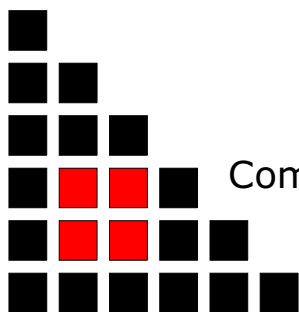


# City of Viborg HOUSING STUDY

January 2014

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



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 Viborg and Turner 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 Viborg to conduct a study of the housing needs and conditions in the City of Viborg.

### **Goals**

The multiple goals of the study include:

- ▶ Provide updated 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 area 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 August 2013 to November 2013. Data sources included:

- U.S. Census Bureau
- American Community Survey
- Records and data from the City
- Records and data maintained by Turner 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 Viborg and for Turner 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 2011 estimates were derived from sampling that was done over a five-year period, between 2007 and 2011. Unless otherwise noted, the American Community Survey estimates are based on the five-year survey data.

## Population Data and Trends

<b>Table 1 Population Trends - 1980 to 2012</b>							
	1980 Census	1990 Census	2000 Census	% Change 1990-2000	2010 Census	% Change 2000-2010	2012 Estimates
Viborg	812	763	832	9.0%	782	-6.0%	775
Turner Co.	9,255	8,576	8,849	3.2%	8,347	-5.7%	8,308

Source: U.S. Census

- ▶ According to the 2010 U.S. Census, the City of Viborg and Turner County both lost population from 2000 to 2010. Viborg’s population was 782 in 2010. This was a 50-person decrease from 2000, or a population loss of 6.0%.
- ▶ Turner County’s population was 8,347 in 2010. This was a 502-person decrease from 2000, for a population loss of 5.7%.
- ▶ Viborg and Turner County experienced population gains in the 1990s. Viborg’s population increased by 69 people and Turner County’s population increased by 273 people from 1990 to 2000.
- ▶ The Census Bureau has released more recent information through its population estimates program. The most recent estimates for Turner County is effective July 1, 2012, and shows the County losing 39 people after the 2010 Census. The loss of the 39 people is attributed to deaths exceeding births and from out-migration. The most recent estimate for Viborg is also effective July 1, 2012, and shows the City losing seven people between 2010 and 2012.
- ▶ Viborg’s population is primarily White and non-Hispanic/Latino. At the time of the 2010 Census, approximately 99% of the City’s residents were White, and 0.8% were American Indian. Approximately 0.6% of the City’s population was identified as Hispanic/Latino.
- ▶ According to the Census Bureau, 70 Viborg residents lived in group quarters in 2010. Most of these people were age 65 or older and living in a skilled nursing home facility.

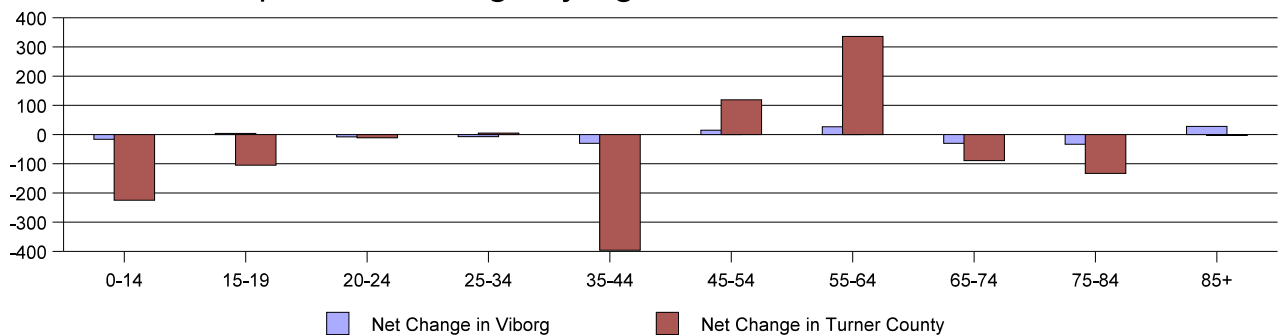
## Population by Age Trends: 2000 to 2010

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

Table 2 Population by Age - 2000 to 2010						
Age	Viborg			Turner County		
	2000	2010	Change	2000	2010	Change
0-14	135	119	-16	1,845	1,620	-225
15-19	44	48	4	631	526	-105
20-24	42	34	-8	349	338	-11
25-34	76	69	-7	878	883	5
35-44	93	63	-30	1,320	924	-396
45-54	92	107	15	1,203	1,322	119
55-64	61	88	27	815	1,151	336
65-74	94	64	-30	801	712	-89
75-84	125	92	-33	711	578	-133
85+	70	98	28	296	293	-3
Total	832	782	-50	8,849	8,347	-502

Source: U.S. Census

Population Change by Age Between 2000 and 2010

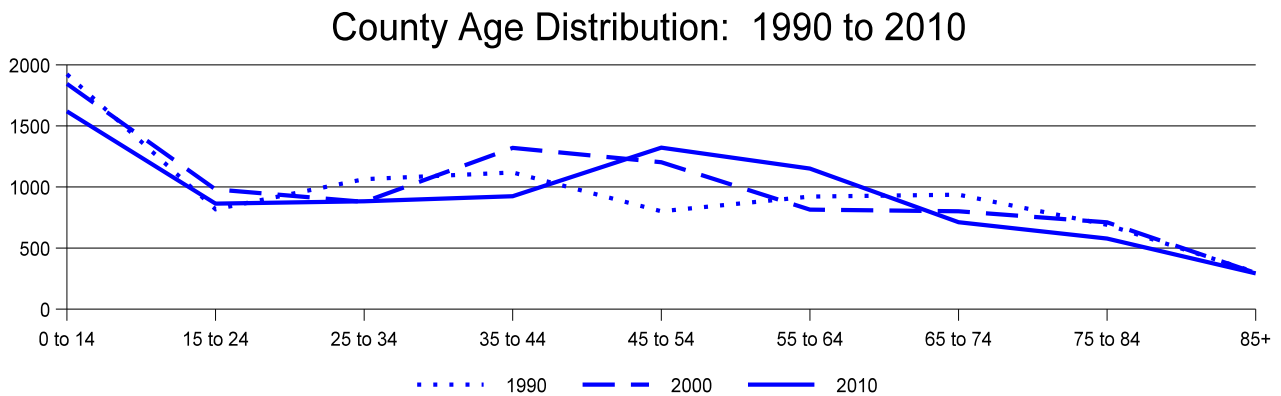




For many years, demographic analysts have been talking about the impact that is occurring as the large “baby boom” generation moves through the aging cycle. This trend has been evident in Viborg and Turner County, as most of the age groups that increased in size represented the baby boom generation.

Between 2000 and 2010, Viborg had a gain of 42 people and Turner County had a gain of 455 people in the age ranges between 45 and 64 years old. In 2010, nearly all of the baby boomers were within these age ranges. The aging of the baby boomers, as reflected in the numeric gain in the 55 to 64 year old age group, was the largest increase within any of the defined age cohorts in Turner County. Viborg also had slight gains in the 15 to 19 age range, with an increase of four people. The 85 and older age group had a gain of 28 people. Turner County had a gain of five people in the 25 to 34 year old age groups.

Viborg had population losses in the 20 to 44 age ranges from 2000 to 2010 with a loss of 45 people. Viborg also had a loss of 16 people in the 0 to 14 age range and a loss of 63 people in the 65 to 84 age ranges. Turner County had significant losses of 341 people in the 0 to 24 age ranges and 225 people in the 65 and older age ranges.



The aging trends present in Viborg in 2010 can be traced back over the previous decades to see the movement of the baby boom generation over the last 20 years in Turner County.

## Population Projections

The following table presents population projections using two different sources.

The South Dakota State Data Center has issued population projections to the year 2030 for Turner County. The following table shows the Data Center extrapolated projection for 2015 based on the Center’s 2010 and 2020 projections.

The other set of projections has been calculated by Community Partners Research, Inc., and these are based on past patterns of population change over the past 22 years.

<b>Table 3 Population Projections Through 2015</b>				
	2012 U.S. Census Estimate	2015 Projection	2020 Projection	2015 Projection State Data Center Extrapolation
Viborg	775	769	759	N/A
Turner County	8,347	8,110	7,920	8,418

Source: Community Partners Research, Inc.; U.S. Census; State Data Center

- ▶ The growth projections calculated by Community Partners Research, Inc., show population losses from 2012 to 2020 for the City of Viborg and Turner County. The State Data Center projects population growth for Turner County.
- ▶ The Community Partners Research, Inc., population projections for Viborg estimate a decrease of six people by 2015 and a loss of an additional 10 people from 2015 to 2020.
- ▶ Turner County’s population, based on Community Partners Research, Inc., is projected to lose 237 people from 2010 to 2015 and will lose an additional 190 people from 2015 to 2020. The State Data Center projects Turner County will gain 71 people from 2010 to 2015, although this would not be consistent with the trends that have been evident since the year 2000.

## Household Data and Trends

<b>Table 4 Household Trends - 1980 to 2010</b>						
	1980 Census	1990 Census	2000 Census	% Change 1990-2000	2010 Census	% Change 2000-2010
Viborg	360	328	366	11.6%	360	-1.6%
Turner County	3,479	3,332	3,510	5.3%	3,452	-1.7%

Source: U.S. Census

- ▶ According to the 2010 U.S. Census, Viborg and Turner County lost households from 2000 to 2010. Viborg had 360 households in 2010. This was a decrease of six households from 2000, or a household loss of 1.6%.
- ▶ Turner County had 3,452 households in 2010. This was a loss of 58 households from 2000, or a household decrease of 1.7%.
- ▶ Viborg gained 38 households and Turner County gained 178 households during the 1990s.

## Household by Age Trends: 2000 to 2010

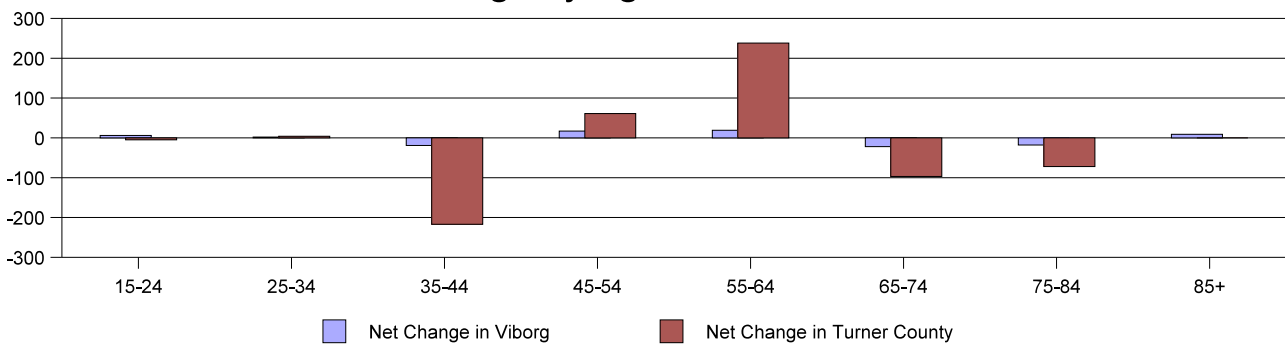
The 2010 Census allows for some analysis of Viborg and Turner County’s changing age patterns. The following table compares households by age of householder in 2000 and 2010, along with the numeric changes.

Table 5 Households by Age - 2000 to 2010						
Age	Viborg			Turner County		
	2000	2010	Change	2000	2010	Change
15-24	17	23	6	130	125	-5
25-34	39	41	2	442	446	4
35-44	53	34	-19	700	483	-217
45-54	55	72	17	681	742	61
55-64	36	55	19	432	670	238
65-74	56	34	-22	492	425	-97
75-84	74	56	-18	457	385	-72
85+	36	45	9	176	176	0
Total	366	360	-6	3,510	3,452	-58

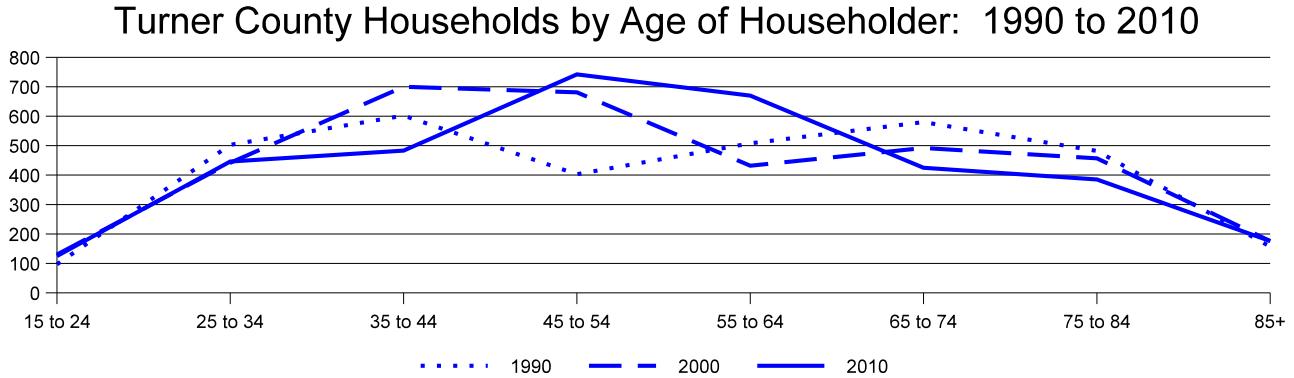
Source: U.S. Census

Viborg added 36 households and Turner County added 299 households in the 45 to 64 year old age ranges from 2000 to 2010. Viborg also added eight households in the 15 to 34 age ranges and nine households in the 85 older age range. Turner County added four households in the 25 to 34 year old age range.

Household Change by Age Between 2000 and 2010



Viborg had a decrease of 19 households and Turner County had a decrease of 217 households in the 35 to 44 age range from 2000 to 2010. Also, Viborg lost 40 households and Turner County lost 169 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 Turner County, using Census information for households by the age of householder.

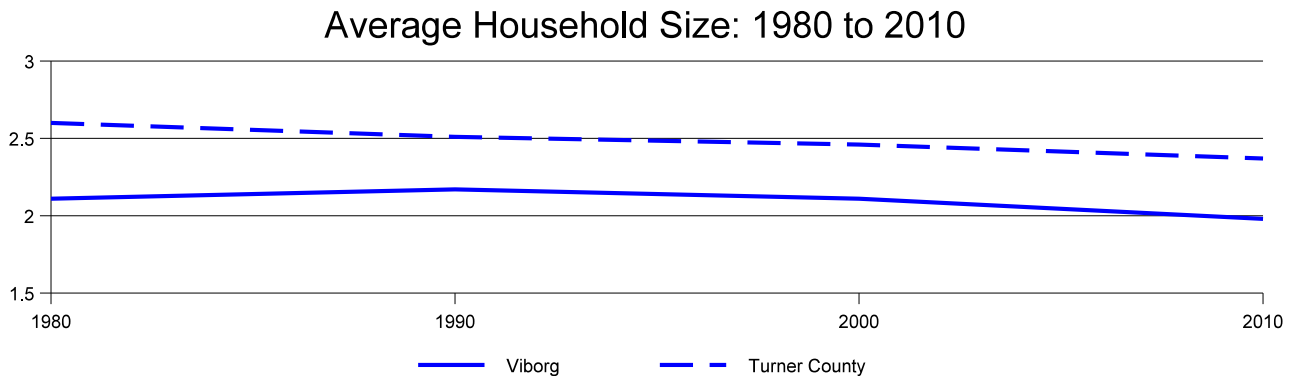
## Average Household Size

The following table provides decennial Census information on average household size.

<b>Table 6 Average Number of Persons Per Household: 1980 to 2010</b>				
	1980 Census	1990 Census	2000 Census	2010 Census
Viborg	2.11	2.17	2.11	1.98
Turner County	2.60	2.51	2.46	2.37

Source: U.S. Census

In most jurisdictions, 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.



When viewed over a long term, the average household size in Viborg has been gradually declining, from 2.11 persons per household in 1980 to 1.98 persons per household in 2010. However, between 1980 and 1990, Viborg did experience an increase in household size, up to 2.17 persons, but it has then decreased over the past two decades. Most cities in South Dakota have experienced a long-term decrease in average household size. Turner County's average household size decreased from 2.60 in 1980 to 2.37 in 2010.

## Household Projections

The following table presents household projections for Viborg and Turner County using two different calculation methods. Both of these calculations have been generated by Community Partners Research, Inc., based on past growth trends.

<b>Table 7 Household Projections Through 2015</b>			
	2010 Census	2015 Projection	2020 Projection
Viborg	360	357	355
Turner County	3,452	3,453	3,457

Source: U.S. Census; Community Partners Research, Inc.

- ▶ The growth projections estimate that Viborg will experience slight household losses from 2010 to 2020. However, the number of households Countywide should remain relatively stable through 2015.
- ▶ From 2010 to 2015, Viborg is expected to decrease by three households, followed by a decrease of an additional two households from 2015 to 2020. Although these projections show minor losses, the City’s household count remains relatively stable.
- ▶ Turner County’s household projections based on past trends show a stable household level, with a possible gain of one household from 2010 to 2015. Between 2015 and 2020 these projections again show a relatively stable household count, with a possible addition of one household in a typical year.

## Household by Age Projections: 2010 to 2015

With the release of the 2010 Census, a new benchmark has been established for Turner County’s age-related statistics. In the following table, the South Dakota State Data Center and Community Partners Research, Inc., have generated age-based household projections for Turner County to the year 2015.

The first set of age-based projections has been extrapolated from preliminary population forecasts that have just been issued by the South Dakota State Data Center. They have been converted into households using past calculations on the average household size that has existed within specific age ranges.

The second set of projections was created by Community Partners Research, Inc., by trending forward past retention rates within defined age cohorts, and assuming that these past patterns are reasonable predictors of future changes.

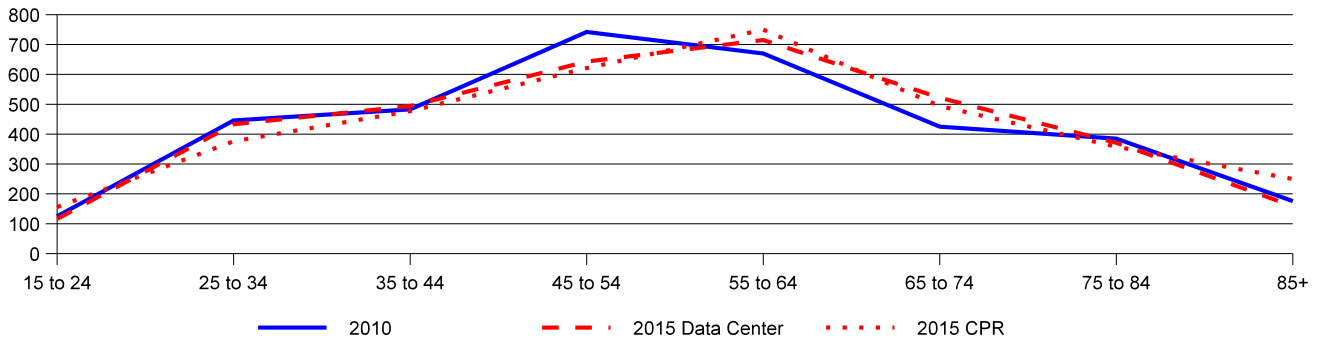
Both sets of projections assume that historical patterns will continue into the near-future, especially related to household formation and household size within specific age groups. If Turner County’s population changes at a rate that is different from past patterns, traditional age-based forecasts would be altered.

<b>Table 8 Turner County Projected Households by Age - 2010 to 2015</b>					
Age Range	2010 Census	Extrapolated from State Data Center		Community Partner Research	
		2015 Projection	Change from 2010	2015 Projection	Change from 2010
15-24	125	156	31	116	-9
25-34	446	376	-70	433	-13
35-44	483	477	-6	494	11
45-54	742	621	-121	643	-99
55-64	670	750	80	715	45
65-74	425	494	69	522	97
75-84	385	358	-27	371	-14
85+	176	250	74	159	-17
Total	3,452	3,482	30	3,453	1

Source: U.S. Census; Community Partners Research, Inc.



**Turner County Projected Households by Age: 2010 to 2015**



Consistent with the age distribution data presented earlier, the movement of the “baby boom” generation through the aging cycle should generate most of Turner County’s growth in households in the age ranges between 55 and 74 years old. Community Partners Research, Inc., projects a gain of 142 households while the State Data Center projects a gain of 149 households in the 55 to 74 age ranges from 2010 to 2015.

There is a difference in the State Data Center and Community Partners Research, Inc., projections in several age ranges. The State Data Center forecasts an increase of 31 households for the 15 to 24 age range and Community Partners Research, Inc., is projecting a slight loss of nine households. Conversely, Community Partners Research, Inc., is projecting a gain of 11 households in the 35 to 44 age range, while the State Data Center is projecting a loss of six households in this age range. Also, the State Data Center is estimating that there will be a significant increase of 74 households age 85 and over, while Community Partners Research, Inc., is projecting a loss of 17 households in this older senior group.

## 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 Viborg.

<b>Table 9 Viborg Household Composition - 2000 to 2010</b>			
	2000 Census	2010 Census	Change
Family Households			
Married Couple with own children	67	42	-25
Single Parent with own children	16	30	14
Married Couple without own children	112	101	-11
Family Householder without spouse	17	16	-1
<b>Total Families</b>	<b>212</b>	<b>189</b>	<b>-23</b>
Non-Family Households			
Single Person	145	157	12
Two or more persons	9	14	5
<b>Total Non-Families</b>	<b>154</b>	<b>171</b>	<b>17</b>

Source: U.S. Census

Between 2000 and 2010, Viborg experienced an overall net decrease in the number of “family” households. There was a decrease of 25 married couple families that had their own children in the household. The City also had a decrease of 11 married couples without children and an increase of 14 single parent households with children.

The City of Viborg had an increase of 17 “non-family” households. There was an increase of 12 one-person households and five households that had unrelated individuals living together.

## Housing Tenure

The following tables examine overall tenure rates in 2010, along with the changes that have occurred since 2000.

<b>Table 10 Household Tenure - 2010</b>				
	Number of Owners	Percent of all Households	Number of Renters	Percent of all Households
Viborg	234	65.0%	126	35.0%
Turner County	2,692	78.0%	760	22.0%
State	-	68.1%	-	31.9%

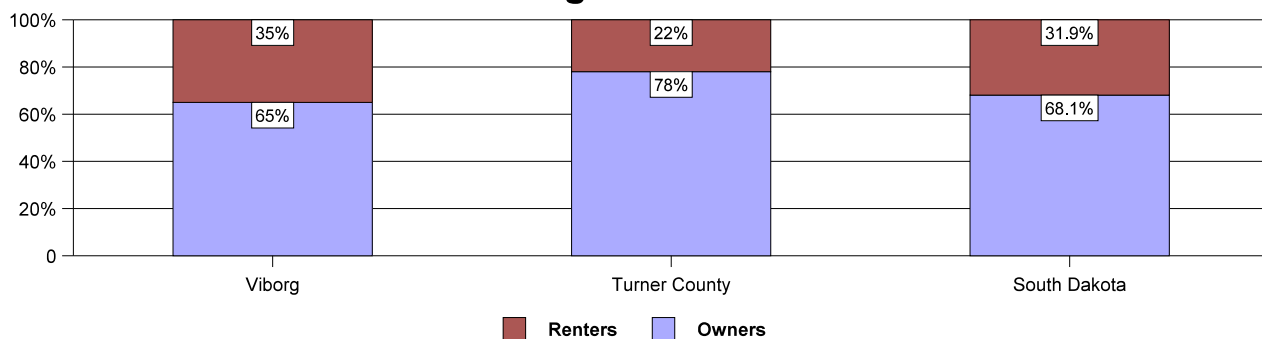
Source: U.S. Census

According to the 2010 Census, the ownership tenure rate in Viborg was 65.0% and Turner County's ownership rate was 78.0% in 2010. Viborg's renter tenure rate of 35.0% was above the Statewide renter tenure rate of 31.9%.

<b>Table 11 Households by Housing Tenure - 2000 to 2010</b>						
Tenure	Viborg			Turner County		
	2000	2010	Change	2000	2010	Change
Owners	247/67.5%	234/65.0%	-13	2,720/77.5%	2,692/78.0%	-28
Renters	119/32.5%	126/35.0%	7	790/22.5%	760/22.0%	-30
Total	366	360	-6	3,510	3,452	-58

Source: U.S. Census

### Housing Tenure in 2010



The City of Viborg's ownership tenure rate decreased over the last decade from 67.5% in 2000 to 65.0% in 2010. For Turner County, there was a slight increase in the rate of owner households between 2000 and 2010. The ownership tenure rate increased from 77.5% in 2000 to 78.0% in 2010.

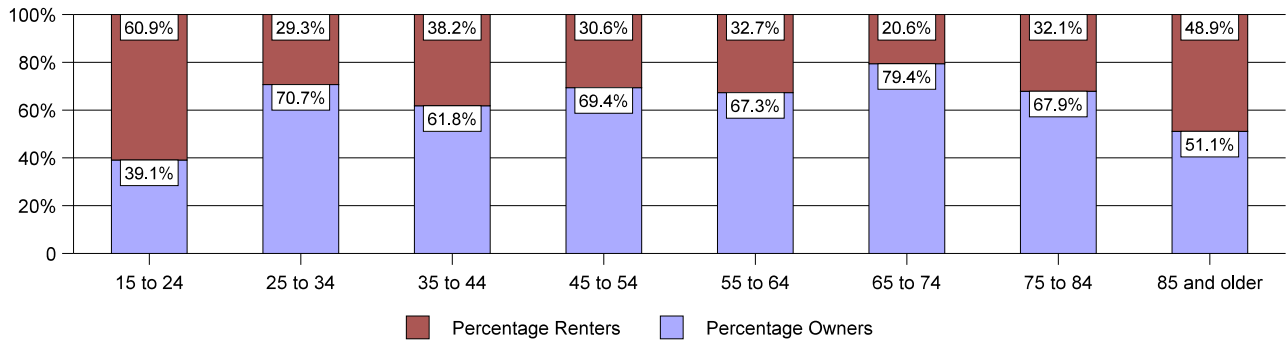
## Tenure by Age of Householder

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

Table 12 Viborg Tenure by Age of Householder - 2010				
Age	Owners		Renters	
	Number	Percent within age	Number	Percent within age
15-24	9	39.1%	14	60.9%
25-34	29	70.7%	12	29.3%
35-44	21	61.8%	13	38.2%
45-54	50	69.4%	22	30.6%
55-64	37	67.3%	18	32.7%
65-74	27	79.4%	7	20.6%
75-84	38	67.9%	18	32.1%
85+	23	51.1%	22	48.9%
Total	234	65.0%	126	35.0%

Source: U.S. Census

Viborg Housing Tenure Patterns by Age in 2010



Within the defined age ranges, typical tenure patterns were present. Households at the lowest and highest ends of the age spectrum showed a greater preference for rented housing, while middle-aged adult households were primarily homeowners. Approximately 61% of households age 24 and younger rented their unit, and approximately 49% of households age 85 and older were renters. Home ownership rates for each of the 10-year age cohorts between 35 and 84 years old were above 61%.

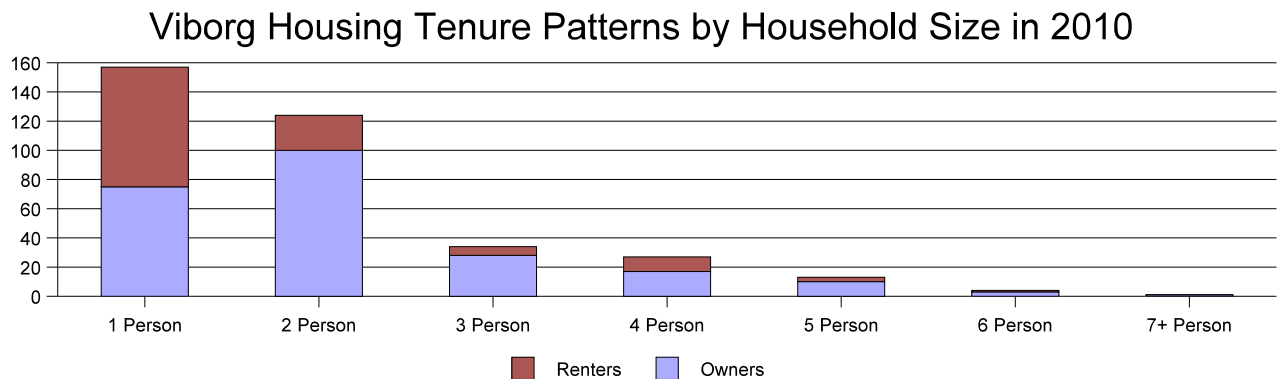
## Tenure by Household Size

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 the City of Viborg.

Household Size	Owners			Renters		
	2000	2010	Change	2000	2010	Change
1-Person	74	75	1	71	82	11
2-Person	99	100	1	31	24	-7
3-Person	27	28	1	8	6	-2
4-Person	26	17	-9	4	10	6
5-Person	16	10	-6	2	3	1
6-Person	3	3	0	1	1	0
7-Persons+	2	1	-1	2	0	-2
<b>Total</b>	<b>247</b>	<b>234</b>	<b>-13</b>	<b>119</b>	<b>126</b>	<b>7</b>

Source: U.S. Census

From 2000 to 2010, there was a decrease in the number of owner households and an increase in renter households in Viborg. There was a net decrease of six owner households with four or fewer household members. There was also a decrease of seven owner households with five or more persons. There was a net increase of eight renter households with four or fewer household members and a net decrease of one renter household with five or more household members. Approximately 84% of the renter households in Viborg were one or two person households in 2010.



## 2011 Income Data

The 2010 Census did not collect information on household income, however, estimates are available at the city and county level through the 2011 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 2011</b>			
	2000 Median	2011 Median	% Change
Viborg	\$29,231	\$29,896	2.2%
Turner County	\$36,059	\$50,143	39.1%
South Dakota	\$35,271	\$46,369	31.5%

Source: U.S. Census; 2011 ACS 5-year survey

<b>Table 15 Median Family Income - 2000 to 2011</b>			
	2000 Median	2011 Median	% Change
Viborg	\$39,327	\$41,813	6.3%
Turner County	\$42,704	\$59,364	39.0%
South Dakota	\$43,237	\$58,958	36.4%

Source: U.S. Census; 2011 ACS 5-year survey

Information contained in the 2011 American Community Survey shows that Viborg’s median household and family incomes have increased slightly and Turner County’s median incomes have increased substantially from 2000 to 2011. The Viborg median incomes are below the respective median incomes for the State of South Dakota, however, the Turner County medians are above the State medians.

Generally, family household incomes tend to be much higher than the overall household median, as families have at least two household members, and potentially more income-earners.

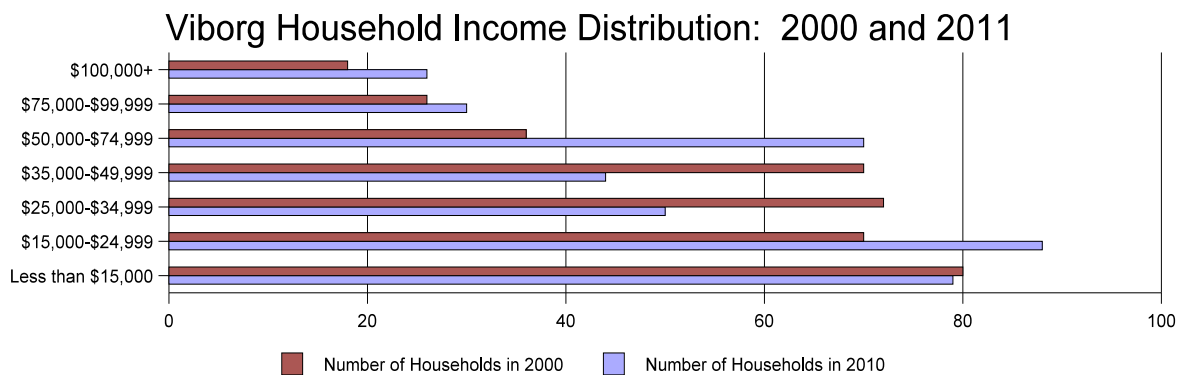
Using the commonly accepted standard that up to 30% of gross income can be applied to housing expenses without experiencing a cost burden, a median income household in Viborg could afford approximately \$747 per month and a median income family household could afford \$1,045 per month for ownership or rental housing in 2011.

## Viborg Household Income Distribution

The 2011 American Community Survey household income estimates for Viborg can be compared to the same distribution information from 2000 to examine changes that have occurred over the past decade.

<b>Table 16 Viborg Household Income Distribution - 2000 to 2011</b>			
Household Income	Number of Households 2000	Number of Households in 2011	Change 2000 to 2010
\$0 - \$14,999	80	79	-1
\$15,000 - \$24,999	70	88	18
\$25,000 - \$34,999	72	50	-22
\$35,000 - \$49,999	70	44	-26
\$50,000 - \$74,999	36	70	34
\$75,000 - \$99,999	26	30	4
\$100,000+	18	26	8
<b>Total</b>	<b>372</b>	<b>387</b>	<b>15</b>

Source: 2000 Census; 2011 ACS



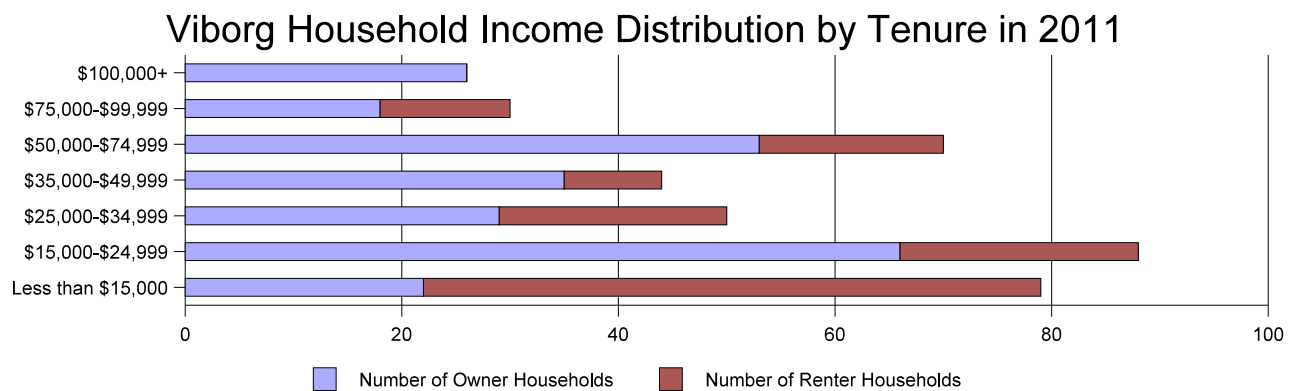
According to income estimates contained in the 2011 American Community Survey, household incomes have improved in Viborg in the highest income ranges. When compared to the 2000 Census (1999 income), the number of households with an income of \$50,000, or more, increased by 46 households. There was a net decrease of 31 households in the lowest income ranges, \$49,999 and lower. However, there were still 167 households with an annual income below \$25,000 in 2011, which represented 43.2% of all households in the City.

## Viborg Income Distribution by Housing Tenure

The 2011 American Community Survey provides income data by owner and renter status. The following table examines income distribution in Viborg. The American Community Survey is an estimate, based on limited sampling data, and there are some differences when compared to the 2010 Census. The American Community Survey reported income information on 387 households and the U.S. 2010 Census reported that there are 360 households in Viborg in 2010.

Household Income	Number of Owner Households	Number of Renter Households	Total Households
\$0 - \$14,999	22/27.8%	57/72.2%	79
\$15,000 - \$24,999	66/75.0%	22/25.0%	88
\$25,000 - \$34,999	29/58.0%	21/42.0%	50
\$35,000 - \$49,999	35/79.5%	9/20.5%	44
\$50,000 - \$74,999	53/75.7%	17/24.3%	70
\$75,000 - \$99,999	18/60.0%	12/40.0%	30
\$100,000+	26/100.0%	0/0%	26
<b>Total</b>	<b>249</b>	<b>138</b>	<b>387</b>

Source: 2011 American Community Survey





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

In 2011, approximately 72% of all renter households in Viborg 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 below \$20,000 in 2011. At 30% of income, a renter at the median level could afford approximately \$500 per month or less for housing costs.

Most owner households had a higher income level than rental households. Approximately 39% of all owner households had an annual income of \$50,000 or more. The estimated median household income for owners in 2011 was approximately \$39,000. At 30% of income, an owner at the median income level could afford approximately \$975 per month for housing costs.

## 2011 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 Viborg.

<b>Table 18 Gross Rent as a Percentage of Household Income - Viborg</b>		
Percentage of Household Income for Housing Costs	Number of Renter Households 2011	Percent of All Renter Households 2011
0% to 19.9%	44	31.9%
20% to 29.9%	32	23.2%
30% to 34.9%	13	9.4%
35% or more	36	26.1%
Not Computed	13	9.4%
Total	138	100%

Source: 2011 American Community Survey

Based on the more recently released tenure information from the 2010 Census, the 2011 American Community Survey did underestimate the number of renter households in Viborg by 12 households. However, the estimates on housing cost burden are the best available information on income and expenses for housing.

According to the American Community Survey, approximately 36% of all renters in the City were paying 30% or more of their income for rent. Most of these households were actually paying 35% or more of their income for housing. Federal standards for rent subsidy programs generally identify 30% of 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".

Many of the renter households with a housing cost burden had an annual household income below \$20,000. To avoid a cost burden, these lower income households would have needed a unit with a gross monthly rent of \$500 or less.

## 2011 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 Viborg that are paying different percentages of their gross household income for housing costs.

<b>Table 19 Ownership Costs as a Percentage of Income - Viborg</b>		
Percentage of Household Income for Housing Costs	Number of Owner Households 2010	Percent of All Owner Households 2010
0% to 19.9%	107	43.0%
20% to 29.9%	62	24.9%
30% to 34.9%	14	5.6%
35% or more	63	25.3%
Not Computed	3	1.2%
Total	249	100%

Source: 2011 ACS

The 2011 American Community Survey overestimated the number of owner households in the City of Viborg by approximately 15 households. However, this source still represents the best available information on income compared to housing costs.

A majority of owner-occupants, which would include households with and without a mortgage, reported paying less than 30% of their income for housing. However, approximately 31% of all home owners reported that they paid more than 30% of their income for housing. Most of these households were actually paying more than 35% of income for housing costs.

## 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
Viborg	234	126	41	3	6	19
Turner Co.	2,692	760	106	46	112	223

Source: U.S. Census

- ▶ In 2010, according to the U.S. Census, there were 112 seasonal housing units in Turner County, including six units in Viborg.
- ▶ There were 375 vacant housing units in Turner County in 2010 in addition to the seasonal units, including 63 units in Viborg.

## Existing Home Sales

This section examines houses that have been sold in Viborg from 2009 to 2013. It is important to note that the number of houses that have sold is limited, and may not be an accurate indicator of overall home values in the City of Viborg. However, this sample does provide some insight into those units that have turned-over during this time period.

This table primarily reflects existing home sales. New construction sales activity would generally not be recorded in the data that was used for this analysis.

	Number of Good Sales	Median Sale Price	Average Sale Price
2013*	9	\$54,000	\$51,711
2012	13	\$65,000	\$75,992
2011	8	\$53,500	\$53,375
2010	8	\$67,500	\$62,269
2009	11	\$35,000	\$41,036

Source: Turner County Assessor; Community Partners Research, Inc.

\* 2013 is through October

- ▶ From 2009 to 2013, there were 49 improved residential sales of single family houses in Viborg that were considered to be "arms length" transactions, according to the County's Director of Equalization. Sales that are not "arms length" include, but are not limited to, sales between relatives, forced sales and foreclosures, and estate transfers that are not available on the open market. Only the "arms length" transactions have been reviewed for this study.
- ▶ The median sales price for the nine residential sales in Viborg from January through October 2013, was \$54,000. The highest valued sale was for \$132,000 and the lowest valued sale was for \$4,400.
- ▶ The median sales price for the 13 residential sales in Viborg in 2012 was \$65,000. The highest valued sale was for \$150,000 and the lowest valued sale was for \$33,500.

- ▶ The median sales price for the eight residential sales in 2011 was \$53,500. The highest valued sale was for \$85,000 and the lowest valued sale was for \$20,500.
- ▶ The median sales price for the eight residential sales in 2010 was \$67,500. The highest valued sale was for \$115,000 and the lowest valued sale was for \$8,500.
- ▶ The median sales price for the 11 residential sales in 2009 was \$35,000. The highest valued sale was for \$78,000 and the lowest valued sale was for \$23,000.
- ▶ The median sales price for the combined 23 sales in 2012 and 2013 was \$63,750.

## **Viborg Housing Condition**

Community Partners Research, Inc. representatives conducted a visual 'windshield' survey of the 315 single family/duplex houses in Viborg.

The City was divided into three neighborhoods:

- ▶ Neighborhood No. 1 - West of Main St.
- ▶ Neighborhood No. 2 - North of Park Ave. & East of Main St.
- ▶ Neighborhood No. 3 - South of Park Ave. and East of Main St.

The table below provides the survey information for single family homes/duplexes in the three neighborhoods.

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.

**Table 22 Windshield Survey Condition Estimate - 2013**

	Sound	Minor Repair	Major Repair	Dilapidated	Total
Neighborhood No. 1	63/49.6%	41/32.3%	21/16.5%	2/1.6%	127
Neighborhood No. 2	49/43.7%	34/30.4%	25/22.3%	4/3.6%	112
Neighborhood No. 3	33/43.4%	21/27.6%	16/21.1%	6/7.9%	76
Total	145/46.0%	96/30.5%	62/19.7%	12/3.8%	315

Source: Community Partners Research, Inc.

- ▶ The existing housing stock in Viborg is in good condition. Approximately 31% of the houses in the City need minor repair and 18% need major repair. Approximately 46% are sound, with no required improvements. Twelve houses are dilapidated and possibly beyond repair.



## **Housing Construction Activity**

Based on information provided by the City of Viborg and the Census Bureau, 16 single family homes were constructed in or moved into Viborg from 2000 to 2013.

Also, a rental four-plex was constructed in 2000.

## **Rental Housing Data**

### **Census Bureau Rental Inventory**

According to the 2010 U.S. Census, there were 126 occupied rental units and 41 unoccupied rental units in Viborg, for a total estimated rental inventory of 167 units. The City's rental tenure rate in 2010 was 35.0%, above the Statewide rental rate of 31.9%.

At the time of the 2000 Census, Viborg had 119 occupied rental units, and 17 vacant rental units, for a total estimated rental inventory of 136 units. The rental tenure rate in 2000 was 32.5%.

Based on a Census comparison, the City gained seven renter-occupancy households, and approximately 31 rental units during the last decade.

The City experienced a decrease in owner-occupants between 2000 and 2010. In many communities, the reduction of owner households corresponded to growth among renters, as tenure conversion occurred in some housing units.

### **Rental Housing Survey**

As part of this housing study, a telephone survey was conducted of multifamily projects in Viborg. Emphasis was placed on contacting properties that have three or more units. For the purposes of planning additional projects in the future, multifamily properties represent the best comparison of market potential.

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

There were 118 housing units/beds of all types that were contacted in the survey. In addition to the 118 rental units, the nursing home, which has 52 long-term care beds, was contacted.

The units that were successfully contacted include:

- ▶ 16 market rate units
- ▶ 48 federally subsidized units
- ▶ 54 assisted living units/beds
- ▶ 52 beds in the nursing home

The findings of the survey are provided below.

## **Market Rate Summary**

Information was obtained on 16 market rate rental units. The units surveyed include two four-unit projects and an eight-unit project.

There are no market rate rental projects in Viborg that are larger than eight units.

## **Unit Mix**

Information on bedroom mix was obtained from 16 market rate units. The breakdown of the bedroom mix is:

- ▶ one-bedroom - 2 (12.5%)
- ▶ two-bedroom - 14 (87.5%)
- ▶ three-bedroom - 0 (0%)
- ▶ four-bedroom - 0 (0%)

## **Occupancy / Vacancy**

There was one vacant unit in the 16 market rate units that were surveyed. This is a vacancy rate of 6.3%. The one vacancy was in the Bjordal Apartments. The manager reported that the units are usually fully occupied. The other two market rate projects reported no vacancies.

## **Rental Rates**

The highest rental rates in Viborg are the Bjordal Apartments, which were developed by the Viborg Housing and Redevelopment Commission. The rents in these units are \$650 plus utilities. The Evergreen Apartments have rents of \$525 to \$575 plus utilities. The rents in the Viking Court four-plex are \$395 for a one-bedroom unit and \$450 for a two-bedroom unit. Tenants also pay heat and electricity.

## **Tax Credit Summary**

There are no tax credit units in Viborg.

## **Subsidized Summary**

The research completed for this Study identified six subsidized projects providing rental opportunities for lower income households. These projects have a combined 48 units. All six projects are general occupancy rental housing, although, it appears that two projects were originally senior/disabled projects.

The six subsidized rental projects in Viborg include:

- ▶ **Danish Villa** - Danish Villa is an eight-unit general occupancy USDA Rural Development Project. The units are all two-bedroom apartments. The project was constructed in 1977.
- ▶ **Rosewood Apartments** - Rosewood Apartments is a four-unit general occupancy USDA Rural Development project. The four units are all one-bedroom units.
- ▶ **Viking Court** - The Viking Court Apartments is an eight-unit USDA Rural Development Project. The eight units are all two-bedroom units.
- ▶ **Washington Square Apartments** - Washington Square Apartments is a USDA Rural Development project with eight units. The eight units are all two-bedroom units. The project was constructed in the 1986.
- ▶ **Meadowlands Apartments** - Meadowlands Apartments is a 12-unit HUD/Section 8 General Occupancy Project. The 12-units include four efficiency and eight one-bedroom units.
- ▶ **Village Apartments** - Village Apartments is an eight-unit Rural Development General Occupancy project. The eight units include two one-bedroom and six two-bedroom units. The eight units are in two buildings constructed in 1973 and 1975.

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 market rent.

## **Unit Mix**

The bedroom mix breakdown for the 48 subsidized units in Viborg is as follows:

- ▶ 6 efficiency (12.5%)
- ▶ 12 one-bedroom (25.0%)
- ▶ 30 two-bedroom (62.5%)

## **Occupancy / Vacancy**

There were approximately 16 unoccupied units that were identified in the subsidized projects, which is a 33.3% vacancy rate. All of the subsidized projects reported vacancies. Viking Court reported five vacancies, Danish Villa had three vacancies, Village Apartments had two vacancies and Rosewood Apartments and Washington Square Apartments each had one vacancy. The manager of Meadowlands Apartments did not provide vacancy information other than to report that there are ongoing vacancies. However, based on other information obtained about this project, we are estimating that there are approximately four vacancies in Meadowlands Apartments.

## **Subsidized Housing Gains/Losses**

Federal subsidy sources for low income rental housing have been very limited for the past few decades. The six subsidized projects in Viborg were constructed in the 1970s and 1980s. Some of these older projects in the State of South Dakota have completed their compliance requirements and have the opportunity to leave their subsidy program and convert to conventional rental housing.

At this time, we are not aware that any of the Viborg projects are considering opting out of their subsidy program.

## **Senior Housing with Services**

Viborg has four senior with services facilities. These facilities include Pioneer Villa, Pioneer Inn and the Pioneer Memorial Nursing Home. All of these facilities are owned and operated by Sanford Health Care. The fourth facility is Evergreen Assisted Living Center.

Following is a summary of the facilities:

- ▶ **Pioneer Villa** - Pioneer Villa is a senior congregate housing project that includes 19 total units including studio, one-bedroom and two-bedroom units. Pioneer Villa provides a light level of services including a noon meal, housekeeping, laundry, activities and an emergency call system. At the time of our survey, there was one vacant studio unit. The Administrator reported that there have been vacancies in the past. Rents and fees are \$1,040 to \$1,190 for a studio unit, \$1,190 to \$1,340 for a one-bedroom unit and \$1,380 to \$1,530 for a two-bedroom unit.
- ▶ **Pioneer Inn** - Pioneer Inn is a 12-bed assisted living facility. Pioneer Inn provides the full array of senior assisted living services. Residents can choose from three service plans including minimum assistance, moderate assistance and extensive assistance. Rents and fees range from \$2,800 to \$3,300. At the time of the survey, there were no vacancies and a waiting list.
- ▶ **Pioneer Memorial Nursing Home** - The Pioneer Memorial Nursing Home has 52 beds including 10 Alzheimer/dementia beds. At the time of the survey, the Alzheimer/dementia beds were fully occupied and the other beds had an average 98% occupancy rate. The fees are:
  - Shared room \$163 per day
  - Private room \$167 per day
  - Alzheimer/Dementia room \$187 per day
- ▶ **Evergreen Assisted Living Center** - The Evergreen Assisted Living Center is an assisted living project with 24 beds in single and double rooms, and provides a full array of services. Residents include seniors and also non-seniors with disabilities. Currently, the facility is totally occupied.

**Table 23 Viborg Multifamily Rental Housing Inventory**

Name	Number of Units / Bedroom Mix	Rent	Vacancy / Wait List	Tenant Mix	Comments
<b>Market Rate</b>					
Evergreen Apartments	<u>8 - 2 bedroom</u> 8 total units	\$525-\$575 + utilities	No vacancies	General occupancy	Evergreen Apartments include four market rate duplexes. All eight units have two bedrooms. The apartments were constructed in 1995. The manager reports no vacancies and the units are usually fully occupied. Tenants pay all utilities except garbage.
Bjordal Apartments	<u>4 - 2 bedroom</u> 4 total units	\$650 + utilities	1 vacancy	General occupancy	Bjordal Apartments are market rate units developed by the Viborg Housing and Redevelopment Commission in 2000, but were sold to a private owner. Tenants pay all utilities. Manager reports one vacancy, but the units are usually fully occupied.
Viking Court Four-plex	<u>2 - 1 bedroom</u> <u>2 - 2 bedroom</u> 4 total units	\$395 \$450 + utilities	No vacancies	General occupancy	The Viking Court four-plex is a general occupancy market rate project. Rent includes water, sewer and garbage. Tenants pay heat and electricity. Manager reports no vacancies and the units are usually fully occupied.
<b>Subsidized</b>					
Danish Villa	<u>8 - 2 bedroom</u> 8 total units	\$553 max. 30% of income	3 vacancies	General occupancy	Rural Development general occupancy project constructed in 1977. Tenants pay 30% of income up to a maximum rent of \$553. Non-low income tenants can rent a unit at maximum rent. Currently, there are three vacancies and the manager reports that there are usually vacancies.
Rosewood Apartments	<u>4 - 1 bedroom</u> 4 total units	30% of income	1 vacancy	General occupancy	Rural Development general occupancy project with four one-bedroom units. Non-low income tenants can rent a unit and pay a maximum rent. Manger reports one vacancy, but the units are usually fully occupied.
Viking Court Eight-plex	<u>8 - 2 bedroom</u> 8 total units	\$544 max. 30% of income	5 vacancies	General occupancy	Viking Court is a general occupancy Rural Development project with eight two-bedroom units. Non-low income tenants can rent a unit and pay maximum rent. Manager reports five vacancies and there usually are vacancies.

**Table 23 Viborg Multifamily Rental Housing Inventory**

Name	Number of Units /Bedroom Mix	Rent	Vacancy/ Wait List	Tenant Mix	Comments
Washington Square	<u>8 - 2 bedroom</u> 8 total units	\$604 max. income 30% of income	1 vacancy	General occupancy	Washington Square is a general occupancy Rural Development project constructed in 1986. All of the units have two bedrooms. Non-low income tenants can rent a unit and pay maximum rent. Currently, there is one vacancy and the manager reports that the project has a high occupancy rate.
Meadowlands Apartments	4 - efficiencies <u>8 - 1 bedroom</u> 12 total units	30% of income	Estimate of 4 vacancies	General occupancy	Meadowlands Apartments is a 12-unit HUD/Section 8 general occupancy project. The 12 units include four efficiency and eight one-bedroom units. Non-low income tenants can rent a unit if a waiver is obtained. The manager did not provide the number of vacancies, but stated that there are ongoing vacancies.
Village Apartments	<u>2 - 1 bedroom</u> <u>6 - 2 bedroom</u> 8 total units	\$415 max. \$435 max. 30% of income	2 one-bedroom vacancies	General occupancy	Village Apartments is a Rural Development general occupancy project. The project includes two buildings. The buildings were constructed in 1973 and 1975. Non-low income tenants can rent a unit if a waiver is obtained and the tenant pays maximum rent. Manager reports two vacant one-bedroom units, but the units have averaged a 5% vacancy rate.



**Table 23 Viborg Multifamily Rental Housing Inventory**

Name	Number of Units / Bedroom Mix	Rent	Vacancy/ Wait List	Tenant Mix	Comments
<b>Senior with Services</b>					
Evergreen Assisted Living Center	24 beds in single & <u>double rooms</u> 24 total beds	Based on services	No vacancies	Seniors and people with disabilities	The Evergreen Assisted Living Center has single and double rooms with a total of 24 beds. Residents include seniors and non-seniors that have assisted living needs. Currently, the facility is fully occupied. Residents come from large market area surrounding Viborg.
Pioneer Villa	studio 1 bedroom <u>2 bedroom units</u> 19 total units	\$1040-\$1190 \$1190-\$1340 \$1380-\$1530	1 vacant studio	Seniors	Pioneer Villa is a congregate housing project that provides a light level of services including a noon meal, housekeeping, laundry, activities and an emergency call system. At the time of the survey, there was one vacant studio apartment. The Administrator reported that there have been more vacancies in the past. The lower rent in the rent range is single occupancy and the higher rent is based on double occupancy.
Pioneer Inn	<u>12 beds</u> 12 total units	\$2800-\$3300 3 plans based on level of service	No vacancies with a waiting list	Seniors	Pioneer Inn is a 12-bed assisted living facility. The facility provides the full array of senior services. Residents can choose from three plans, minimum assistance, moderate assistance and extensive assistance. The facility is fully occupied and there is a waiting list.
Pioneer Memorial Nursing Home	52 beds including 10 dementia beds	Shared room-\$163/day Private room-\$167/day Memory care-\$187/day	100% occupancy Dementia 98% occupancy nursing home	Seniors	Pioneer Memorial Nursing Home is a 52-bed nursing home. Ten of the beds are for residents with dementia. The dementia beds are fully occupied and the remaining beds have a 98% vacancy rate. The facility has single and shared rooms.

Source: Community Partners Research, Inc.

## Employment and Local Economic Trends Analysis

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

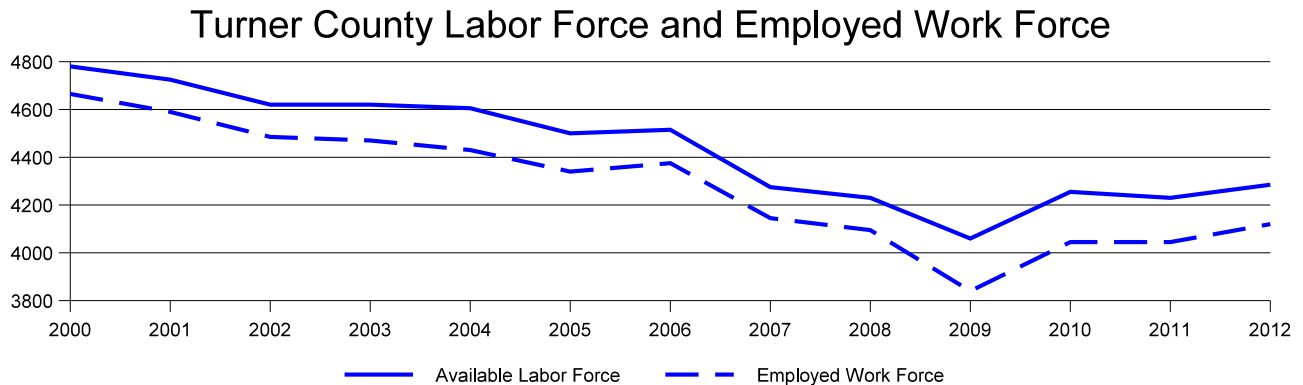
Employment opportunities may be provided by a broad range of private and public business sectors. Jobs may be available in manufacturing, commercial services, agriculture, public administration, and other industries. The type of employment, wage level, and working conditions will each influence the kind of housing that is needed and at what level of affordability.

Employment information is available for Turner County. The labor force statistics track people by place of residence, rather than place of employment.

<b>Table 24 County Average Annual Labor Force: 2000 to 2013*</b>						
Year	Labor Force	Employed	Unemployed	Unemployment Rate - County	Unemployment Rate - SD	Unemployment Rate - US
2000	4,780	4,665	115	2.4%	2.7%	4.0%
2001	4,725	4,590	135	2.9%	3.1%	4.7%
2002	4,620	4,485	135	2.9%	3.3%	5.8%
2003	4,620	4,470	150	3.3%	3.5%	6.0%
2004	4,605	4,430	175	3.8%	3.7%	5.6%
2005	4,500	4,340	160	3.6%	3.7%	5.1%
2006	4,515	4,375	140	3.1%	3.1%	4.6%
2007	4,275	4,145	130	3.0%	2.9%	4.6%
2008	4,230	4,095	135	3.2%	3.0%	5.8%
2009	4,060	3,840	220	5.4%	5.2%	9.3%
2010	4,255	4,045	210	4.9%	5.0%	9.6%
2011	4,230	4,045	185	4.3%	4.7%	8.9%
2012	4,285	4,120	165	3.8%	4.4%	8.1%
2013*	4,390	4,230	160	3.6%	4.1%	7.7%

Source: South Dakota Department of Labor

\* 2013 is through August



Over a longer time period, there has been both upward and downward movement in the size of the County’s labor force and employed work force. Between 2000 and 2009, the County’s labor statistics decreased significantly. However, since 2009, a rebound has occurred, and some of the prior loss has been recovered. Partial-year data for 2013 point to similar improvement in the current year, although the inclusion of fall and early winter months may lower these numbers when a full year is reviewed.

Over the entire 13-year time period reviewed (excluding partial-year 2013), the County’s available labor force has decreased by 495 people, or 10.4%. The employed work force has decreased by 545 people, or 11.7% during this same time period. However, as indicated in the line chart above, after 2009 there has been a gradual upward trend in the labor statistics. The unemployment rate has been declining significantly, after reaching a recent peak of 5.4% in 2009.

The County’s unemployment rate for 2012 was at 3.8%, well below the national rate. Through the first eight months of 2013 the unemployment rate has decreased to 3.6%. For all of the years reviewed, the County’s unemployment rate has remained relatively similar to the Statewide rate, and has actually been below the South Dakota average since 2010.

## Average Annual Wages by Industry Sector

The following table shows the annual employment and average annual wages by major employment sector in 2012, the last full year of data. It is important to note that the major employment sectors listed do not represent all employment in the County. This information is for all of Turner County.

<b>Table 25 County Average Annual Wages by Industry Detail: 2012</b>		
Industry	2012 Employment	2012 Average Annual Wage
Total All Industry	2,094	\$29,206
Natural Resources, Mining	130	\$29,761
Construction	89	\$29,080
Manufacturing	187	\$41,020
Trade, Transportation, Utilities	422	\$28,186
Information	51	\$33,012
Financial Activities	145	\$44,649
Professional and Business Services	89	\$56,412
Education and Health Services	379	\$26,757
Leisure and Hospitality	125	\$6,866
Other Services	21	\$29,392
Government	456	\$22,687

Source: South Dakota Department of Labor

The average annual wage for all industry in 2012 was \$29,206. The highest paying wage sectors were Professional and Business Services, Financial Activities and Manufacturing, with annual average wages of \$56,412, \$44,649 and \$41,020, respectively. Government was the largest single employment sector, but had annual wages of only \$22,687, well below the overall average.

The lowest paying wage sector was Leisure and Hospitality, with an average annual wage of only \$6,866. This was the only industry sector with an annual wage below \$20,000.

## Major Employers in Turner County

The Community Profile for Turner County lists the following major employers in Viborg. This information is from the Governor’s Office of Economic Development website. There may be additional employers that are not listed.

- ▶ Pioneer Memorial Hospital
- ▶ Viborg School District
- ▶ PrairieWave Communication
- ▶ City of Viborg
- ▶ Jones Food Center
- ▶ Pump N Stuff
- ▶ Merchant State Bank
- ▶ Dakota Ace
- ▶ Viborg Enterprise
- ▶ Sioux Nation Vet Clinic
- ▶ Chuck’s Cabinets

Source: Governor’s Office of Economic Development

## Commuting Patterns of Area Workers

Only limited information is available on area workers that commute for employment. The best information is from the 2011 American Community Survey, and has been examined for Viborg. This table only examines people that commuted, and excludes people that work at home.

<b>Table 26 Commuting Times for Residents - 2011</b>	
Travel Time	Number/Percent
Less than 10 minutes	185 / 52.0%
10 to 19 minutes	20 / 5.6%
20 to 29 minutes	10 / 2.8%
30 minutes +	141 / 39.6%
Total	356

Source: 2011 American Community Survey 5-year estimates

More than half of Viborg’s residents were commuting less than 20 minutes to work in 2011. Overall, 52% of residents commuted 19 minutes or less to work, while 48% traveled 20 minutes or more. Most of the longer-distance commuters were actually traveling 30 minutes or more, which could indicate travel to cities such as Sioux Falls, Vermillion and Yankton.

## **Findings on Growth Trends**

As part of this Study, Community Partners Research, Inc., has examined growth patterns for Viborg and Turner 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.

Both Viborg and Turner County had population losses in the 1980s, followed by population gains in the 1990s and a return to population losses in the 2000s. Overall, Viborg and Turner County's population decreased from 1980 to 2010. From 1980 to 2010, Viborg's population decreased by 30 people and Turner County's population decreased by 908 people. From 2000 to 2010, Viborg's population decreased by 50 people and Turner County's population decreased by 502 people.

There was no net change in Viborg's number of households from 1980 to 2010. Turner County's number of households decreased by 27 households over the past three decades. As with population, Viborg and Turner County had household losses in the 1980s, household gains in the 1990s, followed by minor household losses in the 2000s.

## **Findings on Projected Growth**

The projections for Viborg and Turner County calculated by Community Partners Research, Inc., from past growth trends reflect the patterns of recent decades. Using past trends, Community Partners Research, Inc., projects that Viborg's population will decrease by six people between 2010 and 2015 and by an additional 10 people from 2015 to 2020. The household projections expect a loss of three households from 2010 to 2015 and a loss of an additional two households from 2015 to 2020.

Community Partners Research, Inc.'s population and household projections for all of Turner County expect an ongoing reduction in population but a relatively stable household count through the year 2020. The forecasts used for this Study expect a loss of 237 people from 2010 to 2015 and a loss of an additional 190 people from 2015 to 2020. The household projections expect very little change in the number of households from 2010 to 2015 and from 2015 to 2020.

## **Summary of Turner County Growth Projections by Age**

The Demographic section of this Study presented Turner County projection information on anticipated changes by age group over the next few years. This information can be informative in determining the housing that may be needed due to age patterns of the County's population.

In general terms, much of the projected net growth to the year 2015 will occur among people in the 55 to 74 age ranges. This would largely reflect the aging "baby boomers", nearly all of whom will be age 55 or older by the year 2015.

There is a difference in the State Data Center and Community Partners Research, Inc., projections in several age ranges. The State Data Center forecasts an increase of 31 households for the 15 to 24 age range and Community Partners Research, Inc., is projecting a slight loss of nine households. Conversely, Community Partners Research, Inc., is projecting a gain of 11 households in the 35 to 44 age range, while the State Data Center is projecting a loss of six households in this age range. Also, the State Data Center is estimating that there will be a significant increase of 74 households age 85 and over, while Community Partners Research, Inc., is projecting a loss of 17 households in this older senior group.

While projections can be informative in planning for change, it is important to note that they may be altered in the future. To the extent that Viborg and Turner County can attract in-migration, the demographic profile of future residents may not always match historical patterns, and it is possible that more young adults may move to the area.

The following approximate ranges show the expected net change in the number of Turner County households in each 10-year age cohort between 2010 and 2015. The first column shows the projections based on State Data Center data and the second column shows projections based on Community Partners Research, Inc. calculations.

<u>Age Range</u>	<u>Projected Change in Households</u>
	<u>2010 to 2015</u>
15 to 24	31 to -9
25 to 34	-70 to -13
35 to 44	-6 to 11
45 to 54	-121 to -99
55 to 64	80 to 45
65 to 74	69 to 97
75 to 84	-27 to -14
85 and Older	74 to -17

## **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 the number of households in Viborg and Turner County to remain relatively stable through 2015. As a result, anticipated household growth yields only slight demand for new housing production.

***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 Viborg, some dilapidated housing has been demolished, and more units may be removed in the future. As a result, we have included a minor 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. Although there has not been growth in the number of households, shifting age patterns have created demand for certain types of age-appropriate housing in Viborg. We have included our estimates of pent-up demand into the specific recommendations that follow later in this section.



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

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

**Age 15 to 24 Years Old** - The projections used for this Study expect a range of a loss of nine households to a gain of 31 households in the 15 to 24 age range through the year 2015. Past tenure patterns indicate that 61% of these households in Viborg will rent their housing. A relatively stable number of households in this age range should mean that rental demand from younger households will remain relatively unchanged during the projection period.

**25 to 34 Years Old** - The projections show a loss of 13 to 70 households by 2015. Within this age range households often move from rental to ownership housing. The ownership rate among these households in Viborg was approximately 67% in 2010. A loss of households within this age range indicates lower demand for both first-time buyer and rental opportunities.

**35 to 44 Years Old** - The projections for this 10-year age cohort expect a range of a loss of six households to a gain of 11 households between 2010 and 2015 in Turner County. In the past, this age group has had a high rate of home ownership in Viborg, at approximately 77%. 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 2015, 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 Turner County, the projections show a loss of 99 to 121 households in this range. This age group historically has had a high rate of home ownership, approximately 87% in Viborg in 2010, and will often look for trade-up housing opportunities. With a household decrease in this age group, there will be a decrease in the demand for trade-up housing.

**55 to 64 Years Old** - This age range is part of the baby boom generation. The projections show an expected increase of 45 to 80 additional households in this 10-year age range by the year 2015 in the County. This age range has traditionally a high rate of home ownership in Viborg, at approximately 80% 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** - The State Data Center and Community Partners Research, Inc., forecast a gain of 69 to 97 households by the year 2015 in this 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 72% of households in this age range owned their housing in Viborg. Once again, preferences for age-appropriate units would increase from household growth within this age cohort.

**75 to 84 Years Old** - There is a projected loss of 14 to 27 households in Turner County in this age range between 2010 and 2015. In the past, households within this 10-year age range have had a relatively high rate of home ownership, at approximately 71% in Viborg. While this is likely to continue, an expansion of other 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.

**85 Years and Older** - A range of a gain of 74 households to a loss of 17 households is projected from 2010 to 2015. Historic home ownership rates in this age group in Viborg have been relatively low, at approximately 52% in 2010. Seniors in this age range often seek senior housing with services options.

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

## **Strengths for Housing Development**

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

- ▶ **Viborg serves as a small regional center** - Viborg provides employment opportunities, retail/service options, health and professional services and recreational facilities for a geographical area that surrounds the City.
- ▶ **Affordable priced housing stock** - The City of Viborg has a stock of affordable, existing houses. Our analysis shows that the City's median home value based on 2012 and 2013 sales is approximately \$63,750. This existing stock, when available for sale, provides an affordable option for home ownership.
- ▶ **Adequate land for development** - Viborg 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.
- ▶ **Proactive City involvement** - Viborg has a track record of being proactive and working with housing agencies and the private sector to develop housing opportunities, including rental housing and subdivision development.
- ▶ **Educational system** - Viborg is part of the Viborg-Hurley School System. The K-4 and 9-12 schools are located in Viborg and the 5-8 school is located in Hurley.
- ▶ **Infrastructure** - Viborg's water and sewer infrastructure can accommodate future expansion.
- ▶ **Commercial development** - Viborg's commercial district is adequate to meet most daily needs.
- ▶ **Viborg Housing and Redevelopment Commission** - The Viborg Housing and Redevelopment Commission has developed, owned and managed rental housing in Viborg in the past.

- ▶ **Viborg Development Corporation and Strengthening Viborg's Economy Now (SVEN)** - The Viborg Development Corporation and SVEN are active in promoting economic and employment opportunities for the area.
- ▶ **Small-town atmosphere** - Viborg is a small town with the real and perceived amenities of small communities. This small-town living is attractive to some households.
- ▶ **Services for senior citizens** - Viborg has two assisted living facilities, a congregate housing project and a nursing home, which includes Alzheimer/dementia beds.
- ▶ **Viborg is located near three regional centers** - Viborg is located 45 miles from Sioux Falls, 35 miles from Yankton and 33 miles from Vermillion, all of which are regional centers. These regional centers provide employment opportunities, retail/service options, education facilities, government services, health and professional services and cultural amenities. Many households prefer to live near, but not in a regional center.
- ▶ **Health Care Facilities** - Viborg has a hospital, medical clinic and pharmacy.
- ▶ **Industrial Park** - Viborg has an industrial park with several businesses and approximately 40 acres available for development.
- ▶ **Potential Major Employer** - A dairy operation may locate in the Viborg area, which would have an impact on housing needs in Viborg.

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

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

- ▶ **Age and condition of the housing stock** - While the existing stock is very 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 low, which makes it difficult to construct new rental housing.
- ▶ **Value gap deters new owner-occupied construction** - Based on market values for 2012 and 2013 residential sales, we estimate that the median priced home in Viborg is valued at approximately \$63,750. This is well below the comparable cost for new housing construction, which will generally be above \$150,000 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.
- ▶ **Population and household growth** - Historical data indicates that Viborg is not expected to add a significant number of people or households from 2010 to 2020. The City has to use realistic expectations when planning for the future.
- ▶ **Proximity to Sioux Falls, Yankton and Vermillion** - Although it is a strength to be located near regional centers, it is also a barrier as Viborg must compete with the regional centers, which offer attractive residential opportunities and other amenities and services.
- ▶ **Available lots** - There are only a few in-fill lots available for new housing construction.

## **Recommendations, Strategies and Housing 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 Viborg. 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.
- ▶ **New housing development generally will not occur without proactive community involvement** - To attract new home or apartment construction in Viborg, subsidies or some other form of financial assistance will be needed 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 Viborg 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** - Viborg has many assets including a K-4 and 9-12 school, employment opportunities, a Downtown Commercial District, health facilities, etc. These are strong assets that make Viborg 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 South Eastern Council of Governments, the South Eastern Development Foundation, the Inter-Lakes Community Action Agency, the Lennox Housing and Redevelopment Commission, the Rural Office of Community Services, 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 Viborg have been formulated through the analysis of the information provided in the previous sections and include 17 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 six to eight general occupancy market rate rental units
2. Develop five to six affordable rental units
3. Explore options to maximize subsidized rental units and to improve occupancy rates
4. Monitor the need to develop additional senior with services units
5. Utilize the Housing Choice Voucher Program

### **Home Ownership**

6. Utilize and promote all programs that assist with home ownership
7. Develop a purchase/rehabilitation program

### **Single Family Housing Development**

8. Support the development of six to eight residential lots
9. Develop a City of Viborg Housing Incentive Program

10. Coordinate with economic development agencies, housing agencies and nonprofit groups to construct affordable housing
11. Promote twin home/town house development

**Housing Rehabilitation**

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

**Other Housing Issues**

14. Acquire and demolish dilapidated structures
15. Create a plan and a coordinated effort among housing agencies
16. Continue to promote commercial rehabilitation and development
17. Competition with other jurisdictions



## Rental Housing Development

**Findings:** It is difficult to produce new affordable rental units. A number of factors including federal tax policy, state property tax rates, a low rent structure and high construction costs have all contributed to making rental housing difficult, especially in small cities.

Our projections indicate that the City of Viborg and Turner County’s number of households is expected to remain relatively stable from 2010 to 2015. Although the number of households is not expected to grow significantly, we are recommending the development of the following units from 2014 to 2019:

▶ General Occupancy Market Rate	- 6 to 8
▶ Subsidized	- 0
▶ Rehab/Conversions	- 5 to 6
▶ Independent/Senior with Services	- 0
Total	<u>11 to 14</u>

These recommendations are based on pent-up demand for quality rental units, the loss of rental units from the housing stock and the low vacancy rates in existing market rate units.

### 1. Develop six to eight general occupancy market rate rental units

**Findings:** Viborg has a limited number of conventional, market rate units. Based on our research, there are only three market rate rental projects with four or more units. The three conventional projects include Evergreen Apartments, with eight market rate units in four duplexes, the Bjordal four-plex, which was developed and previously owned by the Viborg Housing and Redevelopment Commission, and Viking Court, which is a four-plex.

The Evergreen Apartments are all two-bedroom units and were constructed in 1995. Rents range from \$525 to \$575 per month plus utilities.

The Bjordal units are all two-bedroom and the rents are \$650 per month plus utilities. Viking Court has two one-bedroom and two two-bedroom units. The rents are \$395 to \$450 plus heat and electricity.

There was only one vacancy in the three market rate projects. The managers of the three projects reported very high occupancy rates.

Also, based on our interviews, in addition to the multifamily rental projects there are single family homes being rented in Viborg. The City's subsidized rental projects also allow over-income tenants to live in the projects if they pay the maximum rent amounts set for their unit.

The only three-bedroom and four-bedroom market rate units are in single family homes. There are no three-bedroom or larger units in the three market rate multifamily rental projects.

Although Viborg's total number of households is not expected to increase over the next five years, our interviews and rental survey identified demand and a need for additional market rate rental housing.

There is, however, a projected increase of 142 to 149 households in Turner County in the 55 to 74 age ranges. While this projection is for the overall growth in Turner County, Viborg has the potential to capture a share of this growth. Some of the households in this age range will prefer to rent and have incomes that are too high to qualify for subsidized rental housing.

Additionally, we are expecting the loss of rental households due to deterioration and demolition. We have identified 12 single family homes in Viborg that are dilapidated and beyond repair. We also identified 62 single family homes that need major rehabilitation. Some of these dwellings are rentals and may be demolished or no longer rented because of their condition.

Also, a dairy operation is proposed for the Viborg area, which would add jobs and create additional demand for housing.

**Recommendation:** We recommend the development of six to eight market rate rental housing units. Town house or twin home-style units similar to the existing Viborg Housing and Redevelopment Commission units would be the preferred style, to cater to active renter households. A high quality apartment building with 'state of the art' amenities is also an option.

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 Viborg Housing and Redevelopment Commission or the Viborg Development Corporation could utilize essential function bonds, or similar funding sources to construct market rate units.

Also, the Viborg Housing and Redevelopment Commission or the Viborg Development Corporation could partner with private developers to construct additional units. The City of Viborg could assist with land donations, tax increment financing, reduced water and sewer hook up fees, etc. Additionally, housing Vouchers could be utilized by households renting the units if they meet income requirements and the rents are at or below Fair Market Rents (FMRs). The 2013 FMRs are \$681 for a two-bedroom and \$958 for a three-bedroom unit.

The units could be added in two phases, as demand dictates the need for additional units. In this way the supply could be expanded without saturating the market. Additionally, some of the units should be three-bedroom units as there is a shortage of three-bedroom units in Viborg.

We recommend the development of six to eight units and the unit mix and rents should be as follows:

**Recommended unit mix, sizes and rents for the Viborg Market Rate Housing Project:**

<u>Unit Type</u>	<u>No. of Units</u>	<u>Size/Sq. Ft.</u>	<u>Rent</u>
Two Bedroom	4-5	850-950	\$800-\$900
Three Bedroom	<u>2-3</u>	1,050-1,150	\$950-\$1050
Total	6-8		

Note: Rents are quoted in 2013 dollars and include utilities.

As stated earlier, it would be advantageous to keep the rent structure at or below the rent limits for the Housing Voucher Program. This would allow renter households to participate in the Housing Voucher Program and expand the number of households that could afford the proposed rents.

**2. Develop five to six affordable rental units**

**Findings:** The previous recommendation addressed the market potential to develop high quality rental units in Viborg. Unfortunately, these units would tend to be beyond the financial capability of many area renters. A majority of Viborg 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 Viborg has lost some affordable rental housing over the years and will continue to lose units due to deterioration and demolition. Part of the need for additional rental units in Viborg 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 Viborg to promote the development 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 and to address pent-up demand.

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. According to the U.S. Census, in 2010 there were a substantial number of vacant housing units in Viborg. Potentially, some of these homes could be renovated to be quality rental units. These units could be developed by a housing agency or by a private developer. A partnership between a housing agency and private developers is another option. Through the interview process, some current rental property owners expressed interest in purchasing properties and renovating them into affordable rental units.

Creating rental units with contract rents below \$600 per month would help to expand the choices available to a majority of the City's renter households.

To obtain an affordable rent structure, financial commitments from other sources such as tax increment financing from the City of Viborg, property tax deferral and other financial resources from funding agencies such as the South Dakota Housing Development Authority may be necessary.

**3. Explore options to maximize the subsidized units and to improve occupancy rates**

**Findings:** The City of Viborg has six subsidized rental projects with a total of 48 units. The 48 units are approximately 30% of the City's total rental housing stock. The six subsidized rental projects include:

- ▶ **Danish Villa** - Danish Villa is an eight-unit general occupancy USDA Rural Development Project. The units are all two-bedroom apartments. The project was constructed in 1977.
- ▶ **Rosewood Apartments** - Rosewood Apartments is a four-unit general occupancy USDA Rural Development project. The four units are all one-bedroom units.
- ▶ **Viking Court** - The Viking Court Apartments is an eight-unit USDA Rural Development Project. The eight units are all two-bedroom units.
- ▶ **Washington Square Apartments** - Washington Square Apartments is a USDA Rural Development project with eight units. The eight units are all two-bedroom units. The project was constructed in the 1986.
- ▶ **Meadowlands Apartments** - Meadowlands Apartments is a 12-unit HUD/Section 8 General Occupancy Project. The 12-units include four efficiency and eight one-bedroom units.
- ▶ **Village Apartments** - Village Apartments is an eight-unit Rural Development General Occupancy project. The eight units include two one-bedroom and six two-bedroom units. The eight units are in two buildings constructed in 1973 and 1975.

Currently, there are approximately 16 vacancies in the 48 units, which is a 33.3% vacancy rate. Based on our rental survey and interviews, there have been chronic vacancies over the past several years in the subsidized projects.

**Recommendation:** The subsidized rental projects in Viborg are underutilized with a high ongoing vacancy rate. It is our recommendation that the City, the Viborg Housing and Redevelopment Commission and the Viborg Development Corporation, work with the projects' owners, USDA Rural Development, HUD, the South Dakota Housing Development Authority and area housing agencies to determine what actions can be taken to increase the subsidized projects' occupancy rates and to better address Viborg's rental housing needs.

Actions could include purchase of one or more of the projects by a housing or economic development agency, combining smaller units to create larger units, building and unit renovations, converting some of the projects to market rate, lowering the market rent, etc.

Additionally, some of the units in these subsidized projects could provide housing for the future dairy farm workers, if the dairy farm project comes to fruition.

#### **4. Monitor the need for additional senior with services units**

**Findings:** The City of Viborg currently has four senior with services projects. The four projects include:

- ▶ **Pioneer Villa** - Pioneer Villa is a senior congregate housing project that includes 19 total units including studio, one-bedroom and two-bedroom units. Pioneer Villa provides a light level of services including a noon meal, housekeeping, laundry, activities and an emergency call system. At the time of our survey, there was one vacant studio unit. The Administrator reported that there have been vacancies in the past. Rents and fees are \$1,040 to \$1,190 for a studio unit, \$1,190 to \$1,340 for a one-bedroom unit and \$1,380 to \$1,530 for a two-bedroom unit.
- ▶ **Pioneer Inn** - Pioneer Inn is a 12-bed assisted living facility. Pioneer Inn provides the full array of senior assisted living services. Residents can choose from three service plans including minimum assistance, moderate assistance and extensive assistance. Rents and fees range from \$2,800 to \$3,300. At the time of the survey, there were no vacancies and a waiting list.
- ▶ **Pioneer Memorial Nursing Home** - The Pioneer Memorial Nursing Home has 52 beds including 10 Alzheimer/dementia beds. At the time of the survey, the Alzheimer/dementia beds were fully occupied and the other beds had an average 98% occupancy rate. The fees are:
  - Shared room \$163 per day
  - Private room \$167 per day
  - Alzheimer/Dementia room \$187 per day
- ▶ **Evergreen Assisted Living Center** - The Evergreen Assisted Living Center is an assisted living project with 24 beds in single and double rooms, and provides a full array of services. Residents include seniors and also non-seniors with disabilities. Currently, the facility is totally occupied.

There are also senior with services projects in other Turner County Cities including Centerville, Marion and Parker.

**Recommendation:** Using 2010 Census data for Turner County and Viborg, there were 812 senior citizens age 75 and above that were not currently in a nursing home and are part of the market for senior with services units. Currently is a very large number of senior with services housing beds, including congregate, assisted living and memory care beds in Viborg and other cities in Turner County. It is our opinion that the current supply of senior housing with services units in Viborg and Turner County is adequate to meet existing needs.

However, the occupancy rates in all of the senior with services projects in Turner County should be monitored on an ongoing basis to assure there is an adequate supply of senior with services beds. Also, there may be a need in the future to convert the type of senior with services beds. For example, there may be a need to convert existing assisted living beds to memory care beds. The existing senior with services providers are in the best position to determine what conversions may be needed in the future or if additional senior with services beds are needed in the future.

## **5. Utilize 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.

Based on the research for this study, it appears that the Housing Choice Voucher Program is an underutilized form of subsidized housing in Viborg. 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.

The Housing Choice Voucher Program is administered in Turner County by the Lennox Housing and Redevelopment Commission. There currently is a waiting list of 12 to 18 months to obtain a Housing Choice Voucher. The Lennox Housing and Redevelopment Commission has the ability to issue approximately 22 vouchers. Currently, no Viborg and four Turner County households utilize the Housing Choice Voucher Program.

**Recommendation:** The Lennox Housing and Redevelopment Commission should work with the City of Viborg and the Viborg Housing and Redevelopment Commission to assure that Viborg households are aware of the Housing Choice Voucher Program and have to the opportunity to apply for a voucher.

However, the low number of Housing Choice Vouchers available, the length of the waiting list, the number of vacant subsidized rental units in Viborg and Viborg's low rent structure, limit the demand for Housing Choice Vouchers in Viborg.



## **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 Viborg is estimated to be approximately \$63,750 based on 2012 and 2013 sales activity. The home values in Viborg provide an excellent opportunity for first time buyers and households seeking moderately priced homes.

Our analysis of Viborg and Turner County demographic trends shows an increasing number of households in the traditionally strong home ownership age ranges between 55 and 74 years old. 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:

### **6. 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 Viborg 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 Viborg 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:** Viborg should work with area housing agencies, the South Dakota Housing Development Authority 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 Viborg 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, and the Federal Home Loan Bank. Also, the South Eastern Development Foundation and Grow South Dakota utilize several funding sources to provide home ownership programs.

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

**Findings:** Viborg has a stock of older, lower valued homes, some of which need repairs. Our analysis of recent sales activity indicates that many of the homes in Viborg are valued less than \$50,000. 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 Viborg 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.

## **Single Family Housing Development**

**Findings:** Based on City and U.S. Census Bureau information, Viborg has experienced some single family housing development from 2000 to 2013. Over the past 14 years, 16 single family homes have been constructed in or moved into Viborg. This is an average of approximately 1.1 homes constructed annually in Viborg. Nine homes were constructed in Viborg from 2000 to 2006 and seven homes were constructed or are under construction from 2007 to 2013.

Household growth projections for Viborg indicate limited demand for owner-occupied housing construction. Growth is anticipated over the next five years among Viborg and Turner County households in the 55 and 74 year old age ranges. Households in these age ranges tend to be predominantly home owners, and form a market for higher priced, and trade-up housing or town homes/twin homes.

Growth projections estimate that households in the 35 to 44 age ranges will remain relatively stable from 2010 to 2015. Some households in these age ranges are first-time home buyers and may be in the market for new affordable homes. Also, some of these households may be moving up to higher priced new homes.

It is our opinion that if the City, housing agencies, and builders are proactive, eight to 12 homes can be constructed or moved into Viborg from 2014 to 2019.

The breakdown of our projection of eight to 12 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/Townhome	<u>4-6</u>
Total	8-12

## **8. Support the development of eight to 10 lots**

**Findings:** As part of this Study, we attempted to identify the inventory of available residential lots for single family housing construction in Viborg. Buildable lots are defined as having sewer, water, streets, curb and gutter. We identified only one available lot in Viborg's newest subdivision. This lot currently is not for sale.

There are several infill lots throughout the City that are potentially available. We do not know the status of these lots. Also, there are dilapidated houses throughout the City that could be demolished and the lots could be suitable for new construction.

There are parcels of land both in the City limits and adjacent to the City limits that could be developed into buildable lots for single family and twin homes.

**Recommendation:** We use a standard that a 2.5-year supply of lots should be available in the marketplace, based on annual lot usage. Using our projections that two to three houses will be constructed or moved in annually, an adequate supply of lots would be five to eight lots. With only infill lots available, there is currently a shortage of lots in Viborg.

If new construction projections come to fruition, there is an immediate need for lot development. We recommend the development of eight to 10 lots, which should include the following:

- ▶ The subdivision should be approximately eight to 10 lots, but the subdivision and infrastructure should be planned and developed to accommodate future phases, if land is available. Two smaller subdivisions could also be developed to address the City's demand.
- ▶ The subdivision or subdivisions must be as aesthetically acceptable as possible.
- ▶ The subdivisions should accommodate a variety of home designs and home prices, but quality should not be compromised.
- ▶ Successful subdivisions will need the cooperation of local housing agencies, funding agencies, employers, the City of Viborg and the private sector.
- ▶ A portion of the lots should accommodate twin homes

We are estimating a five-to-six year lot absorption timeframe for eight to 10 lots.

It may be necessary for the City of Viborg, the Viborg Housing and Redevelopment Commission, the Viborg Development Corporation or a regional housing agency to financially assist a developer or potentially partner with a developer to develop a subdivision or subdivisions. It is very difficult and a risk for a developer to develop a subdivision, especially in a small community.

## **9. Develop a City of Viborg Housing Incentive Program**

**Findings:** Several cities have developed Incentive Programs to encourage new home construction. For example, the City of Herreid has developed the following program. The Incentive Program guidelines are as follows:

- ▶ A loan up to \$1,000 per person not to exceed \$5,000 per family is awarded to a person or family for the construction of a new home located within the city limits
- ▶ 0% interest and no principal due for five years - after five years of residency, the loan is forgiven
- ▶ The loan must be used toward down payment or closing costs - not applicable if financing is not required
- ▶ Homes \$100,000 and over may qualify for the \$5,000 maximum, homes under \$100,000 will be prorated based on 5% of the purchase price

**Recommendation:** We recommend that the City of Viborg develop an Incentive Program to promote new single family housing development. In addition to a cash payment, other incentives can include:

- ▶ Reduced lot prices
- ▶ Free water and sewer for a period of time
- ▶ Permit and water and sewer hookup fees waived or discounted
- ▶ Discounts at area businesses

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

**Findings:** There are several housing agencies and nonprofit groups that may have the capacity to construct new housing in Viborg, including the Viborg Development Corporation, the Viborg Housing and Redevelopment Commission, Grow South Dakota and Interlakes Community Action Partnership. However, due to the downturn in the housing economy, most agencies have cut back on new housing production over the past few years.

Interlakes Community Action Partnership administers the Mutual Self Help Program. The Mutual Self Help Program works with three or more households to construct new homes. The households work together to construct the homes.

**Recommendation:** We encourage the City of Viborg to actively work with economic development and housing agencies or nonprofit groups to develop affordable housing.

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

The Viborg Housing and Redevelopment Commission and the Viborg Development Corporation should consider the construction of affordable homes. The development of a Mutual Self Help Program should also be considered. The development of two to three affordable homes over the next five years would be a realistic goal.

Additionally, the Viborg Housing and Redevelopment Commission and the Viborg Development Corporation should work with households to move Governors Homes into the Community. The South Eastern Development Foundation provides loans to purchase and set up Governors Homes.

**11. 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 2010, there were 1,095 Turner County households in the 55 to 74 year old age ranges and these age ranges are expected to increase by 142 to 149 households between 2010 and 2015. Household growth among empty-nester and senior households should result in some 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 to six new owner-occupied twin homes could be constructed in Viborg over the next five years. Our projection is based on the availability of an ideal location for twin home development as well as high quality design and workmanship.

We recommend that for twin 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 a significant number of homes which provides security
- ▶ Homes at a price that is acceptable to the market

Viborg's role could include assuring that adequate land is available for development and that zoning allows for attached housing construction. The City, the Viborg Housing and Redevelopment Commission or the Viborg Development Corporation could also provide financial assistance in the form of land donations, tax increment financing, etc.

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.



## **Housing Rehabilitation**

**Findings:** Viborg 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 Viborg 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 Viborg 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.

### **12. Promote rental housing rehabilitation**

**Findings:** Based on the U.S. Census data, the City of Viborg had approximately 167 rental units in 2010. These rental buildings are in multi-family projects, small rental buildings, duplexes and single family homes. Many of these rental structures could benefit from rehabilitation as many of these rental structures are more than 30 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 Viborg 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.

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

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

Our housing condition survey of 315 Viborg homes found 96 homes that need minor repairs and 62 homes that need major repairs. Without rehabilitation assistance, the affordable housing stock will shrink in Viborg.

**Recommendation:** We recommend that the City of Viborg and the Viborg Housing and Redevelopment Commission 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, Interlakes Community Action Partnership and the Rural Office of Community Services are potential funding sources.

Interlakes Community Action Partnership currently has several housing programs to assist households with the rehabilitation of their homes including the Self Help Rehabilitation Program and programs utilizing Home and CHIP funds. Also, the Rural Office of Community Services, Inc., provides Weatherization funds for Viborg and Turner County.

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 Viborg and Turner County households to continue to utilize these housing rehabilitation programs.

## **Other Housing Initiatives**

### **14. Acquire and Demolish Dilapidated Structures**

**Findings:** Our housing condition survey identified 12 single family houses that are dilapidated and too deteriorated to rehabilitate. We also identified 62 single family houses in Viborg as needing major repair and several 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. In the past, the City has worked with property owners to demolish several dilapidated structures.

**Recommendation:** Viborg should continue to work with property owners to demolish severely 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.

Some cities are developing ordinances that give cities more authority to require property owners to demolish vacant, dilapidated homes.

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

**Findings:** Viborg will continue to need staff resources in addition to existing City personnel and local volunteers to plan and implement many of the housing recommendations advanced in this Study. The City of Viborg has access to the South Eastern Council of Governments, the USDA Rural Development Office, the South Dakota Housing Development Authority, Interlakes Community Action Partnership, the Rural Office of Community Services, the South Eastern Development Foundation, GROW South Dakota and the Lennox Housing and Redevelopment Commission. These agencies all have experience with housing and community development programs.

**Recommendation:** Viborg 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. While there has traditionally been a degree of staff interaction between agencies, 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 Viborg 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.

## **16. Continue to promote commercial rehabilitation and development**

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

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 Viborg, the Viborg Development Corporation and Strengthening Viborg's Economy Now (SVEN) continue to work with commercial property and business owners to rehabilitate their buildings. Also, new businesses should continue to be encouraged to locate in Viborg.

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

## **17. Competition with Other Jurisdictions**

**Findings:** During the interview process, several individuals expressed concern regarding the City of Viborg’s ability to compete for new residents and new housing development in the region. It is our opinion that the City of Viborg has been very competitive with other small cities in the Region.

**Recommendation:** Although Viborg is competing well with other small jurisdictions in the Region, the City can enhance its position as a viable location for new households. We recommend the following:

- ▶ Determine the City’s strengths and competitive advantages and heavily promote them
- ▶ Continue to create marketing materials that can be distributed regionally (including the internet, TV, radio, etc.)
- ▶ 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 existing neighborhoods 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, etc.
- ▶ Publicize and market Viborg throughout the Region and among area employers and employees
- ▶ Work with the School District to assure its stability and continued ability to provide a high quality education
- ▶ Develop a coordinated plan with area housing agencies

## **Agencies and Resources**

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

### **InterLakes Community Action Partnership**

505 North Western Avenue  
Sioux Falls, SD 57104  
(605) 334-2808  
Contact: Dana Whitehouse

### **South Eastern Development Foundation**

500 North Western Avenue, Suite 100  
Sioux Falls, SD 57104  
(605) 367-5390  
Contact: Lynne Keller Forbes, Executive Director

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

500 North Western Avenue, Suite 100  
Sioux Falls, SD 57104  
(605) 367-5390  
Contact: Lynne Keller Forbes, Executive Director

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

221 South Central Avenue  
Pierre, SD 57501  
(605) 773-3181  
Contact: Mark Lauseng, Executive Director

### **USDA Rural Development**

2408 East Benson Road  
Sioux Falls, SD 57104  
(605) 996-1564  
Contact: Trace Davids

### **Rural Office of Community Services, Inc.**

214 W. Main  
P.O. Box 70  
Lake Andes, SD 57356  
(605) 698-7654  
Contact: Deb Cahoy, Executive Director

**Lennox Housing and Redevelopment Commission**

217 S. Pine Street

P.O. Box 265

Lennox, SD 57039

(605) 647-2140

Contact: Monica Kock, Executive Director