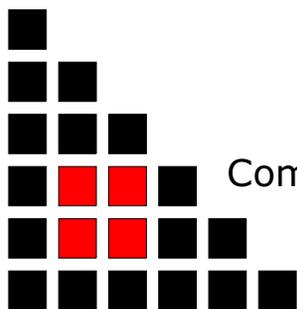


City of Britton HOUSING STUDY

September 2013

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



Community Partners Research, Inc.

1011 Newhall Drive

Faribault, MN 55021

List of Sections

	<u>Page</u>
Introduction	2
Demographic and Projection Data	4
Existing Housing Data	29
Rental Housing Inventory	34
Findings and Recommendations	41
Employment and Local Economic Trends Analysis	74
Agencies and Resources	78

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 Britton and Marshall 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 Glacial Lakes Area Development, Inc., to conduct a study of the housing needs and conditions in the City of Britton.

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 April 2013 to September 2013. Data sources included:

- U.S. Census Bureau
- American Community Survey
- Records and data from the City
- Records and data maintained by Marshall 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.

This study was prepared by:

**Community Partners Research, Inc.
1011 Newhall Drive
Faribault, MN 55021
(507) 838-5992
cpartners@charter.net**

Section Table of Contents

	<u>Page</u>
Demographic Data Overview	5
Population Data and Trends	6
Population by Age Trends: 2000 to 2010	7
Population Projections	9
Household Data and Trends	10
Household by Age Trends: 2000 to 2010	11
Average Household Size	13
Household Projections	14
Household Projections by Age	15
Households by Type	17
Housing Tenure	18
Tenure by Age	20
Tenure by Household Size	21
2011 Income Data	22
Household Income Distribution	24
Income Distribution by Tenure	25
2011 Estimated Income and Housing Costs - Renters	27
2011 Estimated Income and Housing Costs - Owners	28

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 Britton and for Marshall 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

Table 1 Population Trends - 1980 to 2012							
	1980 Census	1990 Census	2000 Census	% Change 1990-2000	2010 Census	% Change 2000-2010	2012 Estimates
Britton	1,590	1,394	1,328	-4.7%	1,241	-6.6%	1,238
Marshall Co.	5,404	4,844	4,576	-5.5%	4,656	1.7%	4,671

Source: U.S. Census Bureau

- ▶ According to the 2010 U.S. Census, the City of Britton lost population and Marshall County gained population from 2000 to 2010. Britton’s population was 1,241 in 2010. This was an 87-person decrease from 2000, which is a population loss of 6.6%.
- ▶ Marshall County’s population was 4,656 in 2010. This was an 80-person increase from 2000, which is a population gain of 1.7%.
- ▶ Britton and Marshall County both experienced population decreases in the 1990s. Britton’s population decreased by 66 people and Marshall County’s population decreased by 268 people from 1990 to 2000.
- ▶ The Census Bureau has released more recent information through its population estimates program. The most estimates are effective July 1, 2012. These estimates show the County adding 15 people after the 2010 Census, but show Britton losing three people between 2010 and 2012.
- ▶ Britton’s population is primarily White and non-Hispanic/Latino. At the time of the 2010 Census, approximately 98% of the City’s residents were White, 0.5% were Black or African American and 0.7% were American Indian. Approximately 1% of the City’s population was identified as Hispanic/Latino.
- ▶ According to the Census Bureau, 56 Britton residents lived in group quarters in 2010. Nearly all of these people were age 65 or older and living in the Britton Health Care Center, 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 Britton and Marshall County. The following table compares population by age in 2000 and 2010, along with the numeric changes.

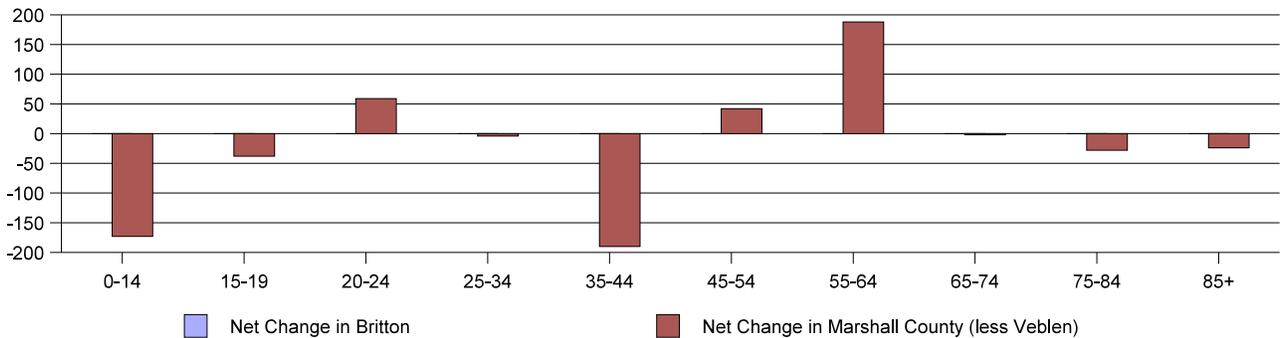
Between 2000 and 2010, the City of Veblen had a large influx of Hispanic/Latino residents. The City’s population nearly doubled, and the number of Hispanic/Latino residents increased by more than 270 people. According to local reports, most of this group came from Mexico or Central America, and they were recruited to work at a local dairy operation near Veblen. This rapid increase in international immigrants has a significant impact on aging patterns for the County, as the large majority of Hispanic/Latino residents are less than 45 years old. While these new residents do reside in the County, they are living approximately 30 miles from Britton, and have limited impact on the City.

In the following table, the age distribution patterns for Marshall County are partial, and do not include the residents of Veblen. For population analysis, this is the only jurisdiction that has been removed from Countywide totals.

Table 2 Population by Age - 2000 to 2010						
Age	Britton			Marshall County (less Veblen)		
	2000	2010	Change	2000	2010	Change
0-14	231	187	-44	924	751	-173
15-19	98	80	-18	327	289	-38
20-24	42	58	16	131	190	+59
25-34	111	116	5	390	386	-4
35-44	197	116	-81	603	413	-190
45-54	165	189	24	585	627	+42
55-64	130	154	24	448	636	+188
65-74	130	131	1	413	411	-2
75-84	137	127	-10	314	286	-28
85+	87	83	-4	160	136	-24
Total	1,328	1,241	-87	4,295	4,125	-170

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 Britton and Marshall County as the age groups that increased in size over the last decade primarily represented the baby boom generation.

Between 2000 and 2010, Britton had a net gain of 48 people and Marshall County (less Veblen) had a net gain of 230 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 net gain in the 55 to 64 year old age group, was the largest increase within any of the defined age cohorts in the County.

The City and County (less Veblen) had a net loss of senior citizens, age 65 and older. This was largely due to a decrease of older seniors, age 75 and above.

Population Projections

The following table presents population projections using two different sources.

The South Dakota State Data Center has issued preliminary population projections to the year 2030 for Marshall County. The following table shows the Data Center projection for 2015. The Data Center projection has not been modified to reflect the impact of the international immigration that has occurred into the City of Veblen.

The other set of projections has been calculated by Community Partners Research, Inc., and these are based on past patterns of population change. The 20-year growth trend is based on the rate of change between 1990 and 2010, using the 1990 and 2010 Census. The 10-year growth trend uses the same methodology, but calculates an annual growth rate from 2000 to 2010.

Since trend-based projections would tend to overweight the rapid population growth that occurred in Veblen between 2000 and 2010, the following projections have removed Veblen from the remainder of Marshall County when calculating the rate of growth. The City’s population has then been added back into the totals. In 2015 it is assumed that Veblen’s population will be unchanged from the level reported in 2010.

Table 3 Population Projections Through 2015				
	2010 Population Census	2015 Projection from 10-year trend	2015 Projection from 20-year trend	2015 Projection State Data Center
Britton	1,241	1,201	1,203	N/A
Marshall County	4,656	4,574	4,565	4,610

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

- ▶ The Community Partners Research, Inc., growth projections, based on 10-year and 20-year growth trends, show population losses from 2010 to 2015 for the City of Britton and Marshall County. The State Data Center also projects population losses for Marshall County.
- ▶ The 10-year and 20-year growth trend population projections for Britton estimate a decrease of 38 to 41 people by 2015.
- ▶ Marshall County’s population, based on 10-year and 20-year growth trends, is projected to lose between 82 and 91 people from 2010 to 2015. The State Data Center projects Marshall County will lose 46 people by 2015.

Household Data and Trends

Table 4 Household Trends - 1980 to 2010						
	1980 Census	1990 Census	2000 Census	% Change 1990-2000	2010 Census	% Change 2000-2010
Britton	629	622	580	-6.8%	574	-1.0%
Marshall County	1,967	1,919	1,844	-4.0%	1,815	-1.6%

Source: U.S. Census

- ▶ According to the 2010 U.S. Census, Britton and Marshall County lost households from 2000 to 2010. Britton had 574 households in 2010. This was a decrease of six households from 2000, which was a household loss of 1.0%.
- ▶ Marshall County had 1,815 households in 2010. This was a loss of 29 households from 2000, which was a household decrease of 1.6%. Some of the loss of households countywide after 2000 may have been due to the changing status of residents in Hutterite colonies. In 2000, these residents were not counted as group quarters residents, but in 2010, it appears that the Census Bureau changed their status and they would not have been counted in the household totals.
- ▶ Britton and Marshall County also experienced household losses during the 1990s. Britton had a decrease of 42 households while Marshall County had a loss of 75 households.
- ▶ The Census Bureau releases annual estimates for population at the city and county level, but does not release annual household estimates.

Household by Age Trends: 2000 to 2010

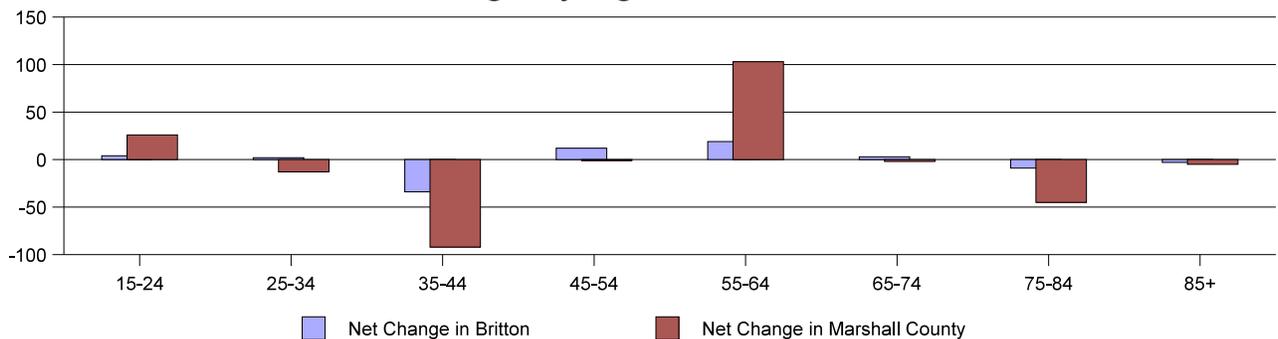
The 2010 Census allows for some analysis of Britton and Marshall County’s changing age patterns. The following table compares households by age of householder in 2000 and 2010, along with the numeric changes.

Table 5 Households by Age - 2000 to 2010						
Age	Britton			Marshall County		
	2000	2010	Change	2000	2010	Change
15-24	18	22	4	49	75	26
25-34	60	62	2	216	203	-13
35-44	103	69	-34	326	234	-92
45-54	97	109	12	355	354	-1
55-64	80	99	19	273	376	103
65-74	84	87	3	275	273	-2
75-84	94	85	-9	252	207	-45
85+	44	41	-3	98	93	-5
Total	580	574	-6	1,844	1,815	-27

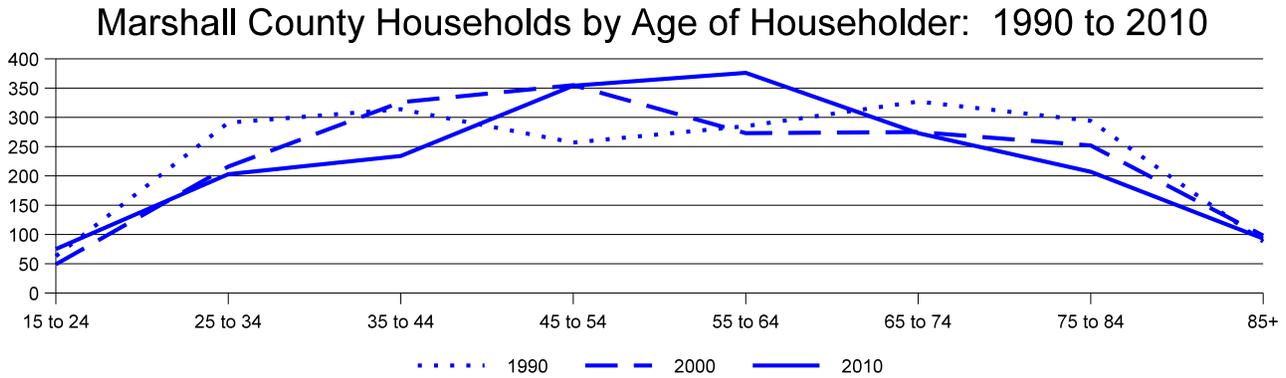
Source: U.S. Census

Britton added 19 households and Marshall County added 103 households in the 55 to 64 year old age range. Britton also added four households and Marshall County added 26 households in the 15 to 24 age range.

Household Change by Age Between 2000 and 2010



Britton lost 34 households and Marshall County lost 92 households in the 35 to 44 year old age range. In 2010, Britton had 12 fewer households and Marshall County had 50 fewer households in the 75 and older age ranges than in the year 2000.



As with the longer-term patterns for population, it is possible to track the progression of the baby boomer households over the past 30 years in Marshall County, using Census information for households by the age of householder.

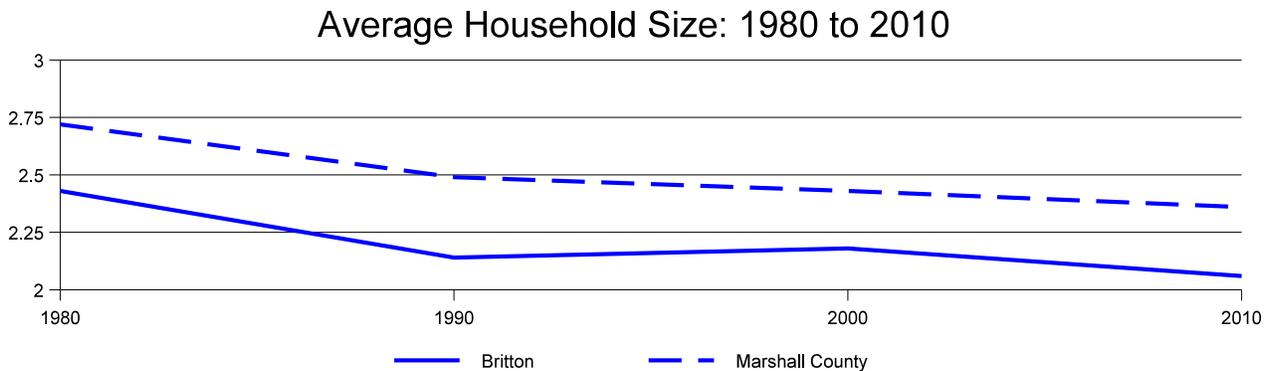
Average Household Size

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

Table 6 Average Number of Persons Per Household: 1990 to 2010				
	1980 Census	1990 Census	2000 Census	2010 Census
Britton	2.43	2.14	2.18	2.06
Marshall County	2.72	2.49	2.43	2.36

Source: U.S. Census

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.



The average household size in Britton and Marshall County has decreased over the past three decades. In Britton, the average household size has decreased from 2.43 persons per household in 1980 to 2.06 persons in 2010. Marshall County's average household size decreased from 2.72 in 1980 to 2.36 in 2010.

Household Projections

The research and analysis of demographic patterns in Marshall County yielded some inconsistencies when 2000 Census information was compared to the levels reported in 2010. Community Partners Research, Inc., identified two demographic-related issues that were impacting household and population counts for Marshall County.

The first issue relates to the Census Bureau's counting of residents of three Hutterite colonies in the County. In the 2000 Census, the residents of these colonies were counted as part of the resident population and as independent households. However, in the 2010 Census, the people living in these colonies were counted as "noninstitutional group quarters" residents for population, and they were no longer counted as independent households. This results in a flawed comparison when 2000 and 2010 household levels are examined, yielding a false trend line that households have been lost. To adjust for this Census reporting inconsistency, the trends and projections reflected in the following tables have reported Marshall County statistics after removing data for the three Townships of Newark, Stena and Weston, where the Hutterite colonies are located.

The second demographic component that also requires adjustment is a rapid in-migration of Hispanic/Latino residents into the City of Veblen during the last decade. Hiring at a large local dairy operation resulted in the recruitment of workers from Mexico and Central America. Between 2000 and 2010, the population in Veblen nearly doubled, and the number of Hispanic/Latino residents increased by more than 270 people. Many of these immigrant workers are young, and possibly single, as there was a large increase in Veblen residents between 20 and 29 years old. More than 75% of the Hispanic/Latino population was between 20 and 45 years old.

The rapid in-migration, especially of younger adults, has an impact on trend-based projections. The typical projection methodology assumes that these trends will continue, and over-weights the growth in the young adult age ranges. While it is possible that some additional international in-migration may occur into the Veblen area, this also may have been a one-time event, and the forecasts presented below do not expect additional growth due to in-migration.

To adjust for both the Hispanic/Latino growth in Veblen, and the Census Bureau's change in status for Hutterite colony residents, the information for Marshall County has been adjusted to exclude Veblen and Newark, Stena and Weston Townships. This partial-county area has been referred to as Marshall County (Partial).

The following table presents household projections for Britton and Marshall County (Partial) using two different calculation methods. Both of these calculations have been generated by Community Partners Research, Inc., and are based on the rate of change that was present between 2000 and 2010, and between 1990 and 2010.

Table 7 Household Projections Through 2015			
	2010 Census	2015 Projection from 10-year trend	2015 Projection from 20-year trend
Britton	574	571	563
Marshall County (Partial)	1,585	1,596	1,577

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

Excluding changes that may occur in the City of Veblen, and in the Townships of Newark, Stena and Weston, limited potential household growth would be expected in the remainder of Marshall County between 2010 and 2015. Based on the most recent trends, it is probable that the area will add approximately one or two households in an average year. The calculation based on 10-year trends would expect net growth of approximately 11 households.

However, if longer-term patterns are used, then it is possible that Marshall County (Portion), will lose one or more households per year to the year 2015.

Any losses elsewhere in the County could be negated by growth within the City of Veblen, if international in-migration continues to occur. However, based on the 2010 Census, only a limited number of Hispanic/Latino households were formed. If the Hispanic/Latino population is compared to the number of Hispanic/Latino households, the average household size would be above seven people.

The City of Britton is projected to decrease by three households to 11 households from 2010 to 2015.

Household by Age Projections: 2010 to 2015

With the release of the 2010 Census, a new benchmark was established for Marshall County age-related statistics. However, as explained above, the rapid in-migration of Hispanic/Latino residents into Veblen, and a change in the Census Bureau’s counting of Hutterite families has made Countywide comparisons unreliable. In the following table, Community Partners Research, Inc., has generated age-based household projections for that portion of Marshall County that excludes the City of Veblen, and the Townships of Newark Stena and Weston. Projections are provided to the year 2015.

Table 8 Marshall County (Partial) Projected Households by Age to 2015			
Age Range	2010 Census	Community Partner Research, Inc.	
		2015 Projection	Change from 2010
15-24	51	44	-7
25-34	160	169	+9
35-44	205	204	-1
45-54	315	261	-54
55-64	341	354	+13
65-74	247	304	+57
75-84	186	184	-2
85+	80	76	-4
Total	1,585	1,596	+11

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

Based on the analysis of Marshall County, excluding four jurisdictions, the age progression patterns show most of the net household growth to occur in the 10-year age ranges between 65 and 74 years old, and between 55 and 64 years old. This would primarily represent the movement of the baby boom generation through the aging cycle.

Overall, a fairly large net loss of households would be expected in the age ranges 54 and younger, with the only exception being a slight increase in the number of households between 25 and 34 years old. Minor decreases are also expected in the older senior age groups, 75 and older.

It is important to note that the Hispanic/Latino in-migration primarily represents younger adults. If these immigrant populations remain permanently within Marshall County, they would probably yield some additional household growth in the younger age ranges. However, in 2010, many of these Hispanic/Latino residents appeared to be living in roommate rental situations, with multiple people per rental unit. As a result, the number of households formed was relatively small, and the average Hispanic/Latino household had more than seven household members.

The projections presented above do assume that historical patterns that have existed in the other portions of Marshall County will continue into the near-future, especially related to household formation and household size within specific age groups. If the County's population changes at a rate than past patterns would suggest, traditional age-based forecasts could be altered.

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 Britton.

Table 9 Britton Household Composition - 2000 to 2010			
	2000 Census	2010 Census	Change
Family Households			
Married Couple with own children	126	89	-37
Single Parent with own children	33	38	5
Married Couple without own children	161	167	6
Family Householder without spouse	27	19	-8
Total Families	347	313	-34
Non-Family Households			
Single Person	217	237	20
Two or more persons	16	24	8
Total Non-Families	233	261	28

Source: U.S. Census

Between 2000 and 2010, Britton experienced an overall net decrease in the number of “family” households. There was a decrease of 37 married couple families that had their own children in the household. The City had an increase of six married couples without children and an increase of five single parent households with children.

The City of Britton did have an increase of 28 “non-family” households. There was an increase of 20 one-person households. There was also an increase of eight 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.

Table 10 Household Tenure - 2010				
	Number of Owners	Percent of all Households	Number of Renters	Percent of all Households
Britton	394	68.6%	180	31.4%
Marshall County	1,336	73.6%	479	26.4%
State	-	68.1%	-	31.9%

Source: U.S. Census

According to the 2010 Census, the ownership tenure rate in Britton was 68.6% and Marshall County’s ownership rate was 73.6% in 2010. The City’s rental tenure rate was very similar to the Statewide rate.

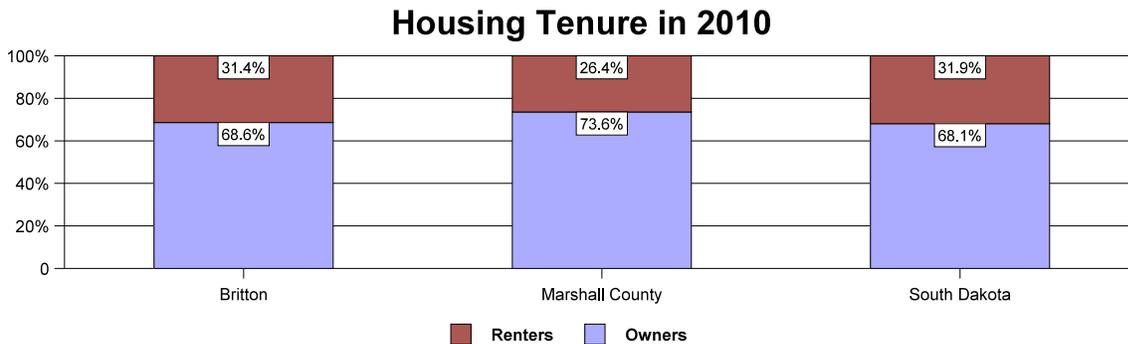


Table 11 Households by Housing Tenure - 2000 to 2010						
Tenure	Britton			Marshall County		
	2000	2010	Change	2000	2010	Change
Owners	446/76.9%	394/68.6%	-52	1,435/77.8%	1,336/73.6%	-99
Renters	134/23.1%	180/31.4%	46	409/22.2%	479/26.4%	70
Total	580/100%	574/100%	-6	1,844/100%	1,815/100%	-29

Source: U.S. Census

The City of Britton’s ownership tenure rate decreased over the last decade from 76.9% in 2000 to 68.6% in 2010. For Marshall County, there was also a decrease in the rate of owner households between 2000 and 2010. The ownership tenure rate decreased from 77.8% in 2000 to 73.6% in 2010.

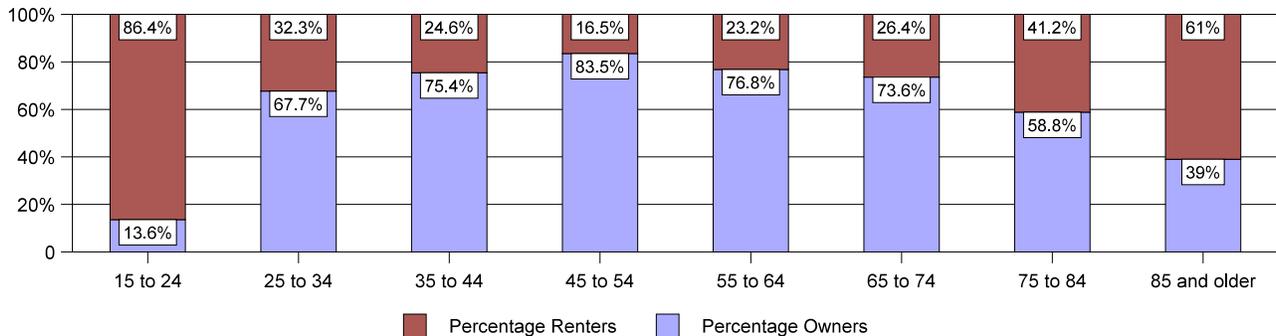
Tenure by Age of Householder

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

Table 12 Britton Tenure by Age of Householder - 2010				
Age	Owners		Renters	
	Number	Percent within age	Number	Percent within age
15-24	3	13.6%	19	86.4%
25-34	42	67.7%	20	32.3%
35-44	52	75.4%	17	24.6%
45-54	91	83.5%	18	16.5%
55-64	76	76.8%	23	23.2%
65-74	64	73.6%	23	26.4%
75-84	50	58.8%	35	41.2%
85+	16	39.0%	25	61.0%
Total	394	68.6%	180	31.4%

Source: U.S. Census

Marshall County 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 greater preference for rented housing, while middle-aged adult households were primarily homeowners. Approximately 86% of households age 24 and younger rented their unit, and approximately 61% of households age 85 and older were renters. Home ownership rates for each of the 10-year age cohorts between 35 and 74 years old were above 73%.

Tenure by Household Size

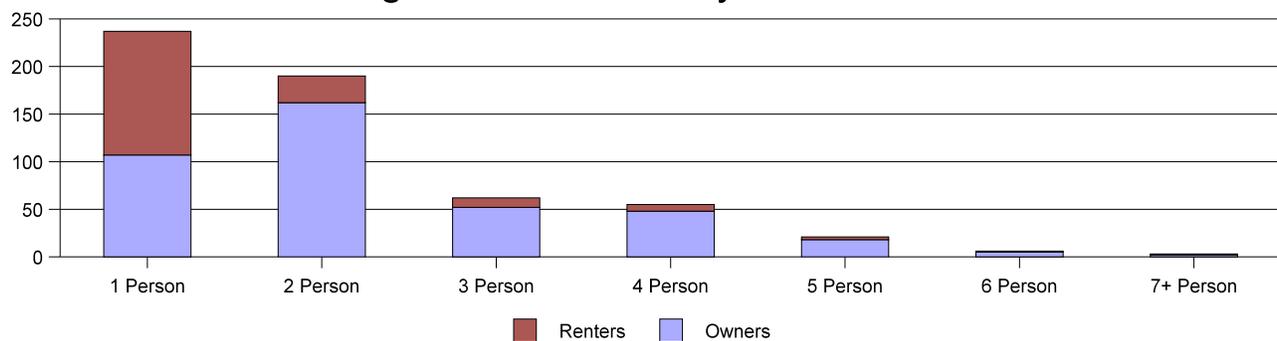
The 2010 Census did provide information on housing tenure by household size. This can be compared to 2000 Census information to better understand trends for housing unit needs. The following table provides information for the City of Britton.

Table 13 Britton Tenure by Household Size - 2000 to 2010						
Household Size	Owners			Renters		
	2000	2010	Change	2000	2010	Change
1-Person	130	107	-23	87	130	43
2-Person	169	162	-7	21	28	7
3-Person	67	52	-15	8	10	2
4-Person	46	48	2	11	7	-4
5-Person	27	18	-9	7	3	-4
6-Person	4	5	1	0	1	1
7-Persons+	3	2	-1	0	1	1
Total	446	394	-52	134	180	46

Source: U.S. Census

From 2000 to 2010, there was a decrease of 52 owner households and an increase of 46 renter households in Britton. There was a decrease of 45 owner households with three or fewer household members and a decrease of nine five-person households. There was an increase of two four-person households and an increase of one six-person household. There was an increase of 50 renter households with one or two household members. More than 87% of the renter households in Britton were one or two person households in 2010.

Britton Housing Tenure Patterns by Household Size 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.

Table 14 Median Household Income - 2000 to 2011			
	2000 Median	2011 Median	% Change
Britton	\$31,148	\$40,500	30.0%
Marshall County	\$30,567	\$41,731	36.5%
South Dakota	\$35,271	\$46,369	31.5%

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

Table 15 Median Family Income - 2000 to 2011			
	2000 Median	2011 Median	% Change
Britton	\$37,639	\$48,889	29.9%
Marshall County	\$36,295	\$56,490	55.6%
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 Britton and Marshall County’s median household and family incomes have increased substantially from 2000 to 2011, although, the median incomes are below the respective medians for the State of South Dakota.

Based on American Community Survey data, Britton’s median household income increased by 30% from 2000 to 2011, but is still approximately \$6,000 lower than the Statewide household median income. Britton’s family median income also increased significantly from 2000 to 2011, but is approximately \$10,000 below the State of South Dakota median income.

Marshall County’s median family income increased by almost 56% from 2000 to 2011 and is only \$2,468 below the Statewide median family income.

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.

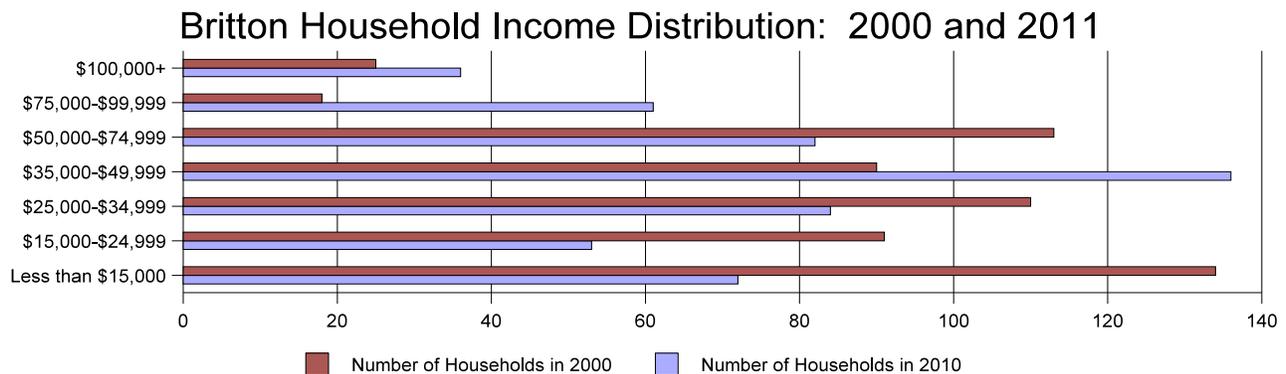
Using the commonly accepted standard that up to 30% of gross income can be applied to housing expenses without experiencing a cost burden, a median income household in Britton could afford approximately \$1,013 per month and a median income family household could afford \$1,222 per month for ownership or rental housing in 2011.

Britton Household Income Distribution

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

Table 16 Britton Household Income Distribution - 2000 to 2011			
Household Income	Number of Households 2000	Number of Households in 2011	Change 2000 to 2010
\$0 - \$14,999	134	72	-62
\$15,000 - \$24,999	91	53	-38
\$25,000 - \$34,999	110	84	-26
\$35,000 - \$49,999	90	136	46
\$50,000 - \$74,999	113	82	-31
\$75,000 - \$99,999	18	61	43
\$100,000+	25	36	11
Total	581	524	-57

Source: 2000 Census; 2011 ACS



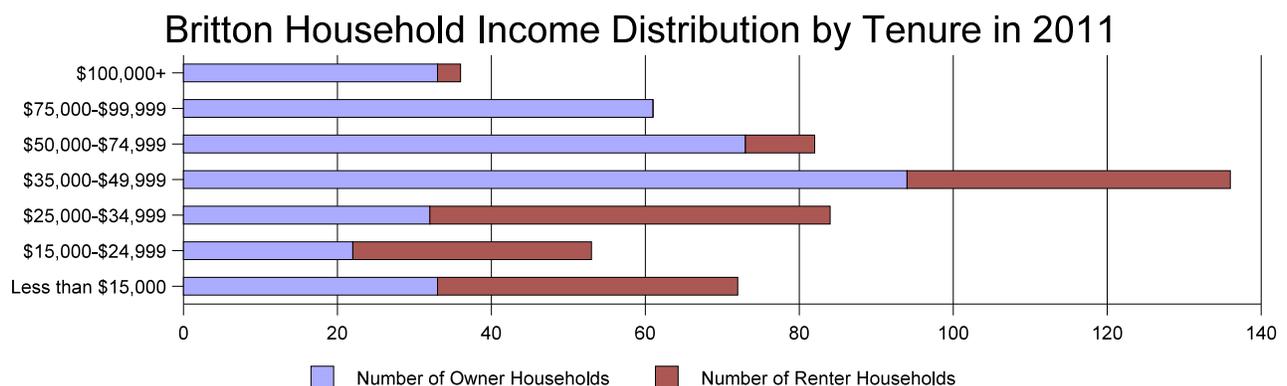
According to income estimates contained in the 2011 American Community Survey, household incomes have improved in Britton in the highest income ranges. When compared to the 2000 Census (1999 income), the number of households with an income of \$75,000, or more, increased by 54 households. Conversely, there was a decrease of 126 households with annual incomes under \$35,000. Although there was a decrease in the number of households in the lower income ranges, there were still 125 households with an annual income below \$25,000 in 2011.

Britton 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 Britton. 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 524 households and the U.S. 2010 Census reported that there are 574 households in Britton.

Household Income	Number of Owner Households	Number of Renter Households	Total Households
\$0 - \$14,999	33/45.8%	39/54.2%	72
\$15,000 - \$24,999	22/41.5%	31/58.5%	53
\$25,000 - \$34,999	32/38.1%	52/61.9%	84
\$35,000 - \$49,999	94/69.1%	42/30.9%	136
\$50,000 - \$74,999	73/89.0%	9/11.0%	82
\$75,000 - \$99,999	61/100%	0/0%	61
\$100,000+	33/91.7%	3/8.3%	36
Total	348/66.4%	176/33.6%	524

Source: 2011 American Community Survey



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

In 2011, approximately 69% of all renter households in Britton had an annual income below \$35,000. At 30% of income, these households would have \$875, or less, that could be applied to monthly housing costs. The median income for all renter households was approximately \$28,000 in 2011.

Most owner households had a higher income level than rental households. Approximately 48% of all owner households had an annual income of \$50,000 or more. The estimated median household income for owners in 2011 was approximately \$47,000. At 30% of income, an owner at the median income level could afford approximately \$1,175 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 Britton.

Table 18 Gross Rent as a Percentage of Household Income - Britton		
Percentage of Household Income for Housing Costs	Number of Renter Households 2011	Percent of All Renter Households 2011
0% to 19.9%	36	20.5%
20% to 29.9%	60	34.1%
30% to 34.9%	8	4.5%
35% or more	29	16.5%
Not Computed	43	24.4%
Total	176	100%

Source: 2011 American Community Survey

Based on the more recently released tenure information from the 2010 Census, the 2011 American Community Survey underestimated the number of renter households in Britton by four households and data on 43 renter households was not computed. 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 21% of all renters in the City were paying 30% or more of their income for rent. The large majority 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 Britton that are paying different percentages of their gross household income for housing costs.

Table 19 Ownership Costs as a Percentage of Income - Britton		
Percentage of Household Income for Housing Costs	Number of Owner Households 2010	Percent of All Owner Households 2010
0% to 19.9%	251	72.1%
20% to 29.9%	45	12.9%
30% to 34.9%	18	5.2%
35% or more	34	9.8%
Not Computed	0	0.0%
Total	348	100%

Source: 2011 ACS

The 2011 American Community Survey underestimated the number of owner households in the City of Britton by 46 households. However, this source still represents the best available information on income compared to housing costs.

Most owner-occupants, which would include households with and without a mortgage, reported paying less than 20% of their income for housing. However, 15% of all home owners reported that they paid more than 30% of their income for housing. Most of these households were 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
Britton	394	180	8	11	14	51
Marshall Co.	1,336	479	21	20	485	193

Source: U.S. Census

- ▶ In 2010, according to the U.S. Census, there were 485 seasonal housing units in Marshall County including 14 units in Britton.
- ▶ There were 234 vacant housing units in Marshall County in 2010 in addition to the seasonal units, including 70 units in Britton.

Existing Home Sales

This section examines houses that have been sold in Britton in 2010, 2011 and 2012. 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 Britton. 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.

Table 21 Median Value of Recent Residential Sales - 2010 to 2012			
	Number of Good Sales	Median Sale Price	Average Sale Price
2010	17	\$55,000	\$59,956
2011	14	\$48,000	\$66,571
2012	20	\$70,000	\$74,858

Source: Marshall County Director of Equalization; Community Partners Research, Inc.

- ▶ In 2010, 2011 and 2012, there were 51 improved residential sales of single family houses in Britton 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 17 residential sales in Britton in 2010 was \$55,000 and the average sales price was \$59,956. The highest valued sale was for \$130,000 and the lowest valued sale was for \$24,000.
- ▶ The median sales price for the 14 residential sales in Britton in 2011 was \$48,000 and the average sales price was \$66,571. The highest valued sale was for \$290,000 and the lowest valued sale was for \$20,000.
- ▶ The median sales price for the 20 residential sales in Britton in 2012 was \$70,000 and the average sales price was \$74,858. The highest valued sale was for \$220,000 and the lowest valued sale was for \$15,000.

Britton Housing Condition

Community Partners Research, Inc. representatives conducted a visual 'windshield' survey of the 328 single family/duplex houses in three of Britton's oldest neighborhoods. The table below provides the survey information for single family homes/duplexes in the three neighborhoods.

The boundaries of the three neighborhoods are:

Neighborhood #1: north - Third St.; south - Highway 10; east - Main St.; west - 14th Ave.

Neighborhood #2: north - Third St.; south - Highway 10; east - Third Ave; west - Main St.

Neighborhood #3: north - Highway 10; south - Ninth St.; east - Third Ave.; west - Main St.

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

Dilapidated was the lowest rating used. These houses need major renovation to become decent, safe and sanitary housing. Some Dilapidated properties may be abandoned and may be candidates for demolition and clearance.

Major Rehabilitation is defined as a house needing multiple major improvements such as roof, windows, sidings, structural/foundation, etc. Houses in this condition category may or may not be economically feasible to rehabilitate.

Minor Repair houses are judged to be generally in good condition and require less extensive repair, such as one major improvement. Houses in this condition category will generally be good candidates for rehabilitation programs because they are in a salable price range and are economically feasible to repair.

Sound houses are judged to be in good, 'move-in' condition. Sound houses may contain minor code violations and still be considered Sound.

Table 22 Windshield Survey Condition Estimate - 2013

	Sound	Minor Repair	Major Repair	Dilapidated	Total
Neighborhood #1	86/41.7%	76/36.9%	37/18.0%	7/3.4%	206
Neighborhood #2	30/38.0%	22/27.8%	19/24.1%	8/10.1%	79
Neighborhood #3	8/18.6%	11/25.6%	16/37.2%	8/18.6%	43
Total	124/37.8%	109/33.2%	72/22.0%	23/7.0%	328

Source: Community Partners Research, Inc.

- ▶ The housing stock in the three neighborhoods is in fair to good condition. Approximately 33% of the houses need minor repair and 22% need major repair. Approximately 38% are sound, with no required improvements. Twenty-three houses are dilapidated and possibly beyond repair.

Housing Construction Activity

Based on information provided by the City of Britton, 40 single family homes and two duplexes were constructed in or moved into Britton from 2000 to 2012.

Also, one rental project with seven units was constructed in 2000, and one rental project with five units was constructed in 2004.

Rental Housing Data

Census Bureau Rental Inventory

According to the 2010 U.S. Census, there were 180 occupied rental units and at least eight unoccupied rental units in Britton, for a total estimated rental inventory of 188 units. The City's rental tenure rate in 2010 was 31.4%, slightly below the Statewide rental rate of 31.9%.

At the time of the 2000 Census, Britton had 134 occupied rental units, and 39 vacant rental units, for a total estimated rental inventory of 173 units. The rental tenure rate in 2000 was 26.4%.

Based on a Census comparison, the City gained 46 renter-occupancy households, and approximately 15 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 Britton. Emphasis was placed on contacting properties that have four or more units. For the purposes of planning additional projects in the future, multifamily properties represent the best comparison of market potential.

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

There were 114 housing units of all types that were contacted in the survey. In addition to the 114 rental units, the nursing home, which has 56 beds, was contacted.

The units that were successfully contacted include:

- ▶ 76 market rate units
- ▶ 8 federally subsidized units
- ▶ 30 assisted living units
- ▶ 56 beds in the nursing home

The findings of the survey are provided below.

Market Rate Summary

Information was obtained on 76 rental units in 10 projects. The units surveyed include a 16-unit project, a 15-unit project, a 12-plex, a seven-unit project, two five-plexes and four four-plexes. We also obtained information on some single family homes in Britton.

Unit Mix

The bedroom mix of the 76 market rate units surveyed is:

- ▶ efficiency - 0 (0%)
- ▶ one-bedroom - 16 (21.0%)
- ▶ two-bedroom - 56 (73.7%)
- ▶ three-bedroom - 4 (5.3%)
- ▶ four-bedroom - 0 (0%)

There are no four-bedroom units in the multi-family projects, however, some rental single family homes have four bedrooms.

Occupancy / Vacancy

There were two vacant units in the 74 market rate units that were surveyed. This is a vacancy rate of 2.7%. The two vacancies were in Continental Apartments. Tree Apartments also reported two vacancies, however, these units are vacant because they are being renovated, thus, we did not include these units in the survey.

Rental Rates

Rental units may include the primary utility payments within the contract rent, or the tenant may be required to pay some utilities separately, in addition to the contract rent. In the following summary, Community Partners Research, Inc., has attempted to estimate the gross rents being charged, inclusive of an estimate for tenant-paid utilities.

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

<u>Unit Type</u>	<u>Identified Gross Rent Range</u>
One-bedroom	\$450-\$465
Two-bedroom	\$510-\$900
Three-bedroom	\$600-\$700

Some of the units that were contacted in the conventional, market rate housing survey had modest rental rates and were in older structures, dating to the 1980s or earlier. The Britton Housing and Redevelopment Commission's units, however, were constructed over the past 13 years. These units have Britton's highest rents.

The rental rates for the Britton Housing and Redevelopment Commission units are \$660 to \$770 plus utilities. The \$770 units are for the newer units.

Tax Credit Summary

There are no tax credit units in Britton.

Subsidized Summary

The research completed for this Study identified one subsidized project providing rental opportunities for lower income households. This project, Plaistad Sunset Apartments, is a senior/disabled Rural Development project and has eight two-bedroom units. The project was constructed in 1978. The owner reports that the units are always fully occupied. Tenants pay 30% of their income up to a maximum rent of \$470.

The City of Britton had two additional subsidized Rural Development projects, Dakota Apartments with 16 two-bedroom units and Tree Apartments with three one-bedroom and nine two-bedroom units. However, the owners of these projects opted out of the Rural Development Program and converted the projects to market rate projects.

Senior Housing with Services

Unit Inventory

Britton has two senior with services projects which include:

Spruce Court - Spruce Court is a 28-bed assisted living project. The facility includes 20 single-occupancy and four double-occupancy units. The project was constructed in 1996. The facility is connected to Marshall County's Hospital and Clinic. The facility offers assisted living, which includes meals, medication management, bathing, laundry services, 24-hour staffing, activities, etc.

Rent is based on the type of unit. The facility has three types of units. According to the director, the occupancy rate can fluctuate. At the time of the rental survey there were eight vacant units.

Wheatcrest Hills - Wheatcrest Hills is State-licensed as a 56-bed skilled nursing facility.

Fees are based on the level of services. The Administrator reports approximately a 94% occupancy rate.

Wheatcrest Hills also has two assisted living beds, which are primarily used by spouses of nursing home residents. The beds usually are occupied. Wheatcrest Hills could convert more nursing home beds to assisted living beds if the need exists.

Table 23 Britton Multifamily Rental Housing Inventory

Name	Number of Units / Bedroom Mix	Rent	Vacancy/ Wait List	Tenant Mix	Comments
Market Rate					
Parkview Apartments	<u>7 - 2 bedroom</u> 7 total units	\$660/1 bath \$690/2 bath + utilities	No vacancies, short waiting list	General occupancy	Seven-unit project developed by the Britton Housing and Redevelopment Commission in 2000. The project has townhome units with attached garages. Rents range from \$660 to \$690 plus utilities. Units are fully occupied and there is a short waiting list. Most of the tenants are seniors.
Midtowne Apartments	<u>5 - 2 bedroom</u> 5 total units	\$770 plus utilities	No vacancies, short waiting list	General occupancy	Five-unit project developed by the Britton Housing and Redevelopment Commission in 2004. The project has townhome units with attached garages. Rents are \$770 plus utilities. Units are fully occupied with a short waiting list. Most of the tenants are seniors.
Farber Properties	<u>4 - 1-bedroom</u> <u>1 - 3-bedroom</u> 5 total units	\$455 \$500+ utilities	No vacancies	General occupancy	Four-plex is approximately 30 years old and has four one-bedroom units. The tenants have disabilities. The owner accepts Housing Vouchers. The rent is \$455, which includes utilities. The house has three bedrooms. The rent is \$500 plus utilities. All of the units are fully occupied.
Wisner Apartments	<u>5 - 2 bedroom</u> 5 total units	\$500 + utilities	No vacancies	General occupancy	Five-unit townhome project approximately 30 years old. All of the units are two bedroom. Rent is \$500 plus utilities. The units are fully occupied.
Dakota Apartments	<u>16 - 2 bedroom</u> 16 total units	\$520	No vacancies	General occupancy - singles and couples	Project includes two eight-plexes. All sixteen units are two bedroom. Dakota Apartments was a subsidized Rural Development Project, however, the owner opted out of the Rural Development subsidy and converted the units to market rate. Rent includes utilities. Owner reports no vacancies, but has had vacancies in the past.

Table 23 Britton Multifamily Rental Housing Inventory

Name	Number of Units / Bedroom Mix	Rent	Vacancy / Wait List	Tenant Mix	Comments
Market Rate					
Continental Apartments	9 - 1 bedroom <u>6 - 2 bedroom</u> 15 total units	\$450-\$470 \$510-\$520	Two vacancies, 1 1-bdrm 1 2-bdrm	General occupancy - singles and couples	Old hospital building located downtown that was converted into 15 rental units in the early 1970s. Units include nine one-bedroom and six two-bedroom units. Owner reports two vacancies. Rent includes utilities.
Centennial Apartments	<u>4 - 2 bedroom</u> 4 total units	Approx. \$500	No vacancies	General occupancy	Centennial Apartments include four two-bedroom units. Tenants pay heat and electricity. The other utilities included in rent. Owner reports no vacancies.
Leewood Apartments	<u>4 - 4 bedroom</u> 4 total units	Approx. \$500	No vacancies	General occupancy	Leewood Apartments include four two-bedroom units. Tenants pay heat and electricity. The other utilities are included in the rent. Owner reports no vacancies.
Bender Mobile Homes	<u>4 - 3 bedroom</u> 4 total units	\$450-\$550	No vacancies	General occupancy	Four of the mobile homes in the Bender's Mobile Home Park are rentals. The four homes have three bedrooms. Rents are \$450 to \$550. Tenants pay heat and electricity. Owner reports no vacancies.
Tree Apartments	3 - 1 bedroom <u>9 - 2 bedroom</u> 12 total units	\$465 \$510	2 vacancies	General occupancy	Tree Apartments is a 12-unit project that was ordinarily constructed as a subsidized Rural Development project in 1977. The owners opted out of the Rural Development Program and converted the project to a market rate. Rents include utilities. There are two vacancies, however, the owners are renovating these units. The owner also reported that there are usually one to two vacancies.

Table 23 Britton Multifamily Rental Housing Inventory

Name	Number of Units / Bedroom Mix	Rent	Vacancy / Wait List	Tenant Mix	Comments
Subsidized					
Plaistad Sunset Apartments	<u>8 - 2 bedroom</u> 8 total units	\$470 max. 30% of income	No vacancies	Senior/ disabled	Rural Development senior/disabled project constructed in 1978. Owner reports that the units are always fully occupied. Tenants pay 30% of their income up to a maximum rent of \$470.
Senior with Services					
Spruce Court	<u>28 beds</u> 28 total units	Varies based on type of unit	8 vacancies	Seniors	Spruce Court is a senior assisted living facility and has capacity for 28 residents. The facility opened in 1996. The facility provides the full array of assisted living services. Three are different levels based on the type of unit. Four units have the capacity to provide double occupancy. Manager reports eight vacancies.
Wheatcrest Hills Assisted Living	<u>2 beds</u> 2 total units	Varies based on services	No vacancies	Seniors	Wheatcrest Hills provides two assisted living beds primarily for spouses of residents in the nursing home. The beds are usually occupied. The facility could convert more nursing home beds to licensed assisted living beds if the need exists.
Wheatcrest Hills Nursing Home	<u>56 beds</u> 56 total units	Varies based on services	Average of approx. 94% capacity	Seniors	Wheatcrest Hills is a 56-bed nursing home that opened in 1969. Occupancy rates vary, but the average occupancy rate is approximately 94%.

Source: Community Partners Research, Inc.

Findings on Growth Trends

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

Britton's population has decreased since 1980. From 1980 to 2000, Britton's population decreased by 262 people and there was a decrease of 87 people from 2000 to 2010. Marshall County's population decreased by 828 people from 1980 to 2000, but Marshall County's population increased by 80 people from 2000 to 2010.

Household levels have also decreased from 1980 to 2010 in Britton and Marshall County. From 1980 to 2000, Britton experienced a loss of 49 households and Marshall County's number of households decreased by 123 households. From 2000 to 2010, Britton lost six households and Marshall County lost 29 households, although some of the County loss may be due to the designation of Hutterite colonies as group quarters.

Findings on Projected Growth

The projections for Britton and Marshall County calculated by Community Partners Research, Inc., from past growth trends reflect the patterns of recent decades. Using the past trends to form a range, Community Partners Research, Inc., projects that Britton's population will decrease by 38 to 41 people between 2010 and 2015. The household projections expect a loss of three to 11 households from 2010 to 2015.

The population projections for Marshall County, excluding Veblen, expect a loss of 82 to 91 people through the year 2015. The household projections for Marshall County excluding the City of Veblen and Newark, Stena and Weston Townships, expect a range of a loss of eight households to a gain of 11 households from 2010 to 2015.

As stated earlier in the Study, Veblen has been excluded from the population and household projections because Veblen had what we believe is a one-time influx of workers. The three townships were also excluded from the household projections because the U.S. Census has changed how the households in the Huderitte Colonies are categorized.

Summary of Marshall County Growth Projections by Age Group

The Demographic section of this Study presented Marshall 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 area's population. The growth projections that follow are for Marshall County excluding the City of Veblen and the Townships of Newark, Stena and Weston.

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. We are projecting a gain of 70 households in the 55 to 74 age ranges.

Overall, a fairly large net loss of households is expected in the 54 and younger age ranges. Most of this household loss is in the 45 to 54 age range. The 25 to 34 age range is the only younger age range which is projected to gain households. We are projecting a slight gain of nine households in this age range.

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 Britton and Marshall County can attract in-migration, the demographic profile of future residents may not always match historical patterns.

The following approximate ranges show the expected net change in the number of Marshall County households in each 10-year age cohort between 2010 and 2015.

<u>Age Range</u>	<u>Projected Change in Households</u> <u>2010 to 2015</u>
15 to 24	-7
25 to 34	+9
35 to 44	-1
45 to 54	-54
55 to 64	+13
65 to 74	+57
75 to 84	-2
85 and Older	-4
Total	+11

Findings on Unit Demand by Type of Housing

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

Age 24 and Younger - The projections used for this Study expect a small loss of seven households in the 15 to 24 age range through the year 2015. Past tenure patterns indicate that approximately 86% of these Britton households will rent their housing. A slight loss in the 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 gain of nine households in this age cohort Countywide by 2015. Within this age range households often move from rental to ownership housing. The ownership rate among these households in Britton was approximately 68% in 2010. An increase in the number of households within this age range indicates an ongoing demand for both first-time home buyer and rental opportunities.

35 to 44 Years Old - The projections for this 10-year age cohort expect a loss of only one household between 2010 and 2015 in Marshall County. In the past, this age group has had a high rate of home ownership in Britton, at more than 75%. 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 Marshall County, the projections show a loss of 54 households in this range. This age group historically has had a high rate of home ownership, approximately 84% in Britton 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 13 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 Britton, at approximately 77% 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 - Community Partners Research, Inc., estimates a gain of 57 households in this age range by the year 2015. 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 74% of households in this age range owned their housing in Britton. 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 two households in Marshall County in this age range between 2010 and 2015. In the past, households within this 10-year age range have had a rate of home ownership, at approximately 59% in Britton. 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 loss of four households is projected from 2010 to 2015. Historic home ownership rates in this age group in Britton have been relatively low, at approximately 39% 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.

Findings on Housing Unit Demand and Tenure

Calculations for future housing needs 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 Britton and Marshall 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 Britton, 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 any significant growth in the number of households, shifting age patterns have created demand for certain types of age-appropriate housing in Britton. We have included our estimates of pent-up demand into the specific recommendations that follow later in this section.

Strengths for Housing Development

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

- ▶ **Britton serves as a small regional center** - Britton 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 Britton has a stock of affordable, existing houses. Our analysis shows that the City's median home value based on 2012 sales is approximately \$70,000. This existing stock, when available for sale, provides an affordable option for home ownership.
- ▶ **Proactive City involvement** - Britton 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** - Britton has a public K-12 school system.
- ▶ **Health facilities** - Britton has excellent health facilities including a hospital, a medical clinic, a nursing home and assisted living.
- ▶ **Infrastructure** - Britton's water and sewer infrastructure can accommodate future expansion. The City has recently undertaken a large sewer reconstruction project.
- ▶ **Commercial development** - Britton's commercial district is adequate to meet most daily needs.
- ▶ **Britton Housing and Redevelopment Commission** - The Britton Housing and Redevelopment Commission developed and owns rental projects in Britton.
- ▶ **Britton Economic Development and Glacial Lakes Area Development, Inc.** - Britton Economic Development and Glacial Lakes Area Development, Inc. promote economic, employment and housing opportunities for the area.

- ▶ **Small-town atmosphere** - Britton is in a small town with the real and perceived amenities of small communities. This small-town living is attractive to some households.
- ▶ **Senior with Services Housing** - Britton has an assisted living facility and a nursing home.
- ▶ **Recreational Area** - Britton is in a recreational area that provides excellent hunting and fishing as well as other recreational opportunities.
- ▶ **Major Employers** - Britton has several large employers including Horton, Inc., which has approximately 200 employees. Also, in the past, employers have been open to financially participating in housing projects in Britton.

Barriers or Limitations to Housing Activities

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

- ▶ **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 residential sales, we estimate that the median priced home in Britton is valued at approximately \$70,000. This is 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 Britton is not expected to add a significant number of people or households between 2010 and 2015. The City has to use realistic expectations when planning for the future.
- ▶ **Distance from a major regional center** - The nearest regional centers are Aberdeen, which is 60 miles from Britton and Fargo, which is 120 miles from Britton. Many households desire or need to be near a regional center for employment, health care, entertainment, retail, etc.
- ▶ **Adequate land for development** - Currently, Britton only has a minimal amount of land available for residential development due to land owners who are unwilling to sell or natural barriers.

Recommendations, Strategies and Housing Market Opportunities

Based on the research contained in this study, and the housing strengths and barriers identified above, we believe that the following recommendations are realistic options for Britton. 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 Britton, subsidies or some other form of financial assistance may 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 Britton 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 City's existing assets and resources** - Britton has many assets including a K-12 school, employment opportunities, a Downtown Commercial District, health facilities, etc. These are strong assets that make Britton 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 Aberdeen Housing Authority, Homes Are Possible, Inc., Grow South Dakota, and the Northeast Council of Governments. These resources should be accessed as needed to assist with housing activities.

Summary of Findings/Recommendations

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

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

The findings/recommendations for each category are as follows:

Rental Housing Development

1. Develop 14 to 16 general occupancy market rate rental units
2. Promote the development/conversion of six to eight affordable rental units
3. Promote the development of 12 to 14 subsidized rental housing units
4. Develop 8 to 10 independent/senior with services units
5. Continue to utilize the Housing Choice Voucher Program
6. Develop a Downtown Mixed-Use Commercial/Housing Project
7. Continue to explore options to renovate or demolish the Marx Property

Home Ownership

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

Single Family Housing Development

10. Support the development of a 10 to 12 lot subdivision
11. Develop a City of Britton Housing Incentive Program

12. Coordinate with economic development agencies, housing agencies and nonprofit groups to construct affordable housing
13. Promote twin home development

Housing Rehabilitation

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

Other Housing Issues

16. Acquire and demolish dilapidated structures
17. Create a plan and a coordinated effort among housing agencies
18. Encourage employer involvement in housing
19. Promote commercial rehabilitation and development

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 Britton and Marshall County's number of households is expected to remain relatively stable from 2010 to 2015. Although the number of households is expected to remain relatively stable, we are recommending the development of the following units from 2013 to 2018:

▶ General Occupancy Market Rate	- 14 to 16
▶ Subsidized	- 12 to 14
▶ Rehab/Conversions	- 6 to 8
▶ Senior with Light Services	- 8 to 10
	<hr/>
Total	40 to 48

These recommendations are based on continued 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. Also, there is commercial and industrial development in the area that continues to increase the demand for rental housing.

1. Develop 14 to 16 general occupancy market rate rental units

Findings: Britton has a limited number of high quality market rate units. The Britton Housing and Redevelopment Commission has developed and owns a seven-unit and a five-unit market rate project. These are the most recently constructed rental units in Britton.

The rental units in the Britton Housing and Redevelopment Commission projects are all two-bedroom units and have the most amenities of any rental units in the City. Rents range from \$660 to \$770 per month plus utilities.

Continental Apartments is a converted hospital and has 15 units. Dakota Apartments, with 16 units, and Tree Apartments, with 12 units, are older projects that were subsidized Rural Development projects and have converted to market rate.

There are also several smaller market rate projects in Britton including Wismer Apartments, Farber Apartments, Centennial Apartments and Leewood Apartments. Also, based on our interviews, there are single family homes being rented in Britton.

There are no three-bedroom or larger units in any of Britton's projects. The only three-bedroom and four-bedroom market rate units are in single family homes and mobile homes.

Although Britton is not projected to gain households over the next five years, our interviews and rental survey identified pent-up demand and a need for market rate rental housing. We found only two vacancies in the market rate rental projects, for a vacancy rate of 2.7%. Both vacancies were in one project. The other eight projects had no vacancies.

There is a projected increase of 70 households in Marshall County in the 55 to 74 age ranges and an increase of nine households in the 25 to 34 age ranges. While this projection is for the overall growth in Marshall County, Britton has the potential to capture a significant 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 houses due to deterioration and demolition. We have identified 23 single family homes in Britton that are dilapidated and beyond repair. We also identified 72 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, Britton employers are hiring employees that are seeking quality rental housing.

Recommendation: We recommend the development of 14 to 16 market rate rental housing units over the next five years. A town home unit or twin home style would be the preferred style, to cater to active renter households, although, a high quality apartment building with 'state of the art' amenities is an option.

The first option to developing market rate housing would be to encourage private developers to undertake the development of market rate rental housing. If private developers do not proceed, Britton Economic Development or the Britton Housing and Redevelopment Commission could potentially utilize essential function bonds, or similar funding sources to construct market rate units.

Also, Britton Economic Development or the Britton Housing and Redevelopment Commission could partner with private developers to construct additional units. The City could assist with land donations, tax increment financing, reduced water and sewer hook up fees, etc. Britton employers could also financially

assist with developing a rental project. 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. Currently, in 2013 fair market rents are \$614 for a two-bedroom and \$905 for a three-bedroom unit.

Some cities have added units in small phases, as demand dictates the need for additional units. In this way they have expanded the supply without saturating the market. Additionally, a significant percentage of the units should be three-bedroom units as there is a shortage of three-bedroom units in Britton.

We recommend the development of 14 to 16 units and the unit mix and rents should be as follows:

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

<u>Unit Type</u>	<u>No. of Units</u>	<u>Size/Sq. Ft.</u>	<u>Rent</u>
Two Bedroom	9-10	950-1,050	\$650-\$750
Three Bedroom	5-6	1,150-1,250	\$850-\$950
Total	14-16		

Note: Rents are quoted in 2013 dollars and do not 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. Promote the development/conversion of six to eight affordable rental units

Findings: The previous recommendation had addressed the market potential to develop high quality rental units in Britton. Unfortunately, these units would tend to be beyond the financial capability of many area renters. A majority of Britton 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 Britton 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 Britton 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 Britton to promote the development of more affordable rental units. A goal of six to eight 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 70 vacant housing units in Britton. Potentially, some housing units 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. Several single family homes have already been rehabilitated by local individuals for use as rental housing.

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 Britton, property tax deferment and other financial resources from funding agencies such as the South Dakota Housing Development Authority may be necessary.

3. Promote the development of 12 to 14 subsidized rental housing units

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

The research completed for this Study found only one project, Plaistad Sunset, that offers subsidized housing with rent based on income. Plaistad Sunset Apartments has eight two-bedroom units. This project reported full occupancy at the time of the rental survey and the owner reported that the project is always fully occupied.

There had been two additional federally subsidized projects in Britton, Dakota Apartments with 16 units and Tree Apartments with 12 units, but the owners opted out of their subsidy contracts. Dakota and Tree Apartments converted to conventional market rate housing. Even though the projects now provide market rate housing, their rent structure still remains low.

There are additional “deep subsidy” resources available to Marshall County residents through the tenant-based Housing Choice Voucher Program. The Vouchers allow tenants to pay 30% of income for housing in suitable private-market rental units. The Voucher Program for Marshall County is administered by the Aberdeen Housing Authority.

Before the conversion of Dakota and Tree Apartments, approximately 19% of the City’s rental stock was in the form of deep subsidy units. Currently, approximately 4.2% remains in the subsidized category. The percentage of subsidized housing is small in Britton, compared to other cities its size.

The 2011 American Community survey estimated that approximately 21% of all renters in the City were paying 30% or more of their income for rent. The large majority of these households were actually paying 35% or more of their income for housing. Most of the households with a severe rent burden had low annual incomes, and would be under the income limits for subsidized housing.

Recommendation: Based on the cost burden data contained in the American Community Survey, and the loss of 28 subsidized rental units, we would recommend that the City look to expand the supply of deep subsidy rental housing for lower income renters. Over the next five years, we would recommend that the City attempt to construct 12 to 14 units that achieve a rent level that would be affordable to very low income households earning less than \$20,000 per year.

Over the past few decades, very few federal subsidy sources have been available for the construction of “deep subsidy” housing, and the actual number of units that can be developed will be dependent upon access to resources.

In the opinion of the analysts, the highest priority would be to create general occupancy units for families and younger households. The rent burden statistics show that most cost burdened households are age 64 and younger, with most of these households between 25 and 64 years old.

Expanded promotion of Housing Choice Vouchers may also be appropriate. Although Vouchers are tenant-based, and may not remain in the City if the tenant moves, the Voucher can eliminate a severe rent burden by allowing the household to apply only 30% of income for gross rent.

4. Develop eight to 10 independent/senior with services units

Findings: The City of Britton currently has two senior with services projects. Spruce Court is a 28-bed assisted living facility. Spruce Court currently has eight vacancies. Wheatcrest Hills is a nursing home that includes 56 nursing home beds and two assisted living beds. The facility has an approximately 94% occupancy rate.

Our research for this Study did not identify any units dedicated for seniors to live independently in a senior project or for seniors that need only light services.

Recommendation: Using 2010 Census data for Marshall County, there are approximately 405 senior citizens age 75 and above that are not currently in a nursing home and are part of the potential market for assisted living units.

Based on our previous research in other communities, the 30 current assisted living beds are adequate to address Britton and Marshall County's assisted living needs.

However, there are no independent, senior-designated housing options or senior with light services projects in Britton, thus, we are recommending an eight to 10-unit independent/senior with light services project in Britton. The project should be designed to allow seniors to live in a unit independently or to rent a unit and utilize a low level of senior services such as noon meal and housekeeping.

The project's amenities and features should include:

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

Apartment features should include:

- ▶ 8 to 10 units
 - ▶ 2 to 3 one-bedroom
 - ▶ 6 to 7 two-bedroom
- ▶ Fully equipped kitchen

- ▶ Large storage room
- ▶ Ample closet space
- ▶ Laundry hookups
- ▶ Open floor plan
- ▶ Private patio
- ▶ Individually controlled heat and AC
- ▶ Raised outlets, lever door handles, lowered kitchen cabinets
- ▶ Expansive windows

Optional services should include:

- ▶ Noon meal
- ▶ Weekly housekeeping
- ▶ Home healthcare
- ▶ Social activities

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

The location of the project should be close to services as the project will be primarily occupied by older seniors. It would be advantageous if these units were physically attached to an existing senior with services project.

The recommended rents are \$900 to \$950 for a one-bedroom unit and \$1,000 to \$1,100 for a two-bedroom unit. Subsidies and/or incentives should be utilized to lower rents, expand the available senior market and to make the project possible.

It is estimated that 50% of the units will be occupied when the project opens and one additional unit will be rented each following month for an absorption period of four to five months.

For eight to 10 units, we recommend the following unit type, number of units, size and rent structure:

Senior Market Rate Units:

<u>Unit Type</u>	<u>No. of Units</u>	<u>Size/Sq. Ft.</u>	<u>Rent</u>
One Bedroom	2-3	850-900	\$900-\$950
Two Bedroom	6-7	950-1,050	\$1,000-\$1,100
Total	8-10		

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

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.

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 Marshall County by the Aberdeen Housing Authority. The Aberdeen Housing Authority has the ability to issue approximately 468 Vouchers in its five-county service area. Currently, some Britton and Marshall County households are utilizing the Housing Choice Voucher Program.

Recommendation: The Britton Housing Authority should continue to work with Britton and the Britton Housing and Redevelopment Commission to assure that Britton receives its share of Housing Choice Vouchers and that tenants are aware of the program.

6. Develop a Downtown Mixed-Use Commercial/Housing Project

Findings: The City of Britton has an active downtown area. A mixed-use rental housing/commercial project could complement the City's ongoing efforts to maintain a vibrant downtown. There should be sensitivity to the timing of the project and type of commercial tenants the project will have, to assure the project is an asset to the downtown.

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

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

We recommend commercial space on the first floor and eight to 10 rental units on the second and third floors. Prior to construction, a portion of the commercial space should be leased to an anchor tenant who would complement existing downtown businesses and attract people to downtown.

The eight to 10 rental units should be primarily market rate units, but could be mixed income with some moderate income units. Please note that these units are not in addition to the units recommended in the first and second recommendations of this section. If a mixed use building was constructed, the number of units recommended previously should be reduced.

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

7. Continue to explore options to renovate or demolish the Marx Property

Findings: The Marx Property is a 12-unit project that has been vacant for several years. Based on interviews, it is our understanding that several attempts have been made to work with the owner of the building to renovate the building or to demolish the building if renovation is not feasible.

Recommendation: Britton's market rate rental unit vacancy rate is currently low and there is a need for rental units in Britton.

The Marx Property, with 12 units is vacant. It is our recommendation that the City, the Britton Housing and Redevelopment Commission and Britton Economic Development continue to work with the project's owner, the South Dakota Housing Development Authority and area housing agencies to determine if it is feasible to renovate the building.

Actions could include purchase of the project by a housing or economic development agency, or working with the owner to obtain financial assistance to renovate the building.

If it is not feasible to renovate the building, action should be taken to demolish the building.

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 Britton is estimated to be approximately \$70,000 based on 2012 sales activity. The home values in Britton provide an excellent opportunity for first time buyers and households seeking moderately priced homes.

Our analysis of Marshall County demographic trends shows an increasing number of households in the traditionally strong home ownership age ranges between 55 and 74 years old. Also, there is projected growth in the 25 to 34 age range, who are typically first-time home buyers. 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:

8. Utilize and promote all programs that assist with home ownership

Findings: We believe that affordable home ownership is one of the issues facing Britton 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 Britton 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: Britton 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 Britton 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, Grow South Dakota utilizes several funding sources to provide home ownership programs in the Region.

9. Develop a Purchase/Rehabilitation Program

Findings: Britton has a large stock of older, lower valued homes, many of which need repairs. Our analysis of recent sales activity indicates that many of the homes in Britton are valued below \$70,000. 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 costs to rehab and sell an existing housing unit are generally lower than the subsidy required to provide an equally affordable unit through new construction.

Because a purchase/rehabilitation program can be expensive and its cost effectiveness in some cases may be marginal, it may be advantageous to directly assist low and moderate income households with purchasing and rehabilitating homes. Local 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. USDA Rural Development also provides purchase/rehabilitation loans to low and moderate income buyers.

Recommendation: We recommend that Britton 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 also 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.

Also, based on our interviews, private individuals are purchasing homes in Britton, rehabbing the homes and selling the homes. There may be an opportunity for local housing agencies to assist the private sector with purchasing, rehabilitating and selling homes. This may increase the inventory of substandard homes that economically can be rehabilitated and sold.

Single Family Housing Development

Findings: Based on City and U.S. Census Bureau information, Britton has experienced some single family housing development from 2000 to 2012. Over the past 13 years, 40 single family homes and two duplexes have been constructed in Britton. This is an average of 3.4 homes constructed annually in Britton. Also, several homes have been constructed out of the city limits, but in close proximity to the City. The peak year was 2005 when 11 homes were constructed in Britton. From 2009 to 2012, only four homes and one duplex were constructed.

Household growth projections for Britton indicate limited demand for owner-occupied housing construction. However, significant growth is anticipated over the next five years among Britton and Marshall 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 modest household growth in the 25 to 34 age range from 2010 to 2015. Some households in this age range are first-time home buyers and may be in the market for new affordable homes.

It is our opinion that if the City, housing agencies, and builders are proactive, an average of five to six homes can be constructed or moved into Britton annually from 2013 to 2018.

The breakdown of our projection of 25 to 31 new owner occupied housing units over the next five years is as follows:

▶ Higher and Median priced homes	6-8
▶ Affordable Homes	8-9
▶ Twin homes	6-8
▶ Homes on Infill lots	<u>5-6</u>
Total	25-31

10. Support the development of a 10 to 12 lot subdivision

Findings: As part of this Study, we attempted to identify the inventory of available residential lots for single family housing construction in Britton. Buildable lots are defined as having sewer and water available to the lots. It is estimated that there are approximately 20 lots available in the South Subdivision. The South Subdivision was developed by Britton Economic Development. Recently, many of these lots were auctioned off at a public auction. The newest subdivision in the northern part of Britton is fully occupied and no lots are available.

There are also infill lots that are potentially available throughout the City. 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 potentially be suitable for new construction.

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 five to six houses will be constructed or moved in annually, an adequate supply of lots would be 13 to 15 lots. With approximately 20 lots available in the subdivision, there is currently an adequate number of lots available in Britton.

Although, there are an adequate number of lots available in Britton, it is our opinion, that the City, Britton Economic Development and private developers should plan for future subdivision and lot development. If new construction projections come to fruition, there will be a need in four to five years for additional lot development.

Also, a second subdivision would provide households and home builders with additional lot options.

We recommend the development of a 10- to 12-lot subdivision which should include the following:

- ▶ The subdivision should be approximately 10 to 12 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 area's demand.
- ▶ The subdivision must be as aesthetically acceptable as possible.

- ▶ The subdivision should accommodate a variety of home designs and home prices, but quality should not be compromised.
- ▶ Major employers should be involved in the financing and publicity.
- ▶ Preferably, the subdivision should not be located in the south part of Britton to provide an alternative to the South Subdivision.
- ▶ A successful subdivision will need the cooperation of local housing agencies, funding agencies, employers, the City of Britton and the private sector.

We recommend that planning for the subdivision begin immediately, and that actual development of the lots begin within three years. We are estimating a five-to-six year lot absorption timeframe.

It may be necessary for the City of Britton, Britton Economic Development or a regional housing agency to 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.

11. Develop a City of Britton Housing Incentive Program

Findings: Several cities have developed an 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 higher may qualify for the \$5,000 maximum, homes below \$100,000 will be prorated based on 5% of the purchase price

Recommendation: We recommend that the City of Britton 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

12. 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, including Britton Economic Development, the Britton Housing and Redevelopment Commission, Grow South Dakota, the Britton-Hecia High School, Glacial Lakes Area Development, Inc., and Homes are Possible, Inc. Britton Economic Development, Grow South Dakota and the Britton-Hecia High School have constructed or assisted with construction financing in the past. Due to the downturn in the housing economy, most housing agencies and nonprofit groups have cut back on new production over the past few years.

Recommendation: We encourage the City of Britton 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, an agency or nonprofit may become involved in new affordable home construction production in Britton.

Additionally, the City and Britton Economic Development should work with housing agencies and builders to market and locate Governors Homes in Britton.

13. Promote twin home development

Findings: From 2000 to 2010, only two twin homes were constructed in Britton. 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 588 Marshall County households in the 55 to 74 year old age ranges and these age ranges are expected to increase by approximately 70 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 six to eight new owner-occupied twin homes could be constructed in Britton 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

Britton's role could include assuring that adequate land is available for development and that zoning allows for attached housing construction. The City, Britton Economic Development or Glacial Lakes Area Development, Inc., 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: Britton 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 Britton 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 Britton 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.

14. Promote rental housing rehabilitation

Findings: Britton has approximately 188 rental units. The rental units are in multi-family buildings, small rental buildings, converted buildings, duplexes, single family homes and mobile homes. Some of these rental units need repair. Our condition analysis identified several substandard rental units. 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 Britton 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 Grow South Dakota, USDA Rural Development, the South Dakota Housing Development Authority and the Federal Home Loan Bank.

15. Promote owner-occupied housing rehabilitation efforts

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

Our housing condition survey of 328 Britton homes in three older neighborhoods found 72 homes that need minor repairs and 109 homes that need major repairs. Without rehabilitation assistance, the affordable housing stock will shrink in Britton.

Recommendation: We recommend that Britton and the Britton Housing and Redevelopment Commission seek local, state and federal funds to assist in financing housing rehabilitation. Grow South Dakota, Homes are Possible and USDA Rural Development, the South Dakota Housing Development Authority and the Federal Home Loan Bank are potential funding sources.

Currently, Grow South Dakota and Homes are Possible, Inc., are implementing owner-occupied housing rehabilitation programs in Britton and Marshall County. Households that meet program requirements are eligible for 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 Britton and Marshall County households to continue to utilize these programs.

Other Housing Initiatives

16. Acquire and Demolish Dilapidated Structures

Findings: Our housing condition survey identified 23 single family houses in three Britton neighborhoods that are dilapidated and too deteriorated to rehabilitate. We also identified 72 single family houses in the three neighborhoods 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 and housing agencies to demolish dilapidated structures.

Recommendation: Britton 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.

17. Create a plan and a coordinated effort among housing agencies

Findings: Britton will need staff resources in addition to existing city personnel and volunteers to plan and implement many of the housing recommendations advanced in this Study. The City of Britton has access to the Britton Housing and Redevelopment Commission, Grow South Dakota, the Northeast Council of Governments, Britton Economic Development, Glacial Lakes Area Development, Inc., the Aberdeen Housing Authority, Homes are Possible, Inc., the USDA Rural Development Office and the South Dakota Housing Development Authority. These agencies all have experience with housing and community development programs.

Recommendation: Britton 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 Britton 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.

18. Encourage employer involvement in housing

Findings: The City of Britton has several large employers. The connection between economic development and housing availability has become an increasingly important issue as low area unemployment rates dictate the need to attract new workers into the community.

Housing for new employees is a concern for employers, thus, it may be advantageous for employers to become involved in housing. Horton, Inc., financially assisted with the development of the South Subdivision.

The South Dakota Housing Development Authority has developed an employer participation program, known as the Employer Mortgage Assistance Program (EMAP). There are a number of participating employers around the State. This program can assist employees of participating companies with home ownership assistance.

Recommendation: We recommend an ongoing effort to involve employers as partners in addressing Britton's housing needs. Several funding sources have finance programs that include employers. Additionally, the funding agencies often view funding applications favorably that include employers in the problem solving process.

Employer involvement can include direct assistance to their employees such as a grant, loan, forgivable loan, deferred loan, down payment assistance, loan guarantee, etc. In many cases, employers do not wish to provide assistance to specific employees, but are willing to contribute to an overall city project.

19. Promote Commercial Rehabilitation and Development

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

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 vibrant commercial district is an important factor in their decision making process.

Recommendation: We recommend that the City of Britton and Britton Economic Development and Glacial Lake Area Development, Inc., continue to work with commercial property and business owners to rehabilitate their buildings. Also, new businesses should continue to be encouraged to locate in Britton.

The City of Britton and Britton Economic Development and Glacial Lakes Area Development, Inc., should seek funding to assist property owners with rehabilitating their commercial buildings. A goal of two commercial rehab projects annually in Britton would be a realistic goal.

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.

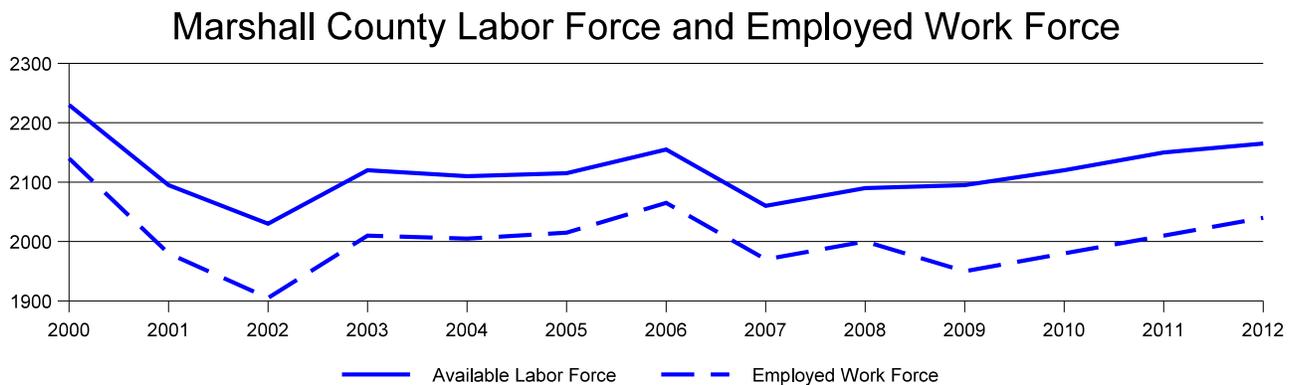
Employment opportunities may be provided by a broad range of private and public business sectors. Jobs may be available in manufacturing, commercial services, agriculture, public administration, and other industries. The type of employment, wage level, and working conditions will each influence the kind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

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

Table 24 County Average Annual Labor Force: 2000 to 2013*						
Year	Labor Force	Employed	Unemployed	Unemployment Rate - County	Unemployment Rate - SD	Unemployment Rate - US
2000	2,230	2,140	90	3.9%	2.7%	4.0%
2001	2,095	1,980	115	5.4%	3.1%	4.7%
2002	2,030	1,905	125	6.1%	3.3%	5.8%
2003	2,120	2,010	110	5.1%	3.5%	6.0%
2004	2,110	2,005	105	5.0%	3.7%	5.6%
2005	2,115	2,015	100	4.6%	3.7%	5.1%
2006	2,155	2,065	90	4.2%	3.1%	4.6%
2007	2,060	1,970	90	4.3%	2.9%	4.6%
2008	2,090	2,000	90	4.3%	3.0%	5.8%
2009	2,095	1,950	145	7.0%	5.2%	9.3%
2010	2,120	1,980	140	6.5%	5.0%	9.6%
2011	2,150	2,010	140	6.5%	4.7%	8.9%
2012	2,165	2,040	125	5.7%	4.4%	8.1%
2013*	2,190	2,060	130	5.9%	4.2%	7.7%

Source: South Dakota Department of Labor

* 2013 is through July



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 2002, the labor statistics decreased significantly. However, between 2002 and 2006, a rebound occurred, and much of the prior loss was recovered. The start of a national recession in 2007 again caused a drop in both the labor force and the employed work force. This has gradually recovered through the end of 2012. Partial-year data for 2013 point to similar numbers 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 65 people, or 2.9%. The employed work force has decreased by 100 people, or 4.7% during this same time period. However, as indicated in the line chart above, over the past five or six years there has been a gradual upward trend in the labor statistics. The unemployment rate has been declining, after reaching a recent peak of 7% in 2009.

The County’s unemployment rate for 2012 was at 5.7%, well below the national rate. Through the first seven months of 2013 the unemployment rate had risen slightly to 5.9%. For all of the years reviewed the County’s unemployment rate has been higher than the Statewide rate.

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 Marshall County.

Table 25 County Average Annual Wages by Industry Detail: 2012		
Industry	2012 Employment	2012 Average Annual Wage
Total All Industry	1,659	\$31,686
Natural Resources, Mining	261	\$36,513
Construction	87	\$35,340
Manufacturing	290	\$49,395
Trade, Transportation, Utilities	288	\$31,443
Information	7	\$21,141
Financial Activities	64	\$25,481
Professional and Business Services	46	\$26,954
Education and Health Services	93	\$20,401
Leisure and Hospitality	120	\$9,239
Other Services	48	\$22,225
Government	356	\$26,659

Source: South Dakota Department of Labor

The average annual wage for all industry in 2012 was \$31,686. The highest paying wage sector was Manufacturing, with an annual average wage above \$49,000. The next highest average wage was in Natural Resources and Mining, at just over \$36,500. Government was the largest single employment sector, but had annual wages of only \$26,659, well below the overall average.

The lowest paying wage sector was Leisure and Hospitality, with an average annual wage of only \$9,239. This was the only industry sector with an annual wage below \$20,000.

Major Employers in Marshall County

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

- ▶ Horton Industries
- ▶ Marshall County Hospital and Clinic
- ▶ Truss Pros
- ▶ Britton Public Schools
- ▶ Precision Wall Systems
- ▶ Rapid Precision Manufacturing
- ▶ Marshall County Equipment

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 Britton. This table only examines people that commuted, and excludes people that work at home.

Table 26 Commuting Times for Residents - 2011	
Travel Time	Number/Percent
Less than 10 minutes	489 / 52.0%
10 to 19 minutes	215 / 22.8%
20 to 29 minutes	114 / 12.1%
30 minutes +	123 / 13.1%
Total	941

Source: 2011 American Community Survey 5-year estimates

The majority of Britton residents were commuting less than 20 minutes to work in 2011. Overall, nearly 75% of residents commuted 19 minutes or less to work. However, the City also had some residents that commuted a greater distance. More than 13% of all working residents had a travel time of 30 minutes or more.

Agencies and Resources

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

Grow South Dakota (also known as NESDCAP/NESDEC)

104 Ash Street East
Sisseton, SD 57262
(605) 698-7654
Contact: Marcia Erickson

Homes are Possible, Inc. (HAPI)

318 South Main Street
Aberdeen, SD 57401
(605) 225-4274
Contact: Jeff Mitchell, Executive Director

Aberdeen Housing Authority

2324 3rd Avenue SE
Aberdeen, SD 57401
(605) 225-9095
Contact: Jody Zueger, Executive Director

Northeast Council of Governments

P.O. Box 1985, 2201 6th Avenue SE, Suite 2
Aberdeen, SD 57402
(605) 626-2595
Contact: Ted Dickey, Program Coordinator

USDA Rural Development

524 Enterprise Street
Aberdeen, SD 57401
(605) 226-3360
Contact: Janell Telin, Area Specialist

South Dakota Housing Development Authority

3060 East Elizabeth Street
Pierre, SD 57501
(605) 773-3181
Contact: Mark Lauseng, Executive Director