedroom Mix</b>	<b>Rent</b>	<b>Vacancy/ Wait List</b>	<b>Tenant Mix</b>	<b>Comments</b>
<b>Senior with Services</b>					
Canistota Good Samaritan Center	58 -skilled nursing <u>2-assisted living</u> 60 total beds	Based on level of services	Reported vacant beds	Skilled nursing home	The Canistota Good Samaritan Center is a skilled nursing facility with 58 skilled nursing and two assisted living beds. The administrator reports that there are vacant beds in the facility.
Diamond Care Center Bridgewater	39 - skilled <u>nursing beds</u> 39 total beds	Based on level of services	2 vacant beds	Skilled nursing home	Diamond Care Center is a 39-bed skilled nursing facility. The facility is part of a campus that includes Grandview Assisted Living. Currently, the facility has two vacant beds.
Golden Living Center Salem	58-skilled nursing <u>2-assisted living</u> 60 total beds	Based on level of services	Staff reports vacant beds	Skilled nursing home	Golden Living Center is a skilled nursing facility with 58 licensed skilled nursing beds and two assisted living beds, although, the facility has a capacity of 63 beds. Staff reports that the facility has vacant beds.
Leisure Living Assisted Living & Apartments Salem	20 - efficiency <u>2 - 1 bedroom</u> 22 total units	Based on level of services and room type	Several vacancies	Assisted Living Center/ Residential Living Center	Leisure Living in Salem is a 22-unit project. The facility can have up to 10 assisted living units and the remaining units are residential living (light services) units. Currently, four of the occupied units are assisted living and the other units have independent/light services. The facility provides the full array of assisted living services including three daily meals, laundry, housekeeping, 24-hour staffing, etc. Staff reports that there currently are vacancies in the facility.
Grandview Assisted Living Bridgewater	<u>1 &amp; 2 bedroom</u> 16 total units	Based on level of services and room type	No vacancies	Assisted Living Center	Grandview Assisted Living is located in Bridgewater and includes 16 units. The facility provides the full array of assisted living services including meals, housekeeping, laundry, 24-hour staffing, etc. Currently, the units are fully occupied.

Source: Community Partners Research, Inc.

## **Employment and Local Economic Trends**

While many factors influence the need for housing, employment opportunities represent a predominant demand generator. Without jobs and corresponding wages, the means to afford housing is severely limited.

McCook County is part of the Sioux Falls MSA. Much of the household growth that has occurred in the MSA in past decades was the direct result of job opportunities that were available, especially in the City of Sioux Falls. The type of employment, wage level, and working conditions will each influence the kind of housing that is needed and at what level of affordability.

Major employers in Sioux Falls with more than 1,000 employees include:

- ▶ Sanford Health
- ▶ Avera
- ▶ John Morrell & Company
- ▶ Wells Fargo
- ▶ Sioux Falls School District
- ▶ Citibank
- ▶ Hy-Vee Food Stores
- ▶ Sioux Valley Clinic
- ▶ Evangelical Lutheran Good Samaritan Society
- ▶ Midwest Coast Transport
- ▶ WalMart/Sam's Club
- ▶ First PREMIER Bank/PREMIER Finance Bankcard
- ▶ City of Sioux Falls
- ▶ Dept. Of Veterans Affairs Medical and Regional Office

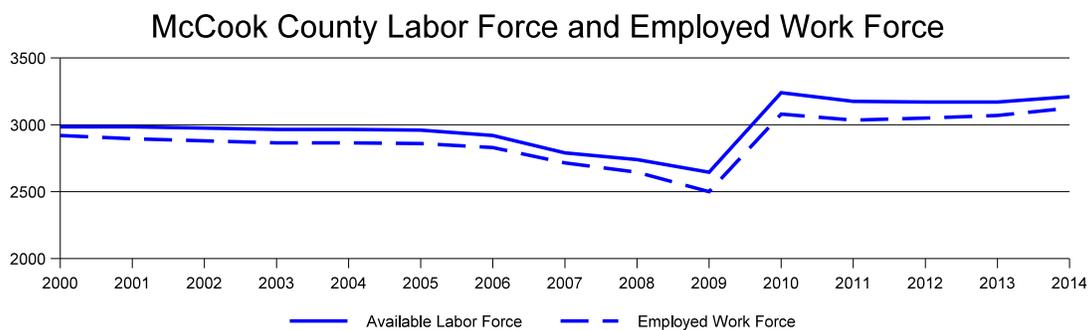
Source: Governor's Office of Economic Development

## Work Force and Unemployment Rates

Although McCook County is part of the Sioux Falls MSA, employment information has been analyzed for McCook County in this section of the Study. Data in the tables that follow have been obtained from the South Dakota Department of Labor.

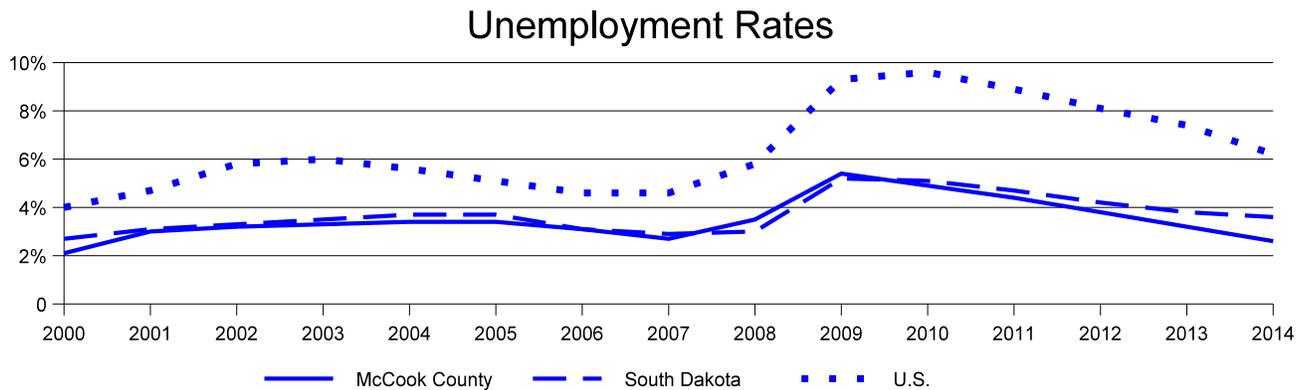
<b>Table 27 McCook County Annual Labor Statistics: 2000 to 2014</b>						
Year	Labor Force	Employed	Unemployed	Unemployment Rate - MSA	Unemployment Rate - SD	Unemployment Rate - US
2000	2,985	2,920	65	2.1%	2.7%	4.0%
2001	2,985	2,895	90	3.0%	3.1%	4.7%
2002	2,975	2,880	95	3.2%	3.3%	5.8%
2003	2,965	2,865	100	3.3%	3.5%	6.0%
2004	2,965	2,865	100	3.4%	3.7%	5.6%
2005	2,960	2,860	100	3.4%	3.7%	5.1%
2006	2,920	2,830	90	3.1%	3.1%	4.6%
2007	2,790	2,715	75	2.7%	2.9%	4.6%
2008	2,740	2,645	95	3.5%	3.0%	5.8%
2009	2,645	2,500	145	5.4%	5.2%	9.3%
2010	3,240	3,080	160	4.9%	5.1%	9.6%
2011	3,175	3,035	140	4.4%	4.7%	8.9%
2012	3,170	3,050	120	3.8%	4.2%	8.1%
2013	3,170	3,070	100	3.2%	3.8%	7.4%
2014	3,210	3,125	85	2.6%	3.6%	6.2%

Source: South Dakota Department of Labor; Community Partners Research, Inc.



After experiencing very low rates of unemployment for most of the last decade, the rate for McCook County increased rapidly between 2008 and 2009. However, in comparison to national patterns, the unemployment rate in the County was still very low. After 2009, the unemployment rate began to decrease, and by 2014 was down below 3%, and less than half of the national rate.

In terms of resident employment, 2014 represented the highest employment count of the years reviewed. However, over the 15-year period, the number of employed County residents has only increased by 7%. The size of the available resident labor force actually reached its peak level in 2010, but 2014 represented the second highest level of the years reviewed.



Throughout the entire time period reviewed, the unemployment rate in McCook County has stayed well below the national rate. For most of the years, the County's unemployment rate has also remained below the Statewide rate.

## Employment and Wages by Industry

The following table shows the annual employment and average annual wages by major employment sector in 2013, the last full year of data. It is important to note that the major employment sectors listed do not represent all employment, as some classifications, such as self-employed workers, are not included. This information is for all of McCook County.

<b>Table 28 MSA Average Annual Wages by Industry Detail - 2013</b>		
Industry	2013 Employment	Average Annual Wage
Total All Industry	1,346	\$29,506
Natural Resources, Mining	48	\$34,498
Construction	71	\$33,961
Manufacturing	N/A	N/A
Trade, Transportation, Utilities	326	\$33,312
Information	32	\$40,462
Financial Activities	55	\$37,836
Professional and Business Services	85	\$38,564
Education and Health Services	278	\$24,819
Leisure and Hospitality	76	\$8,255
Other Services	N/A	N/A
Government	295	\$26,219

Source: South Dakota Department of Labor

The average annual wage for all industry in 2013 was \$29,506 in McCook County. The County’s average wage was more than \$12,000 below the average in 2013 for the entire Sioux Falls MSA.

The highest paying wage sector in McCook County was Information, with an annual wage of more than \$40,000. However, the Information sector employed only 32 people. The lowest average wage was paid in the Leisure and Hospitality sector, at only \$8,255.

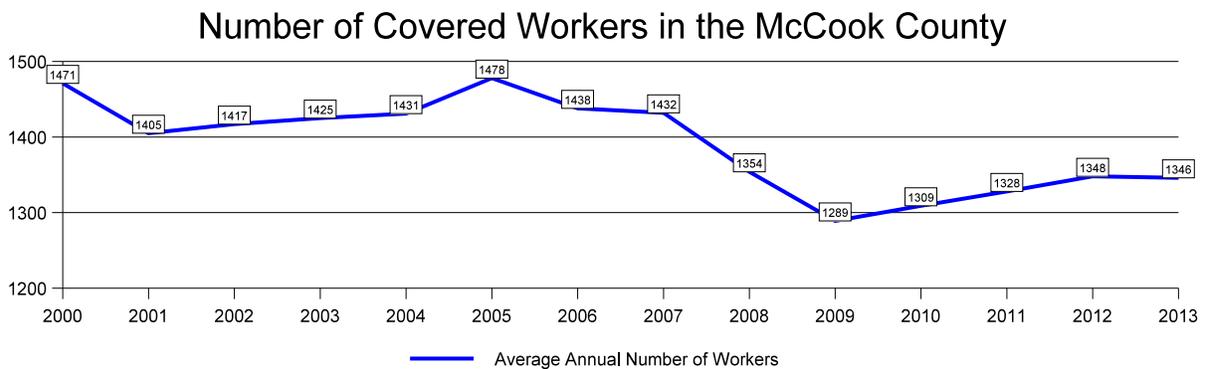
In terms of actual employment, the largest single sector was Trade, Transportation and Utilities, with 326 people. This is a broad sector, with a wide variation in annual wages for sub-sectors.

## Annual Covered Employment

Since the Quarterly Census of Covered Workers (QCEW) tracks employees covered by unemployment insurance by location of the worker, it is possible to examine longer-term patterns in the local employment level. The following table displays the total number of workers reported in the County back to the year 2000.

<b>Table 30 McCook County Average Annual Employment</b>			
Year	Total Covered Employment	Year	Total Covered Employment
2000	1,471	2007	1,432
2001	1,405	2008	1,354
2002	1,417	2009	1,289
2003	1,425	2010	1,309
2004	1,431	2011	1,328
2005	1,478	2012	1,348
2006	1,438	2013	1,346

Source: QCEW - SD Department of Labor



When viewed over a longer-term there has been downward movement in the number of employees working in McCook County. If 2013 is compared to the year 2000, there has been a decrease of 125 reported workers covered by unemployment insurance, or a reduction of 8.5%. However, much of this loss occurred between 2005 and 2009. Since 2009, there has been a gradual increase in the number of covered workers.

## Commuting Patterns of Area Workers

Some information is available on area workers that commute for employment. The best information is from the 2013 American Community Survey, and has been examined for the City of Canistota. The first table examines City residents that traveled to work and excludes people that work at home.

<b>Table 32 Commuting Times for Canistota Residents - 2013</b>		
Travel Time	Number	Percent
Less than 10 minutes	119	46.3%
10 to 19 minutes	24	9.3%
20 to 29 minutes	2	0.8%
30 minutes +	112	43.6%
Total	257	100%

Source: 2013 American Community Survey

Although many residents appeared to work locally, a majority of Canistota residents were commuting 10 minutes or more to work in 2013, and were apparently employed outside of the city limits. Overall, nearly 44% of residents commuted 30 minutes or more to work, which would imply that people were employed in Sioux Falls, Mitchell or other area regional centers.

The American Community Survey also identifies travel time by location of employment. For people that worked in Canistota, the following travel times were identified.

<b>Table 33 Commuting Times for Canistota-based Employees - 2013</b>		
Travel Time	Number	Percent
Less than 10 minutes	81	39.5%
10 to 19 minutes	46	22.4%
20 to 29 minutes	34	16.6%
30 minutes +	44	21.5%
Total	205	100%

Source: 2013 American Community Survey

Most of the people that worked in Canistota lived within the immediate area, as approximately 62% traveled 19 minutes or less to the City. However, approximately 38% of city-based workers did commute from greater distances, and traveled 20 minutes or more to Canistota.

## **Census On the Map**

The Census Bureau also produces commuter reports through its Center for Economic Studies division. This information is based on reports for the year 2011, but provides a further breakdown of worker movement.

According to the report for Canistota, there were 118 people that were employed within the City in 2011. Only 10% of these City-based employees also lived in Canistota. The remaining 90% of employees lived outside the City and commuted in for their job.

On the Map can also be used to track worker outflow patterns from the City. Overall, there were 243 Canistota residents that were employed. Most of these City residents worked outside the community, as more than 95% left the City for their job. Only 5% of City residents also worked within their home community.

## **Findings on Growth Trends**

As part of this Study, Community Partners Research, Inc., has examined growth patterns for Canistota and McCook County over the past few decades. These historic growth trends have then been used as a basis for projecting future demographic changes in the area.

Canistota's population increased by 15.1% from 1990 to 2000. The population increased from 608 in 1990 to 700 in 2000. However, from 2000 to 2010, Canistota's population decreased by 44 people, which was a population loss of 9.4%.

McCook County's population increased from 5,688 in 1990 to 5,832 in 2000, which was an increase of 2.5%. The population decreased in the 2000s from 5,832 in 2000 to 5,618 in 2010, which was a population loss of 3.7%.

Household levels in Canistota and McCook County increased from 1990 to 2000 but then decreased from 2000 to 2010. Canistota experienced a gain of 13 households from 1990 to 2000 and a loss of 12 households from 2000 to 2010. McCook County had an increase of 59 households from 1990 to 2000 and a loss of 36 households from 2000 to 2010.

Esri estimates that Canistota and McCook County gained population and households from 2010 to 2014. Esri estimates that Canistota gained four people and three households and McCook County gained 85 people and 59 households from 2010 to 2014.

## **Findings on Projected Growth**

This Study has utilized Esri's projections for Canistota and McCook County, which show continued growth patterns established over the past four years. Esri projects that Canistota's population will increase by 13 people from 2014 to 2019. The household projections expect a gain of nine households from 2014 to 2019.

McCook County is expected to gain approximately 171 people from 2014 to 2019. McCook County's household projections expect a gain of 88 households from 2014 to 2019.

## **Summary of Canistota’s Growth Projections by Age Group**

The Demographic section of this Study presented Canistota projection information on anticipated changes by age group from 2010 to 2019. This information can be informative in determining the housing that may be needed due to age patterns of the City’s population.

Consistent with the age distribution data presented earlier, the movement of the “baby boom” generation through the aging cycle should generate much of the City’s growth in households in the age ranges between 55 and 74 years old. Age projections would expect the City to add approximately 21 households in the 55 to 74 age ranges from 2010 to 2019.

The Esri age-based projections also expect an increase of 13 households in the 35 to 44 age range.

Canistota is projected to lose two households in the 15 to 34 age ranges, 13 households in the 45 to 54 and older age range, and seven households in the 75 and older age range.

The projections assume that historical patterns will continue into the near-future, especially related to household formation and household size within specific age groups. If Canistota adds population at a rate that is faster or slower than past patterns would suggest, traditional age-based forecasts would be altered.

<u>Age Range</u>	<u>Projected Change in Households 2010 to 2019</u>
15 to 24	-1
25 to 34	-1
35 to 44	13
45 to 54	-13
55 to 64	12
65 to 74	9
75 and older	-7
Total	12

## **Findings on Unit Demand by Type of Housing**

Based on the household by age projections presented earlier, the changing age composition of Canistota's population through the projection period will have an impact on demand for housing.

**Age 24 and Younger** - The projections used for this Study expect a loss of one household in the 15 to 24 age range through the year 2019. Past tenure patterns indicate that approximately 58% of these households in Canistota will rent their housing. A slight decrease in the number of households in this age range should mean that rental demand from younger households will remain stable during the projection period.

**25 to 34 Years Old** - The projections show a loss of one household in this age range by 2019. Within this age range households often move from rental to ownership housing. The ownership rate among these households in Canistota was approximately 41% in 2010. A household decrease of one household within this age range indicates demand for both first-time home buyer and rental opportunities from this age range will not change during the projection period.

**35 to 44 Years Old** - The projections for this 10-year age cohort expect a gain of 13 households between 2010 and 2019 in Canistota. In the past, this age group has had a high rate of home ownership in Canistota, at approximately 73%. Households within this range often represent both first-time buyers and households looking to trade-up in housing, selling their starter home for a more expensive house.

**45 to 54 Years Old** - By 2019, this age cohort will represent the front-end of the "baby bust" generation that followed behind the baby boomers. This age group represents a much smaller segment of the population than the baby boom age group. For Canistota, the projections show a loss of 13 households in this range. This age group historically has had a high rate of home ownership, approximately 87% in Canistota in 2010, and will often look for trade-up housing opportunities. A loss in the number of households in this age group, indicates that the demand for trade-up housing will decrease during the projection period.

**55 to 64 Years Old** - This age range is part of the baby boom generation. The projections show an increase of 12 households in this 10-year age range by the year 2019 in the City. This age range has traditionally a high rate of home ownership in Canistota, at approximately 87% in 2010. Age-appropriate

housing, such as town house or twin home units, is often well suited to the life-cycle preferences of this age group, as no maintenance/low maintenance housing has become a popular option for empty-nesters.

**65 to 74 Years Old** - A gain of nine households is expected by the year 2019 in the 65 to 74 age range. While this group will begin moving to life-cycle housing options as they age, the younger seniors are still predominantly home owners. At the time of the 2010 Census, approximately 84% of the households in this age range owned their housing in Canistota. Once again, preferences for age-appropriate units would increase from household growth within this age cohort.

**75 Years and Older** - There is a projected loss of seven households in Canistota in this age range between 2010 and 2019. In the past, households within this 10-year age range have had a relatively low rate of home ownership in Canistota. An expansion of housing options for seniors, including high quality rental housing, should appeal to this age group. In most cases, income levels for senior households have been improving, as people have done better retirement planning. As a result, households in this age range may have fewer cost limitations for housing choices than previous generations of seniors.

These demographic trends will be incorporated into the recommendations that follow later in this section.

## **Findings on Housing Unit Demand and Tenure**

Calculations for total future housing need are generally based on three demand generators; household growth, replacement of lost housing units, and pent-up, or existing demand for units from households that already exist but are not being served.

***Demand from Growth*** - The household projections used for this Study expect Canistota to gain nine households and McCook County will gain 88 households from 2014 to 2019. Household growth in Canistota and McCook County will yield some demand for new housing production in Canistota.

***Replacement of Lost Owner-Occupancy Units*** - It is difficult to quantify the number of units that are lost from the housing stock on an annual basis. Unit losses may be caused by demolition activity, losses to fire or natural disasters, and to causes such as deterioration or obsolescence. In Canistota, some dilapidated housing has been demolished, and more units will be removed in the future. As a result, we have included an allowance for unit replacement in the recommendations that follow.

***Replacement of Lost Renter-Occupancy Units*** - It is also difficult to accurately quantify the number of units that are lost from the rental housing stock on an annual basis, however, we are projecting that rental units will be removed from the rental inventory over the next several years. As a result, we have included a minor allowance for unit replacement in the recommendations that follow.

***Pent-Up Demand*** - The third primary demand-generator for new housing is caused by unmet need among existing households, or pent-up demand. Household growth and shifting age patterns have created demand for certain types of age-appropriate housing in Canistota. We have included our estimates of pent-up demand into the specific recommendations that follow later in this section.

## **Strengths for Housing Development**

The following strengths for the City of Canistota were identified through statistical data, local interviews, research and on-site review of the local housing stock.

- ▶ **Canistota serves as a small regional center** - Canistota provides employment opportunities, retail/service options, health and professional services, governmental services and recreational facilities for a small geographical area that surrounds the City.
- ▶ **Affordable priced housing stock** - The City of Canistota has a stock of affordable, existing houses. Our analysis shows that the City's median home value based on recent sales is approximately \$61,500. This existing stock, when available for sale, provides an affordable option for home ownership.
- ▶ **Adequate land for development** - Canistota has adequate land available for both residential and commercial/industrial development. However, some of this land needs to be serviced with infrastructure improvements and/or annexed into the City limits.
- ▶ **Educational system** - Canistota has an excellent public K-12 school system.
- ▶ **Infrastructure** - Canistota's water and sewer infrastructure can accommodate future expansion.
- ▶ **Commercial development** - Canistota's commercial district is adequate to meet most daily needs.
- ▶ **Canistota Development Corporation** - The Canistota Development Corporation is active in addressing Canistota's housing needs.
- ▶ **Employers** - Canistota has several employers that provide job opportunities for local residents.
- ▶ **Commuters** - More than 100 employees are commuting into Canistota daily for work. These commuters are a potential market for future housing construction.

- ▶ **Proximity to Sioux Falls and Mitchell** - Canistota is located 28 miles from Sioux Falls and 38 miles from Mitchell. Sioux Falls and Mitchell provide employment opportunities, retail/service options, educational opportunities, health care facilities and cultural amenities. Some households prefer to live near, but not in a large regional center.
- ▶ **Ortman Chiropractic Clinic** - The Ortman Chiropractic Clinic is a well-known clinic with an excellent reputation. Thousands of patients come to Canistota annually.

## **Barriers or Limitations to Housing Activities**

Our research also identified the following barriers or limitations that hinder or prevent certain housing activities in Canistota.

- ▶ **Age and condition of the housing stock** - While the existing stock is affordable, some of the housing is in need of improvements to meet expectations of potential buyers.
- ▶ **Low rent structure** - The area's rent structure is relatively low, which makes it difficult to construct new rental housing.
- ▶ **Value gap deters new owner-occupied construction** - Based on market values from recent residential sales, we estimate that the median priced home in Canistota is valued at approximately \$61,500. This is below the comparable cost for new housing construction, which will generally be above \$160,000 for a stick built home with commonly expected amenities. This creates a value gap between new construction and existing homes. This can be a disincentive for any type of speculative building and can also deter customized construction, unless the owner is willing to accept a potential loss on their investment.
- ▶ **Lower paying jobs** - Although Canistota has job opportunities, some jobs are at the lower end of the pay scale and employees with these jobs have limited housing choices.
- ▶ **Population and household growth** - Historical data indicates that the City is not expected to add a significant number of households over the next several years.
- ▶ **Commercial/retail option** - Canistota has a limited number of commercial and retail opportunities compared to larger regional centers.
- ▶ **Proximity to Sioux Falls and Mitchell** - Although it is a strength to be located in close proximity to Sioux Falls and Mitchell, it is also a barrier as Canistota must compete with these regional centers, which offer attractive residential opportunities and other amenities and services.

## **Recommendations, Strategies and Housing Market Opportunities**

Based on the research contained in this study, and the housing strengths and barriers identified above, we believe that the following recommendations are realistic options for Canistota. They are based on the following strategies.

- ▶ **Be realistic in expectations for housing development** - Large-scale residential growth has not occurred in the recent past and is not likely to occur in the near future. The scale of activities proposed for the future should be comparable with the area's potential for growth.
- ▶ **Proactive community involvement** - New home and apartment construction will more likely occur in Canistota if there is proactive support from the City, local and regional housing and economic development agencies and the South Dakota Housing Development Authority.
- ▶ **Protect the existing housing stock** - The future of Canistota will be heavily dependent on the City's appeal as a residential location. The condition of the existing housing stock is a major factor in determining the City's long-term viability. The existing housing stock is in good condition and is a major asset, however, rehabilitation efforts are needed to preserve the housing stock.
- ▶ **Protect the existing assets and resources** - Canistota has several assets including a K-12 school, the Ortman Clinic, a Downtown Commercial District, recreational opportunities, etc. These are strong assets that make Canistota a desirable community to live in, and are key components to the City's long-term success and viability. These assets must be protected and improved.
- ▶ **Develop a realistic action plan with goals and time lines** - In the past the City has been involved in housing issues. The City should prioritize its housing issues and establish goals and time lines to achieve success in addressing its housing needs.
- ▶ **Access all available resources for housing** - In addition to the local efforts, the City has other resources to draw on including USDA Rural Development, the South Dakota Housing Development Authority, the Southeastern Council of Governments, the Southeastern Development Foundation, Inter-Lakes Community Action Partnership, and Grow South Dakota. These resources should continue to be accessed as needed to assist with housing activities.

## **Summary of Findings/Recommendations**

The findings/recommendations for the City of Canistota have been formulated through the analysis of the information provided in the previous sections and include 19 recommendations. The findings/recommendations have been developed in the following five categories:

- ▶ **Rental Housing Development**
- ▶ **Home Ownership**
- ▶ **Single Family Housing Development**
- ▶ **Housing Rehabilitation**
- ▶ **Other Housing Issues**

The findings/recommendations for each category are as follows:

### **Rental Housing Development**

1. Develop 10 to 12 general occupancy market rate rental units
2. Promote the development/conversion of five to six affordable market rate rental housing units
3. Monitor the need for additional subsidized rental housing units
4. Consider the development of 20 to 26 senior housing with services units
5. Develop a downtown mixed-use commercial/housing project
6. Apply to access the Housing Choice Voucher Program

### **Home Ownership**

7. Continue to utilize and promote all programs that assist with home ownership
8. Develop a purchase/rehabilitation program

**Single Family Housing Development**

9. Monitor lot availability and development
10. Strategies to encourage residential lot sales and new home construction in Canistota
11. Coordinate with economic development agencies, housing agencies and nonprofit groups to construct affordable housing
12. Promote twin home/town home development

**Housing Rehabilitation**

13. Promote rental housing rehabilitation
14. Promote owner-occupied housing rehabilitation efforts

**Other Housing Initiatives**

15. Continue to acquire and demolish dilapidated structures
16. Create a plan and a coordinated effort among housing agencies
17. Promote commercial rehabilitation and development
18. Develop home ownership and new construction marketing programs
19. Competition with other jurisdictions

# **Canistota - Rental Housing Development**

## **Rental Housing Development**

**Overview:** In recent decades it has been difficult to produce new rental housing units that are viewed as “affordable” when compared to existing rental housing. A number of factors, including federal tax policy, state property tax rates, high construction costs and a low rent structure, have all contributed to the difficulty in developing rental housing in most South Dakota communities.

From 2000 to 2014, no rental units were constructed in Canistota. However, some single family homes were converted from owner-occupied to rental use between 2000 and 2014.

Demand for new rental housing is typically generated from three factors:

- ▶ Growth from new households
- ▶ Replacement of lost units
- ▶ Pent-up demand from existing households

Our household projections for Canistota expect limited household growth over the next five years. From 2014 to 2019, it is projected that there will be a gain of nine households. It is estimated that approximately 40% of these households will be rental households, thus, there will be a demand of approximately four additional rental units due to household growth over the next five years.

Demand created by replacement of lost units is more difficult to determine, but the best available evidence suggests that the City will lose as many as two to three units per year. As a result, approximately 10 to 15 additional units will be needed over the next five years to replace lost units. In some cases, this unit replacement will be necessary as existing units are removed from the inventory through demolition or conversion. In other cases, this replacement is appropriate due to the deteriorating condition of older, substandard rental housing that should be removed from the occupied stock. Rental units will also be lost due to rental units converting to owner occupancy.

Pent-up demand also exists. As part of this study, a rental survey was conducted. The survey found no vacancies in general occupancy market rate units, and two vacancies in the subsidized units. The nursing homes in the County all had vacant beds. One of the assisted living facilities had no vacancies and one assisted living facility reported several vacant beds.

We identified pent-up demand for market rate rental units, and senior independent living/light services and memory care units.

These three demand generators, after factoring current vacancy rates, show a need for 35 to 44 rental units over the next five years. Based on the factors stated above, we recommend the development of the following new rental units over the next five years from 2015 to 2020.

▶ General Occupancy Market Rate	10-12 units
▶ Subsidized	0 units
▶ Affordable/Conversions	5-6 units
▶ Senior with Services	<u>20-26 units</u>
Total	35-44 units

### **1. Develop 10 to 12 general occupancy market rate rental units**

**Findings:** Approximately 76% of the rental housing in the City of Canistota can be classified as general occupancy market rate housing. These units are free of any specific occupancy restrictions such as financial status, age, or student enrollment. Market rate housing does not have any form of rent controls, other than those imposed by the competitive marketplace.

In the 14 market rate rental units we surveyed, we found no vacancies. The owners of rental properties reported very high annual occupancy rates and strong demand for rental housing.

There is a wide variation in rental rates in the market rate segment in the City of Canistota. The existing rent range including utilities for the units is \$325 for a one-bedroom unit, \$400 to \$600 for a two-bedroom unit and \$550 for a three-bedroom unit.

From 2000 to 2014, no market rate rental units were constructed in Canistota. However, some single family homes converted from owner-occupied to rental units partially due to the downturn in the economy.

**Recommendation:** As stated earlier in this section, rental housing demand is based on household growth, pent-up demand and replacement of housing units that have been demolished or converted.

Based on this combination of demand generators, we believe that it is reasonable to plan for the production of 10 to 12 market rate rental units over the next five years.

The majority of the new units constructed over the next five years should be one and two-bedroom units.

Town home-style units or high quality apartment buildings are both options in addressing the need for market rate units. The projects, to be successful, should have 'state of the art' amenities. It may be advantageous for new units to be constructed in smaller project phases. This strategy allows the new units to be absorbed into the market.

The first option to developing market rate housing would be to encourage private developers to undertake the construction of market rate rental housing. If private developers do not proceed, the Canistota Development Corporation could potentially utilize essential function bonds, or similar funding sources, to construct market rate units.

Also, the Canistota Development Corporation could partner with private developers to construct units. Additionally, the City could assist with land donations, tax increment financing, reduced water and sewer hook up fees, etc.

**Recommended unit mix, sizes and rents for the Canistota Market Rate Housing Units:**

<u>Unit Type</u>	<u>No. of Units</u>	<u>Size/Sq. Ft.</u>	<u>Rent</u>
One Bedroom	2-3	750 - 850	\$625 - \$675
Two Bedroom	6-7	900 - 1,000	\$700 - \$800
Three Bedroom	<u>2</u>	1,100 - 1,200	\$850 - \$1,000
Total	10-12		

**Note:** The recommended rents are gross rents including all utilities. The rents are quoted in 2015 dollars.

**2. Promote the development/conversion of five to six affordable market rate rental housing units**

**Findings:** The previous recommendation had addressed the market potential to develop high quality rental units in Canistota. Unfortunately, these units would tend to be beyond the financial capability of many area renters. A majority of Canistota's renter households have an annual income below \$25,000. These households would need a rental unit at \$625 per month or less.

There is evidence that Canistota has lost rental housing over the years due to deterioration and demolition. Part of the need for additional rental units in Canistota is to provide for unit replacement. Unfortunately, most of the lost units are probably very affordable, and new construction will not replace these units in a similar price range.

There are still some programs for affordable housing creation for moderate income renters. The federal low income housing tax credit program is one available resource. However, competition for tax credits is very difficult, and few awards are made to small cities for small rental projects.

**Recommendation:** We would encourage the City of Canistota to promote the development/conversion of more affordable rental units. A goal of five to six units over the next five years would help to replace affordable housing that has been lost.

It would be difficult to create units through new construction. Instead, it may be more practical to work on building renovation or conversion projects that can create housing. This opportunity may arise in downtown buildings, or through the purchase and rehabilitation of existing single family homes. Several single family homes have been rehabilitated for rental housing by local individuals.

The estimated prevailing rent range for older rental units in Canistota is typically between \$300 and \$600 per month. Creating some additional units with contract rents below \$625 per month would help to expand the choices available to a majority of the City's renter households.

It is probable that the proposed rent structure for some units could only be obtained with financial commitments from other sources such as tax increment financing or property tax deferral from the City and other financial resources from funding agencies such as the South Dakota Housing Development Authority.

### **3. Monitor the need for additional subsidized rental housing units**

**Findings:** The term subsidized rental housing, as used in this Study, refers to rental units that have been constructed to serve low and moderate income people. In nearly all cases, subsidized housing has utilized federal resources that provide a "deep subsidy", allowing very low income people access to the housing at an affordable price.

The research completed for this Study found one subsidized project in Canistota, Canistota Apartments, which is a 16-unit Rural Development family project. The project includes two eight-plexes. There are eight one-bedroom and eight two-bedroom units. The tenants pay 30% of their income up to a market rent of \$429 for a one-bedroom unit and \$454 for a two-bedroom unit. The manager reports two vacant one-bedroom units, however, the units are usually fully occupied.

The 2013 American Community survey estimated that no renters in the City of Canistota were paying 30% or more of their income for rent, although this was based on limited sampling in the community.

**Recommendation:** We do not recommend the development of additional subsidized rental housing at this time. When the rental survey was conducted, there were two vacancies in the Canistota Apartments, which is a 16-unit subsidized project. Also, based on the 2013 American Community Survey, no Canistota residents were paying more than 30% of their income for rent. However, this estimate was based on limited sampling and it is probable that there are a few tenants paying more than 30% of their income for rent at this time.

We have recommended 10 to 12 market rate units. We also recommended five to six affordable/conversion market rate units. We do recommend that the City monitor the need for the production of subsidized housing in the future.

#### **4. Consider the development of 20 to 26 senior with services units**

**Findings:** Senior housing with services defines a wide range of housing types. Skilled nursing homes, assisted living and memory care housing are generally the most service-intensive units. High-service housing provides 24-hour staffing and a high level of assistance with daily living needs of residents.

Lower-service housing, sometimes referred to as congregate senior housing, generally offers the availability of a daily meal, and services such as weekly light housekeeping. McCook County has five specialized projects that provide housing with supportive services for an elderly population. These senior with services projects include:

- ▶ **Canistota Good Samaritan Center** - The Canistota Good Samaritan Center is located in Canistota and includes 58 skilled nursing beds and two assisted living beds.
- ▶ **Diamond Care Center** - The Diamond Care Center is located in Bridgewater and includes 39 skilled nursing beds. The facility is part of a campus that includes Grandview Assisted Living.
- ▶ **Grandview Assisted Living** - Grandview Assisted Living is located in Bridgewater and includes 16 one and two-bedroom assisted living units. The facility provides the full array of assisted living services including meals, housekeeping, laundry, 24-hour staffing, etc. The facility is part of a campus that includes the Diamond Care Center.

- ▶ **Golden Living Center** - The Golden Living Center is located in Salem and is licensed for 58 skilled nursing and two assisted living beds. The facility has a 63-bed capacity.
- ▶ **Leisure Assisted Living and Apartments** - Leisure Assisted Living and Apartments is located in Salem and includes 20 efficiency and two one-bedroom units. The 22 units include 10 assisted living and 12 residential living (light services) units. Currently, four tenants are assisted living residents and the remaining tenants are independent/light services tenants.

To determine future senior with services housing demand in Canistota, we determined that Canistota's market for senior with services housing includes all of McCook County.

**Recommendation:** In 2010, McCook County had 1,224 people between the age of 65 and 74 and 571 people over the age of 75. The growth projections show some continued growth in the area's senior population over the next few years.

- ▶ **Skilled Nursing Home** - The research for this Study points to a decreasing reliance on nursing homes as a long-term residency option for older senior citizens. Over time, the nursing homes have tended to use more beds for rehab/recovery stays, or other specialized uses. There has also been a long-standing State moratorium that limits expansion in most cases. No recommendations are offered for this type of specialized housing. McCook County has three well-established providers that serve this segment of the market.
- ▶ **Memory Care Housing** - There are no designated memory care beds in a secured facility in McCook County. However, the nursing homes all serve residents that have memory loss issues. Local providers do report some unmet demand for this type of specialized memory care housing. Based on the demand for the beds and unmet need, we recommend the development of 10 to 14 beds in a secure facility dedicated for memory care over the next five years.
- ▶ **Assisted Living** - Currently, Grandview Assisted Living has 16 assisted living units. Leisure Living Assisted Living and Apartments has 22 units that have the flexibility to be utilized for assisted living or independent/light services living. Currently, four units have assisted living residents. Also, the Golden Living Center and the Canistota Good Samaritan Center each have two assisted living beds. It is our opinion that based on McCook County's older population and the existing number of assisted

living units/beds in the four facilities, there is an adequate number of units/beds in the County to address demand. However, we recommend that the need for assisted living beds should continue to be monitored.

- ▶ ***Independent/Light Service Housing*** - Currently, there is one independent/light service project in McCook County. Leisure Assisted Living and Apartments is located in Salem and has 22 units. Twelve of the units are used for lighter services housing and 10 units are licensed for assisted living residents. However, if there is not sufficient demand for assisted living, these units can be used for independent/light services housing. If a 4% capture rate could be achieved among older senior households in McCook County, approximately 23 units of market rate independent/lighter services housing could be supported. More units could be justified if a higher capture rate is achieved within the primary target market. With 12 designated units in Leisure Living, McCook County has a need for 10 to 12 additional independent/light services senior housing units.

Therefore, we are recommending a 10 to 12 unit light services senior rental project in Canistota. The project's amenities and features should include:

- ▶ A community room including a community dining room and kitchen
- ▶ 24-hour call system
- ▶ A limited access security system
- ▶ Smoke alarms
- ▶ Enclosed parking
- ▶ Spacious corridor with a theme such as a streetscape design

Apartment features should include:

- ▶ 10 to 12 units
  - ▶ 3-4 one bedroom
  - ▶ 7-8 two bedroom
- ▶ Fully equipped kitchen
- ▶ Large storage room
- ▶ Ample closet space
- ▶ Laundry hookups
- ▶ Open floor plan
- ▶ Private patio
- ▶ Individually controlled heat and AC
- ▶ Raised outlets, lever door handles, lowered kitchen cabinets
- ▶ Expansive windows

Services could include:

- ▶ Noon meal
- ▶ Weekly housekeeping
- ▶ Optional home healthcare
- ▶ Social activities

This project is intended to be senior independent living supplemented with limited services and community support.

The location of the project should be close to services as the project will be primarily occupied by older seniors. Currently, there is a site adjacent to Canistota Good Samaritan Center, which would be an ideal location for the project.

The supply and demand overview presented above indicates potential demand for 10 to 14 memory care beds and 10 to 12 light services units. These recommendations presented have looked at overall demand, not competitive positioning for individual projects. We view Canistota as a good location for specialized senior housing in McCook County. It is very likely that more units could be successfully constructed in Canistota than we have recommended. However, this would probably reduce occupancy rates in existing projects. It is also possible that a developer will view a larger market area as creating a potential demand for units in Canistota.

The purpose of this recommendation is to provide general guidance to potential developers. A developer or existing senior with services facility planning a specific project should have a project-specific study conducted.

## **5. Develop a Downtown Mixed-Use Commercial/Housing Project**

**Findings:** A new mixed-use rental housing/commercial project would be an asset to Downtown Canistota. Currently, there are several mixed-use buildings downtown.

New mixed use projects have been developed in several smaller cities. Some of these projects were developed because of market demand while others were developed to enhance the downtown, to introduce a new product to the market or to serve as a catalyst for downtown redevelopment.

**Recommendation:** We recommend the development of a mixed-use building in the downtown Canistota area. There are several potential sites in the downtown area for a mixed-use project.

We recommend commercial space on the first floor and four to six rental units on the second floor. Prior to construction, a portion of the commercial space should be leased to an anchor tenant who would complement existing downtown businesses and attract people to downtown.

The units should be primarily one-bedroom and two-bedroom units. Please note that these units are not in addition to the units recommended in the first and second recommendations of this section. If a mixed use building was constructed, the number of units recommended previously should be reduced.

Ideally, a private developer would construct and own the building. The City may have a role in the project by providing tax increment financing, tax abatement, or other local funds and land at a reduced price.

## **6. Apply to access the Housing Choice Voucher Program**

**Findings:** The Housing Choice Voucher Program provides portable, tenant-based rent assistance to lower income renter households. The program requires participating households to contribute from 30% to 40% of their adjusted income for rent, with the rent subsidy payment making up the difference. Tenants may lease any suitable rental unit in the community, provided that it passes a Housing Quality Standards inspection, and has a reasonable gross rent when compared to prevailing rents in the community.

Although the federal government provides almost no funding for subsidized housing construction, it has provided new Housing Choice Voucher allocations over the last two decades. Because of the flexibility offered through the program, eligible households often prefer the portable rent assistance to other forms of subsidized housing that are project-based, and can only be accessed by living in a specific rental development.

Based on research for this study, it appears that the Housing Choice Voucher Program is not available in Canistota or McCook County. McCook County is one of the few counties in the State of South Dakota that does not have the Housing Choice Voucher Program available for its residents. The Huron Housing Authority administered the Housing Voucher Program in McCook County at one time, but no longer administers the Program in McCook County.

**Recommendation:** The City of Canistota and the Development Corporation should work with area and regional housing agencies, the South Eastern Council of Governments, and the South Dakota Housing Development Authority to determine if Canistota and McCook County can obtain access to the Housing Choice Voucher Program.

# **Canistota - Home Ownership**

## **Home Ownership**

**Findings:** Expanding home ownership opportunities is one of the primary goals for most cities. High rates of home ownership promote stable communities and strengthen the local tax base. The median owner-occupied home value in Canistota is estimated to be approximately \$61,500 based on sales activity from 2014. The home values in Canistota provide a good opportunity for first time buyers and households seeking moderately priced homes.

Our analysis of Canistota demographic trends shows an increase in the number of households in the traditionally strong home ownership age ranges between 35 and 44 years old. The 55 to 74 age ranges will also have an increase in households over the next five years. Some households in these age ranges as well as other age ranges that have not been able to achieve the goal of home ownership may need the assistance of special programs to help them purchase their first home.

To assist in promoting the goal of home ownership, the following activities are recommended:

### **7. Continue to utilize and promote all programs that assist with home ownership**

**Findings:** We believe that affordable home ownership is one of the issues facing Canistota in the future. Home ownership is generally the preferred housing option for most households and most communities. There are a number of strategies and programs that can be used to promote home ownership programs, and can assist with this effort.

First time home buyer assistance, down payment assistance, low interest loans and home ownership counseling and training programs can help to address affordable housing issues. The City of Canistota has a supply of houses that are price-eligible for these assistance programs. The home value estimates used in this study indicate that a large majority of the existing stock currently is valued under the purchase price limits for the first-time home buyer assistance programs.

While these individual home ownership assistance programs may not generate a large volume of new ownership activity, the combination of below-market mortgage money, home ownership training, credit counseling, and down payment assistance may be the mix of incentives that moves a potential home buyer into home ownership.

**Recommendation:** Canistota should continue to work with area housing agencies, the South Dakota Housing Development Authority, USDA Rural Development and local financial institutions to utilize all available home ownership assistance programs. Private and nonprofit agencies should also be encouraged to provide home ownership opportunities.

The City of Canistota and the Canistota Development Corporation should also work with housing agencies to assure that they are receiving their share of resources that are available in the region.

Funding sources for home ownership programs may include USDA Rural Development, the South Dakota Housing Development Authority, the South Eastern Development Foundation and the Federal Home Loan Bank. Also, Grow South Dakota and the Inter-Lakes Community Action Agency utilize several funding sources to provide home ownership programs.

## **8. Develop a Purchase/Rehabilitation Program**

**Findings:** Canistota has a stock of older, lower valued homes, many of which need repairs. Our analysis of recent sales activity indicates that approximately 50% of the homes in Canistota are valued less than \$61,500. As some lower valued homes come up for sale, they may not be attractive options for potential home buyers because of the amount of repair work that is required.

Some communities with a stock of older homes that need rehabilitation have developed a purchase/rehabilitation program. Under a purchase/rehabilitation program, the City or a housing agency purchases an existing home that needs rehabilitation, rehabilitates the home, sells the home to a low/moderate income family and provides a mortgage with no down payment, no interest and a monthly payment that is affordable for the family.

In many cases, the cost of acquisition and rehab will exceed the house's after-rehab value, thus, a subsidy is needed. Although a public subsidy may be involved, the cost to rehab and sell an existing housing unit is generally lower than the subsidy required to provide an equally affordable unit through new construction.

**Recommendation:** We recommend that Canistota work with a housing agency to develop and implement a purchase/rehab program. Attitudinal surveys that we have conducted in other cities have found that purchase/rehabilitation programs are appealing to people who are currently renting their housing. In some similar sized communities, a large majority of survey respondents who were renters indicated an interest in buying a home in need of repair if rehabilitation assistance was available.

A purchase/rehabilitation program achieves several goals. The program encourages home ownership, prevents substandard homes from becoming rental properties and rehabilitates homes that are currently substandard.

Because a purchase/rehabilitation program can be expensive and its cost effectiveness in some cases may be marginal, it may be advantageous in some cases to directly assist low and moderate income households with purchasing and rehabilitating homes. Area housing agencies and financial institutions could offer some rehabilitation assistance in conjunction with first-time home buyer programs to make the City's older housing a more attractive option for potential home buyers. Also, USDA Rural Development provides purchase/rehabilitation loans to low and moderate income buyers.

Also, there may be an opportunity for local housing agencies to financially assist the private sector with purchasing, rehabilitating and selling homes. This may increase the inventory of substandard homes that economically can be rehabilitated and sold.

# **Canistota - Single Family Housing Development**

## **Single Family Housing Development**

**Findings:** Based on City information, Canistota has experienced limited single family housing development from 2000 to 2014. Over the past 15 years, four single family owner-occupied units have been constructed in Canistota.

It is our opinion that if the City, housing agencies, economic development agencies, and builders are proactive, eight to 10 homes can be constructed or moved into Canistota from 2015 to 2020.

The breakdown of our projection of eight to 10 new owner-occupied housing units over the next five years is as follows:

▶ Higher and median priced homes	2-3
▶ Affordable homes	2-3
▶ Twin homes/town homes	<u>4</u>
Total	8-10

### **9. Monitor lot availability and development**

**Findings:** As part of this Study, we attempted to identify the inventory of available residential lots for single family housing construction in the City of Canistota. Currently, there are four lots available in the City's newest subdivision, Evergreen Meadows. Lot prices are in the \$15,000 to \$19,000 price range. Additional lots can also be developed in the subdivision by extending the street and utilities.

There are also miscellaneous infill lots scattered around the city that we did not attempt to count. We do not know the availability of some of these infill lots. Also, additional dilapidated houses will be acquired and demolished over the next five years. Some of the cleared lots may be sites for new construction.

**Recommendation:** With projections that eight to 10 new owner-occupied housing units will be constructed over the next five years, the City should have approximately eight to 10 residential lots available over the next five years to meet the expected demand. Part of this demand would be for attached unit construction.

With approximately four available lots, plus infill lots, the City and the Development Corporation should monitor housing development to determine when additional lots should be developed. Also, lots should be available for twin home/town home development

## **10. Strategies to encourage residential lot sales and new home construction in Canistota**

**Findings:** There is a small inventory of four lots, plus infill lots, available in the City of Canistota. However, capacity exists to develop additional lots.

**Recommendation:** We recommend that the City of Canistota and the Development Corporation coordinate efforts with the private sector to promote lot sales and housing development in Canistota.

Our recommendations to promote lot sales and housing development include:

- ▶ ***Continue competitive pricing*** - There are lots that are available in communities throughout the Region. Lot prices in Canistota will need to remain competitive.
- ▶ ***Plan for long-term absorption*** - The research completed for this Study expects limited annual absorption of lots in Canistota over the next five years. It is necessary to view the development of the subdivision and infill lots as a long-term plan.
- ▶ ***Generate initial activity*** - Although there are houses already existing in the subdivision, recent construction activity has been limited. To stimulate new construction, proactive efforts, such as the sale of some lots at discounted prices, reduction of hookup and permit fees or other incentives should be provided if the buyer agrees to build a home of a certain quality and style within one year. This will help create some momentum for more houses to be built.
- ▶ ***Consider developing an exclusive builder(s) relationship*** - Several lots could be sold to a builder(s). Momentum can be created when a builder has access to several lots. This allows for marketing opportunities and efficiencies in the home building process. The subdivision owners should require the builder to construct a minimum number of homes per year. Builders are more willing to enter a market when the lots are attractive and very affordable. Several lots available to an exclusive builder or developer should be explored, even if significant price concessions are required.
- ▶ ***User-Friendly*** - The lot purchase and homebuilding process must be 'user-friendly.' This includes builders, who are readily available to build custom homes.

- ▶ ***Continue to allow for a range of house prices*** - Lots should be available in Canistota in as wide a range of home sizes and prices as possible. This would broaden the lot buyer market.
- ▶ ***Incentives*** - Many cities throughout South Dakota are offering incentives to construct new homes, including reduced lot prices, reduced water and sewer hookup fees, tax abatements, cash incentives, etc. Incentives should be considered to promote new home construction.
- ▶ ***Lot availability for twin home/town home development*** - It is our opinion that there will be a demand for twin homes/town homes over the next five years. Lots should be available for twin home/town home lot development.
- ▶ ***Marketing*** - The City of Canistota, the Development Corporation and the lot owners should develop a comprehensive marketing strategy to sell the available lots. All stakeholders including realtors, financial institutions, builders, employers, etc. should be included in marketing strategies. In addition to marketing the lots, the City of Canistota and its amenities should be marketed.

## **11. Coordinate with economic development agencies, housing agencies and nonprofit groups to construct affordable housing**

**Findings:** There are housing agencies and nonprofit groups that have the capacity to construct new housing in Canistota, including the Canistota Development Corporation, Grow South Dakota and Habitat for Humanity.

Currently, the Canistota Development Corporation is considering the purchase of a Governor's home to be moved on an infill lot in Canistota.

**Recommendation:** We encourage the City and Development Corporation to actively work with economic development and housing agencies, nonprofit groups and the private sector to develop affordable housing.

As the housing economy continues to improve and home values increase, new affordable home construction production in Canistota will continue to be more feasible.

## **12. Promote twin home/town home development**

**Findings:** Attached housing provides desirable alternatives for empty nesters and seniors to move out of their single family homes, thus, making homes available for families. It is important for the community to offer a range of life-cycle housing options. In Canistota since 2000, no new twin homes/town house construction has occurred.

In 2010, Canistota had 64 households and McCook County had 499 households in the 55 to 74 age ranges. These age ranges are expected to add households from 2014 to 2019. Household growth among empty-nester and senior households should result in demand for attached single family units. It is likely that demand for attached housing units will also be dependent on the product's ability to gain additional market acceptance among the households in the prime target market, and among other households.

**Recommendation:** It is our projection that approximately four new owner-occupied twin home or town home units could be constructed in Canistota over the next five years. Our projection is based on the availability of an ideal location for twin home/town home development as well as high quality design and workmanship.

We recommend that for twin home/town home development to be successful, the following should be considered:

- ▶ Senior friendly home designs
- ▶ Maintenance, lawn care, snow removal, etc. all covered by an Association
- ▶ Cluster development of homes, which provides security
- ▶ Homes at a price that is acceptable to the market

Canistota's role could include assuring that adequate land continues to be available for development and that zoning allows for attached housing construction.

A corporation has been developed in Arlington, MN, that includes local contractors, the local bank, the local lumberyard and local investors to construct twin homes. They have been very successful.

It may be advantageous to meet with a group of empty nesters and seniors who are interested in purchasing a twin home to solicit their ideas.

# **Canistota - Housing Rehabilitation**

## **Housing Rehabilitation**

**Findings:** Canistota has an asset in its existing housing stock. Existing units, both now and into the future, will represent the large majority of the affordable housing opportunities. Existing units generally sell at a discount to their replacement value. Units that are not maintained and improved may slip into disrepair and be lost from the housing stock. Investment in housing rehabilitation activities will be critical to offering affordable housing opportunities.

It is our opinion that Canistota and area housing agencies will need to make housing rehabilitation a priority in the future. New housing construction that has occurred is often in a price range that is beyond the affordability level for many Canistota households. Housing options for households at or below the median income level will largely be met by the existing, more affordable housing stock. As this existing stock ages, more maintenance and repair will be required. Without rehabilitation assistance, there is a chance that this affordable stock could shrink, creating an even more difficult affordability situation.

The following specific recommendations are made to address the housing rehabilitation needs.

### **13. Promote rental housing rehabilitation**

**Findings:** Based on the U.S. Census data, the City of Canistota had approximately 68 rental units in 2010. These rental buildings are in multi-family projects, single family homes and mixed-use buildings. Some of these rental structures could benefit from rehabilitation as most of these rental structures are more than 25 years old and some rental units are in poor condition.

It is difficult for rental property owners to rehabilitate and maintain their rental properties while keeping the rents affordable for the tenants. The rehabilitation of older rental units can be one of the most effective ways to produce decent, safe and sanitary affordable housing.

**Recommendation:** The City of Canistota should work with housing agencies to seek funds that allow for program design flexibility that make a rental rehabilitation program workable. Potential funding sources may include USDA Rural Development, Grow South Dakota, the South Dakota Housing Development Authority and the Federal Home Loan Bank.

#### **14. Promote owner-occupied housing rehabilitation efforts**

**Findings:** The affordability and quality of the existing housing stock in Canistota will continue to be an attraction for families that are seeking housing in Canistota. Investment in owner-occupied housing rehabilitation activities will be critical to offering affordable housing opportunities.

Our housing condition survey of the 232 homes in Canistota found 60 homes that need minor repairs and 61 homes that need major repairs. Without rehabilitation assistance, the affordable housing stock will shrink in Canistota.

**Recommendation:** We recommend that the City of Canistota and the Canistota Development Corporation seek local, state and federal funds to assist in financing housing rehabilitation. USDA Rural Development, the South Dakota Housing Development Authority, the Federal Home Loan Bank, Inter-Lakes Community Action Partnership and Grow South Dakota are potential funding sources.

The Inter-Lakes Community Action Partnership currently have several housing programs to assist households with the rehabilitation of their homes including the Weatherization Program, the Self Help Rehabilitation Program and programs utilizing Home and CHIP funds.

Some programs offer households that meet program requirements, a deferred loan to rehabilitate their homes. Deferred loans do not have to be paid back if the household lives in the rehabilitated home for a stipulated amount of time after the rehabilitation is completed. We encourage Canistota households to utilize these housing rehabilitation programs.

# **Canistota - Other Housing Initiatives**

## **Other Housing Initiatives**

### **15. Continue to acquire and demolish dilapidated structures**

**Findings:** Our housing condition survey identified 22 single family houses in Canistota that are dilapidated and too deteriorated to rehabilitate. We also identified 61 single family houses in Canistota as needing major repair and some of these homes may be too dilapidated to rehabilitate. To improve the quality of the housing stock and to maintain the appearance of the City, these structures should be demolished.

The City of Canistota and the Development Corporation have been active in demolishing dilapidated structures.

**Recommendation:** We recommend that the City of Canistota and the Development Corporation continue to work with property owners to demolish dilapidated structures. The appearance of the City is enhanced when blighted and dilapidated structures are removed. Also, some of the cleared lots can be utilized for the construction of new affordable housing units.

Also, the Development Corporation should continue to maintain an inventory of structures that may be candidates for future acquisition. Additionally, an inventory of in-fill lots for future development should to be maintained.

### **16. Create a plan and a coordinated effort among housing agencies**

**Findings:** Canistota will continue to need staff resources in addition to existing City staff to plan and implement many of the housing recommendations advanced in this Study. The City of Canistota has access to the South Eastern Council of Governments, the South Eastern Development Foundation, Inter-Lakes Community Action Partnership, Grow South Dakota, the South Dakota Housing Development Authority and USDA Rural Development. These agencies all have experience with housing and community development programs.

**Recommendation:** Canistota has access to multiple agencies that can assist with addressing housing needs. It is our recommendation that the City prioritize the recommendations of this Study and develop a plan to address the identified housing needs. The Plan should include strategies, time lines and the responsibilities of each agency. It will be important that a coordinated approach be used to prioritize and assign responsibility for housing programs.

It will also be important for the City of Canistota to continue to look for opportunities to work cooperatively with other area cities to address housing issues. With the number of small cities in the Region, and limited staff capacity at both the city and county levels, cooperative efforts may be the only way to accomplish certain projects. Cooperative efforts will not only make housing projects more practical, but they will often be more cost-effective and competitive.

## **17. Promote Commercial Rehabilitation and Development**

**Findings:** The City of Canistota's commercial district is in good condition, and several commercial buildings have been renovated, however, there are several substandard and vacant commercial buildings in Canistota.

When households are selecting a city to purchase a home in, they often determine if the city's commercial sector is sufficient to serve their daily needs. A viable commercial district is an important factor in their decision making process.

**Recommendation:** We recommend that the City of Canistota and the Canistota Development Corporation continue to work with commercial property and business owners to rehabilitate their buildings. Also, new businesses should continue to be encouraged to locate in Canistota.

The City of Canistota and the Canistota Development Corporation should seek funding to assist property owners with rehabilitating their commercial buildings. A goal of one commercial rehab project annually in Canistota would be a realistic goal.

## **18. Develop home ownership and new construction marketing programs**

**Findings:** With the downturn in the housing economy, the competition among cities for households looking to buy or build a home has been greater than in the past. Also, some cities have an excess inventory of residential lots, homes for sale, vacant homes and homes in foreclosure. Additionally, households are evaluating the appropriate timing to buy or build a home.

As the economy continues to improve, cities that invest in marketing have an advantage. Opportunities to buy or construct a home are sometimes limited because of the lack of information and awareness of financing and incentive programs, homes and lots on the market, local builders, etc. This is especially evident for new households moving into the area. The home buying/home building process can be very intimidating for first-time buyers and builders. It is important for the home buying or home building process to be user-friendly.

**Recommendation:** We recommend that the City of Canistota and the Canistota Development Corporation consider the following:

- ▶ Determine the City's strengths and competitive advantages and heavily promote them
- ▶ Create marketing materials that can be distributed regionally (including internet, TV, radio, etc.)
- ▶ Work closely with employers (Canistota and the entire region) to provide employees with housing opportunities in Canistota
- ▶ Work with housing agencies to provide down payment assistance, low interest loans, home owner education and home owner counseling programs
- ▶ Work with builders to make the construction of new homes or rental units a very user friendly process
- ▶ Develop new home construction and home purchase incentive programs.

## **19. Competition with Other Jurisdictions**

**Findings:** During the interview process, several individuals expressed concern regarding the City of Canistota’s ability to compete for new development in the region.

**Recommendation:** The City of Canistota can enhance its position as a viable location for new households. We recommend the following:

- ▶ Review the City’s policies to assure that the City’s process for working with builders is user friendly, fair and receptive
- ▶ Continue to work on the creation of jobs and the development of retail, service and recreational opportunities that make the City a “full service” community
- ▶ Continue to provide attractive lots at an affordable price for a variety of home sizes, styles and price ranges
- ▶ Provide financing mechanisms for households to build new homes, purchase existing homes and to rehabilitate older homes
- ▶ Preserve the quality of the existing housing stock through the rehabilitation of substandard housing and the demolition of dilapidated structures that are beyond repair
- ▶ Develop new housing choices that serve life-cycle housing needs, such as new rental housing, twin homes, senior housing, etc.
- ▶ Publicize and market Canistota throughout the Region and among the employers and employees in Canistota and the Region
- ▶ Develop a coordinated housing plan with area housing agencies and the private sector

## **Agencies and Resources**

The following regional and state agencies administer programs or provide funds for housing programs and projects:

### **South Eastern Council of Governments**

500 North Western Avenue, Suite 100  
Sioux Falls, SD 57104  
(605) 367-5390

### **South Eastern Development Foundation**

500 North Western Avenue, Suite 100  
Sioux Falls, SD 57104  
(605) 367-5390

### **Grow South Dakota**

104 Ash Street East  
Sisseton, SD 57262  
(605) 698-7654

### **South Dakota Housing Development Authority**

221 South Central Avenue  
Pierre, SD 57501  
(605) 773-3181

### **USDA Rural Development**

2408 East Benson Road  
Sioux Falls, SD 57104  
(605) 996-1564

### **Inter-Lakes Community Action Partnership**

505 N. Western Ave.  
Sioux Falls, SD 57104  
(605) 334-2808