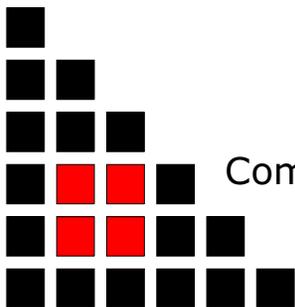


City of Lennox HOUSING STUDY

February 2015

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



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Introduction

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

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

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 June 2014 to January 2015. Data sources included:

- U.S. Census Bureau
- American Community Survey
- Esri
- Records and data from the City
- Records and data maintained by Lincoln 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 and mobile home survey

Limitations

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

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Demographic Data Overview

Sources of Data

The following pages contain demographic data obtained from a variety of local, state and national sources for the City of Lennox and Lincoln 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 2012 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 2012 estimates were derived from sampling that was done over a five-year period, between 2008 and 2012. Unless otherwise noted, the American Community Survey estimates are based on the five-year survey data.

The State of South Dakota has contracted with ESRI, a private company based in California that generates demographic and projection data. City reports from ESRI are available on the website maintained by the Governor's Office of Economic Development. The ESRI current-year estimates and projections have also been included.

Population Data and Trends

Table 1 Population Trends - 1980 to 2013							
	1980 Census	1990 Census	2000 Census	% Change 1990-2000	2010 Census	% Change 2000-2010	2013 Estimates
Lennox	1,827	1,767	2,037	15.3%	2,111	3.6%	2,234
Lincoln Co.	13,942	15,427	24,131	56.4%	44,828	85.8%	49,858

Source: U.S. Census

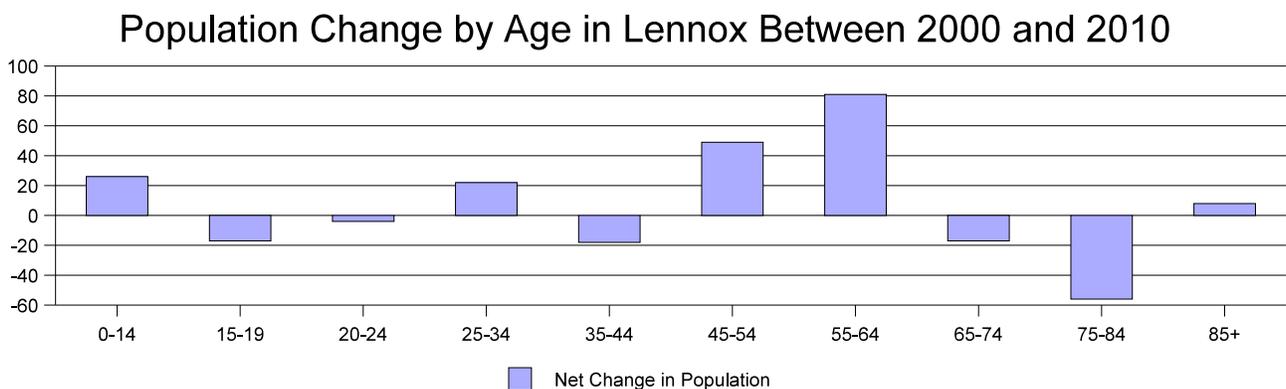
- ▶ According to the 2010 U.S. Census, the City of Lennox had a population gain of 74 people from 2000 to 2010. Lennox’s population was 2,111 in 2010. The 74-person increase from 2000 was a population gain of 3.6%.
- ▶ Lincoln County’s population was 44,828 in 2010. This was a substantial increase of 20,697 people from 2000, for a population gain of 85.8%.
- ▶ Lennox and Lincoln County also experienced population increases in the 1990s. Lennox’s population increased by 270 people and Lincoln County increased by 8,704 people from 1990 to 2000.
- ▶ The Census Bureau has released more recent information through its population estimates program. The most recent estimate for Lennox is effective July 1, 2013, and shows the City adding 123 people from 2010 to 2013. The most recent estimate for Lincoln County is also effective July 1, 2013, and shows the County adding 5,030 people after the 2010 Census. The net growth in the County has been attributed to a combination of “natural increase” as births exceeded deaths, and in-migration.
- ▶ ESRI, a private reporting service used by the State of South Dakota, estimates the population in Lennox at 2,202 people in 2014, 32 people less than the 2013 Census Bureau estimate. ESRI’s 2014 population estimate for Lincoln County is 49,970 residents, slightly higher than the Census Bureau’s 2013 estimate.
- ▶ Lennox’s population is primarily White and non-Hispanic/Latino. At the time of the 2010 Census, 98.2% of the City’s residents were White, 0.1% were Black or African American, 0.6% were American Indian and 0.4% were Asian. Approximately 1.1% of the City’s population was identified as Hispanic/Latino.

Population by Age Trends: 2000 to 2010

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

Table 2 Population by Age - 2000 to 2010						
Age	Lennox			Lincoln County		
	2000	2010	Change	2000	2010	Change
0-14	441	467	26	5,948	11,543	5,595
15-19	159	142	-17	1,755	2,503	748
20-24	94	90	-4	1,294	2,326	1,032
25-34	261	283	22	3,466	7,781	4,315
35-44	308	290	-18	4,238	6,481	2,243
45-54	227	276	49	3,248	5,808	2,560
55-64	145	226	81	1,666	4,354	2,688
65-74	147	130	-17	1,204	2,139	935
75-84	167	111	-56	903	1,257	354
85+	88	96	8	409	636	227
Total	2,037	2,111	74	24,131	44,828	20,697

Source: U.S. Census



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 Lennox and Lincoln County. Between 2000 and 2010, Lennox had a gain of 130 people and Lincoln County had a gain of 5,248 people in the age ranges between 45 and 64 years old. In 2010, nearly all of the baby boomers were within these age ranges.

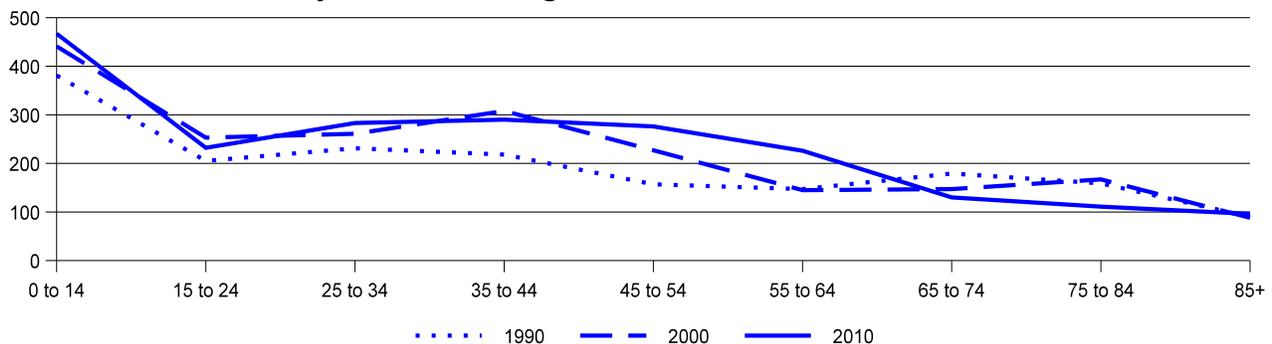
Lincoln County also had growth in all the other age ranges, with strong growth of 5,595 children in the 0 to 14 age range and 4,315 people in the 25 to 34 age range.

Lennox also had population growth of 26 people in the 0 to 14 age range, 22 people in the 25 to 34 age range and eight people in the 85 and older age range.

Lennox experienced a population loss of 21 people in the 15 to 24 age ranges, a loss of 18 people in the 35 to 44 age range and a loss of 73 people in the 65 to 84 age ranges.

The aging trends present in the City of Lennox can be traced back over the previous decades to see the movement of the baby boom generation.

City of Lennox Age Distribution: 1990 to 2010



Population Projections

The following table presents population projections using two different sources. The South Dakota State Data Center has issued population projections to the year 2020 for Lincoln County. The other projections have been calculated by ESRI and span the five-year period from 2014 to 2019.

Table 3 Population Projections Through 2019/2020				
	2010 Census	2014 Estimate ESRI	2019 Projection ESRI	2020 Projection State Data Center
Lennox	2,111	2,202	2,435	N/A
Lincoln County	48,296	49,970	59,208	62,170

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

- ▶ The ESRI growth projections show population gains from 2014 to 2019 for the City of Lennox and Lincoln County. ESRI expects that the City of Lennox will add 233 residents over this five-year period, or an annual average of approximately 47 people per year. ESRI expects all of Lincoln County to add 9,238 people between 2014 and 2019, or approximately 1,850 people in an average year.
- ▶ The State Data Center also projects significant population gains for all of Lincoln County. When compared to the 2010 base year, the State Data Center projection shows an increase of 13,874 people in the County during the current decade. At an annual average, this would be approximately 1,387 people per year.

Household Data and Trends

Table 4 Household Trends - 1980 to 2014							
	1980 Census	1990 Census	2000 Census	% Change 1990-2000	2010 Census	% Change 2000-2010	2014 ESRI
Lennox	678	694	812	17.0%	842	3.7%	888
Lincoln Co.	4,785	5,461	8,782	60.8%	16,649	89.6%	18,661

Source: U.S. Census; ESRI

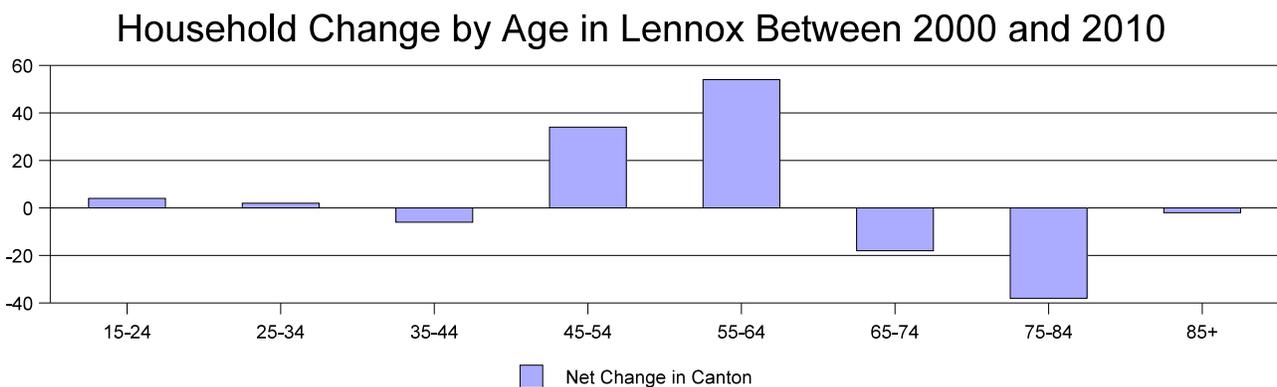
- ▶ According to the 2010 U.S. Census, Lennox and Lincoln County gained households from 2000 to 2010. Lennox had 842 households in 2010. This was an increase of 30 households from 2000, or a household gain of 3.7%.
- ▶ Lincoln County had 16,649 households in 2010. This was an increase of 7,867 households, or a household gain of 89.6%.
- ▶ Lennox gained 118 households and Lincoln County gained 3,321 households during the 1990s.
- ▶ ESRI’s 2014 estimate for Lennox is 888 households, an increase of 46 households from the 2010 Census.
- ▶ For all of Lincoln County, the 2014 ESRI estimate is 18,661 households, up by more than 2,000 households since the 2010 Census.

Household by Age Trends: 2000 to 2010

The 2010 Census allows for some analysis of Lennox and Lincoln 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	Lennox			Lincoln County		
	2000	2010	Change	2000	2010	Change
15-24	32	36	4	441	840	399
25-34	138	140	2	1,738	3,977	2,239
35-44	172	166	-6	2,277	3,539	1,262
45-54	127	161	34	1,793	3,259	1,466
55-64	89	143	54	967	2,492	1,525
65-74	96	78	-18	705	1,303	598
75-84	111	73	-38	628	821	193
85+	47	45	-2	233	418	185
Total	812	842	30	8,782	16,649	7,867

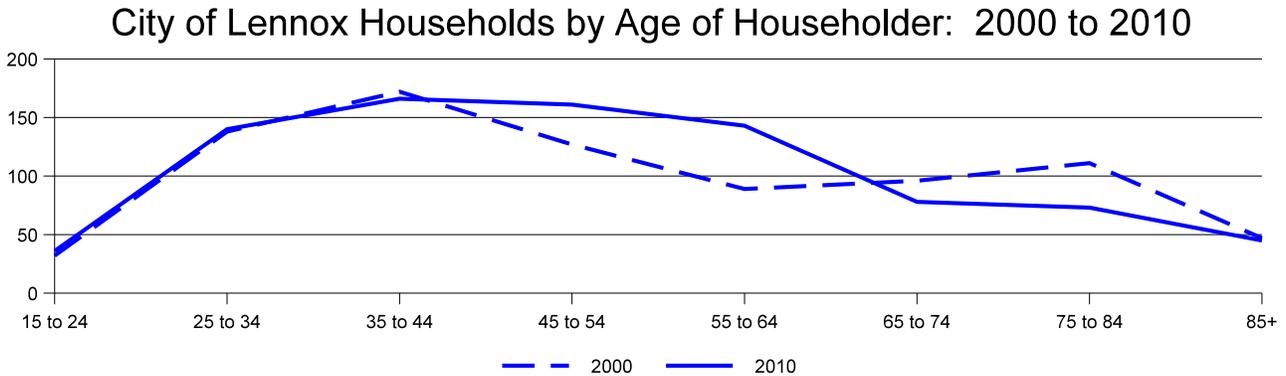
Source: U.S. Census



Lennox added 88 households in the 45 to 64 year old age ranges, and six households in the 15 to 34 age ranges.

Lennox had a decrease of six households in the 35 to 44 age ranges, and a loss of 58 households in the 65 and older age ranges.

Lincoln County experienced household gains in all age ranges. The age ranges



age 54 and younger added 5,366 households and the 55 and older age ranges increased by 2,501 households.

As with the longer-term patterns for population, it is possible to track the progression of the baby boomer households over the past 10 years in Lennox, using Census information for households by the age of householder.

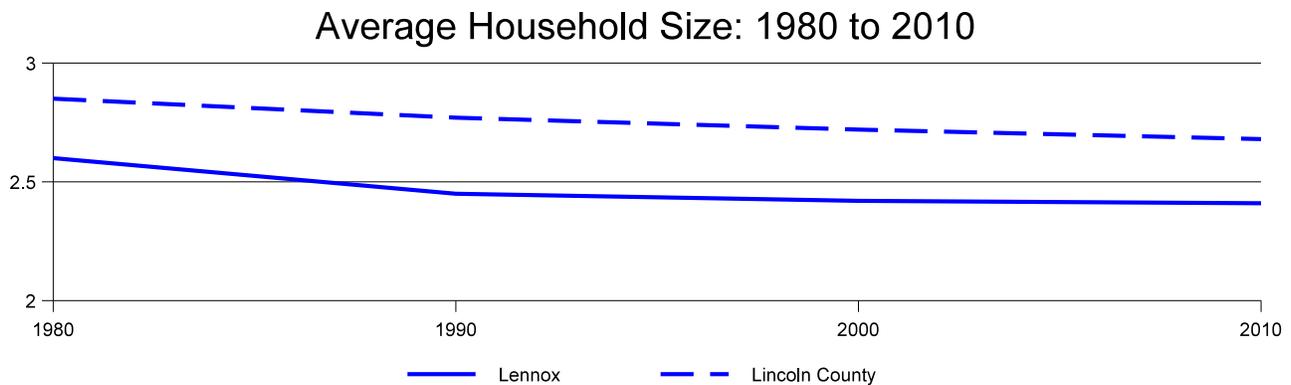
Average Household Size

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
Lennox	2.60	2.45	2.42	2.41
Lincoln County	2.85	2.77	2.72	2.68
South Dakota	2.74	2.59	2.50	2.42

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 Lennox and Lincoln County has decreased over the past three decades. In Lennox, the average household size decreased from 2.60 persons per household in 1980 to 2.41 in 2010. Lincoln County’s average household size decreased from 2.85 in 1980 to 2.68 in 2010.

In 2010, Lennox’s average household size was slightly smaller than the Statewide average, which is typical for a city, as more renter households and senior-headed households tend to live within cities.

Household Projections

The following table presents 2014 household estimates and 2019 projections for Lennox and Lincoln County. The estimates and projections have been generated by ESRI, Inc., a private data reporting service.

Table 7 Household Projections Through 2019			
	2010 Census	2014 Estimate ESRI, Inc.	2019 Projection ESRI, Inc.
Lennox	842	888	993
Lincoln County	16,649	18,661	22,184

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

- ▶ The ESRI projections expect household gains for Lennox and Lincoln County from 2010 to 2019, consistent with past trends.
- ▶ Lennox is expected to add 105 households from 2014 to 2019. Over the five-year period, average annual growth would be approximately 21 households per year.
- ▶ Lincoln County is projected to add 3,523 households from 2014 to 2019. At an average, this would be approximately 705 households per year.

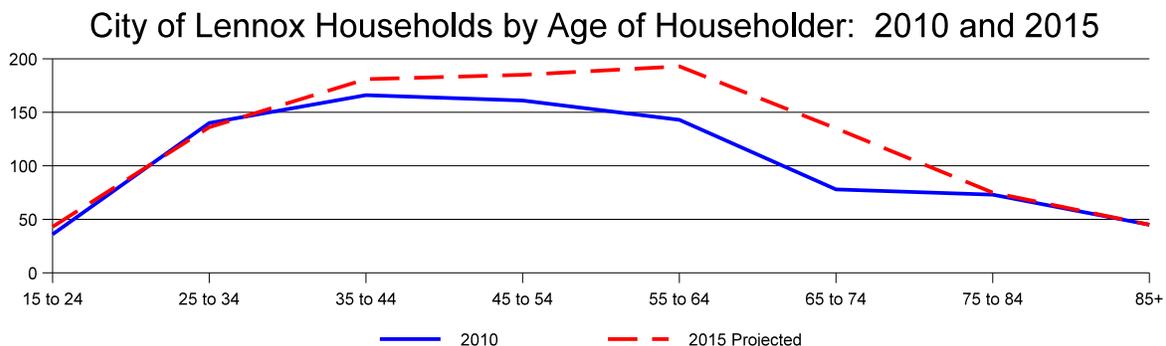
Lennox Household by Age Projections: 2010 to 2019

With the release of the 2010 Census, a new benchmark has been established for Lennox’s age-related statistics. In the following table, Community Partners Research, Inc., has compared ESRI age-based household projections for Lennox in 2019 to the 2010 Census.

The household projections for Lennox were extrapolated from ESRI’s age-based 2019 population projections. The projections assume that historical patterns will continue into the near-future, especially related to household formation and household size within specific age groups. If Lennox adds population at a rate that is faster or slower than past patterns would suggest, traditional age-based forecasts would be altered.

Table 8 Lennox Projected Households by Age - 2010 to 2019			
Age Range	2010 Census	Extrapolated ESRI Projections	
		2019 Projection	Change from 2010
15-24	36	43	7
25-34	140	136	-4
35-44	166	181	15
45-54	161	185	24
55-64	143	193	50
65-74	78	135	57
75-84	73	75	2
85+	45	45	0
Total	842	993	151

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



Consistent with the age distribution data presented earlier, the movement of the “baby boom” generation through the aging cycle should generate much of the City’s growth in households, especially in the age ranges between 55 and 74 years old. ESRI projects an overall gain of 151 households in Lennox from 2010 to 2019. The age-extrapolated household projections for Lennox would expect the City to add 107 households in the 55 to 74 age ranges.

The extrapolated ESRI projections also expect an increase of 39 households in the 35 to 54 age ranges and a seven-household gain in the 15 to 24 age range. Also, a gain of two households is projected in the 75 and older age ranges.

The only age range projected to lose households is the 25 to 34 age range, which is expected to lose four households from 2010 to 2019.

Overall, from 2010 to 2019 Lennox is projected to have a net gain of 42 households in the age ranges 54 and younger, and a net gain of 109 households age 55 and older.

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 Lennox.

Table 9 Lennox Household Composition - 2000 to 2010			
	2000 Census	2010 Census	Change
Family Households			
Married Couple with own children	220	196	-24
Single Parent with own children	64	72	8
Married Couple without own children	219	246	27
Family Householder without spouse	23	28	5
Total Families	526	542	16
Non-Family Households			
Single Person	259	266	7
Two or more persons	27	34	7
Total Non-Families	286	300	14

Source: U.S. Census

Between 2000 and 2010, Lennox experienced an overall net increase of 16 “family” households. There was a decrease of 24 married couple families that had their own children in the household. The City had an increase of eight single parent households with children, a gain of 27 married couples without children, and a gain of five family households without a spouse or children.

The City of Lennox had an increase of 14 “non-family” households. There was an increase of seven one-person households. There was also an increase of seven households that had unrelated individuals living together.

Housing Tenure

The 2010 Census provided an updated look at housing tenure patterns. The following tables examine tenure rates, along with changes that have occurred.

Table 10 Household Tenure - 2010				
	Number of Owners	Percent of all Households	Number of Renters	Percent of all Households
Lennox	620	73.6%	222	26.4%
Lincoln County	13,042	78.3%	3,607	21.7%
State	-	68.1%	-	31.9%

Source: U.S. Census

According to the 2010 Census, the ownership tenure rate in Lennox was 73.6% and Lincoln County’s ownership rate was 78.3% in 2010. Lennox’s rental tenure rate of 26.4% was below the Statewide rate of 31.9% renter households.

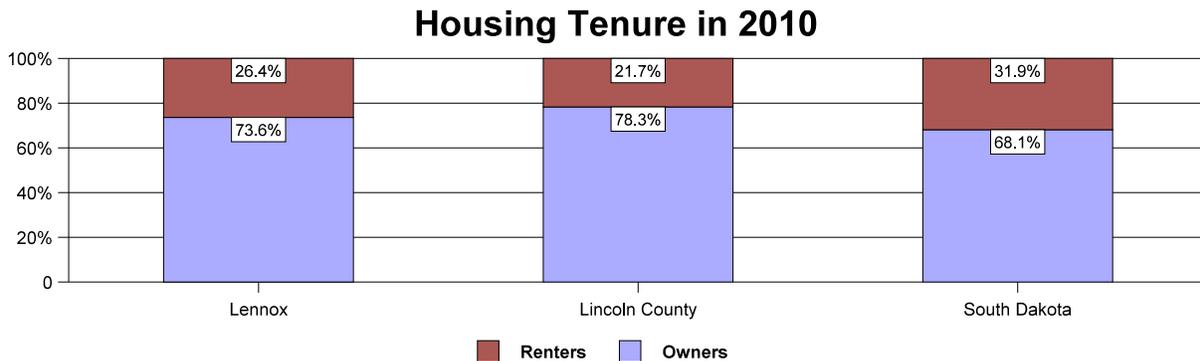


Table 11 Households by Housing Tenure - 2000 to 2010						
Tenure	Lennox			Lincoln County		
	2000	2010	Change	2000	2010	Change
Owners	608/74.9%	620/73.6%	12	6,995/79.7%	13,042/78.3%	6,047
Renters	204/25.1%	222/26.4%	18	1,787/20.3%	3,607/21.7%	1,820
Total	812	842	30	8,782	16,649	7,867

Source: U.S. Census

The City of Lennox’s ownership tenure rate decreased slightly from 74.9% in 2000 to 73.6% in 2010. For Lincoln County, the ownership tenure rate decreased from 79.7% in 2000 to 78.3% in 2010.

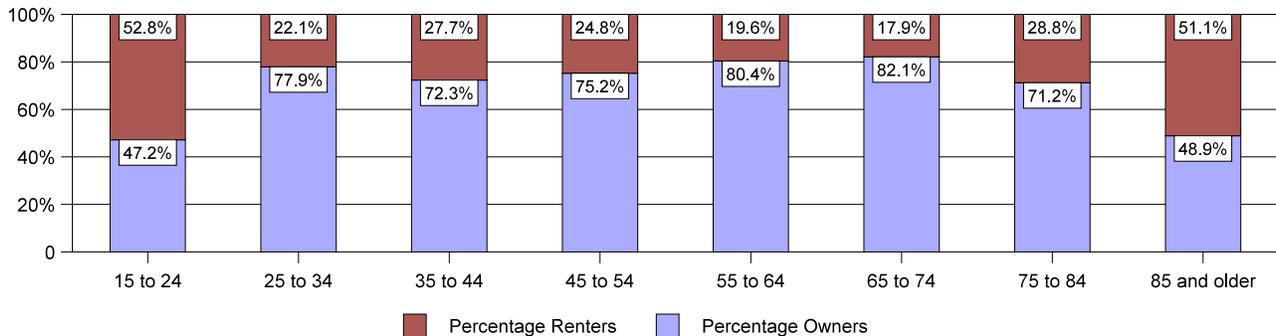
Tenure by Age of Householder

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

Table 12 Lennox Tenure by Age of Householder - 2010				
Age	Owners		Renters	
	Number	Percent within age	Number	Percent within age
15-24	17	47.2%	19	52.8%
25-34	109	77.9%	31	22.1%
35-44	120	72.3%	46	27.7%
45-54	121	75.2%	40	24.8%
55-64	115	80.4%	28	19.6%
65-74	64	82.1%	14	17.9%
75-84	52	71.2%	21	28.8%
85+	22	48.9%	23	51.1%
Total	620	73.6%	222	26.4%

Source: U.S. Census

City of Lennox 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 53% of households age 24 and younger rented their unit, and 51% of households age 85 and older were renters. Home ownership rates for each of the 10-year age cohorts between 25 and 84 years old were above 71%.

Tenure by Household Size

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

Table 13 Lennox Tenure by Household Size - 2000 to 2010						
Household Size	Owners			Renters		
	2000	2010	Change	2000	2010	Change
1-Person	144	137	-7	115	129	14
2-Person	203	235	32	46	38	-8
3-Person	96	82	-14	13	25	12
4-Person	102	96	-6	18	20	2
5-Person	48	48	0	7	5	-2
6-Person	12	17	5	3	2	-1
7-Persons+	3	5	2	2	3	1
Total	608	620	12	204	222	18

Source: U.S. Census

From 2000 to 2010, there were increases in the number of owner and renter households living in Lennox. There was an increase of 32 owner households with two household members and an increase of seven households with six or more household members. There was a decrease of seven households with one household member and a decrease of 20 households with three or four household members.

Lennox had an increase of 14 renter households with one household member, an increase of 14 households with three or four household members and an increase of one household with seven household members. There was a loss of eight households with two household members and a loss of three households with five or six household members. Approximately 75% of the renter households in Lennox were one or two person households in 2010.

2012 Income Data

The 2010 Census did not collect information on household income. However, estimates are available at the city and county level through the 2012 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 2012			
	2000 Median	2012 Median	% Change
Lennox	\$35,217	\$48,967	39.0%
Lincoln County	\$48,338	\$73,340	51.7%
South Dakota	\$35,271	\$46,369	31.5%

Source: U.S. Census; 2012 ACS 5-year survey

Table 15 Median Family Income - 2000 to 2012			
	2000 Median	2012 Median	% Change
Lennox	\$46,848	\$68,393	46.0%
Lincoln County	\$55,401	\$82,540	49.0%
South Dakota	\$43,237	\$58,958	36.4%

Source: U.S. Census; 2012 ACS 5-year survey

Information contained in the 2012 American Community Survey shows that the median household and family incomes have increased substantially from 2000 to 2012 in Lennox and Lincoln County. Lennox and Lincoln County's median household and family incomes were all above the statewide medians.

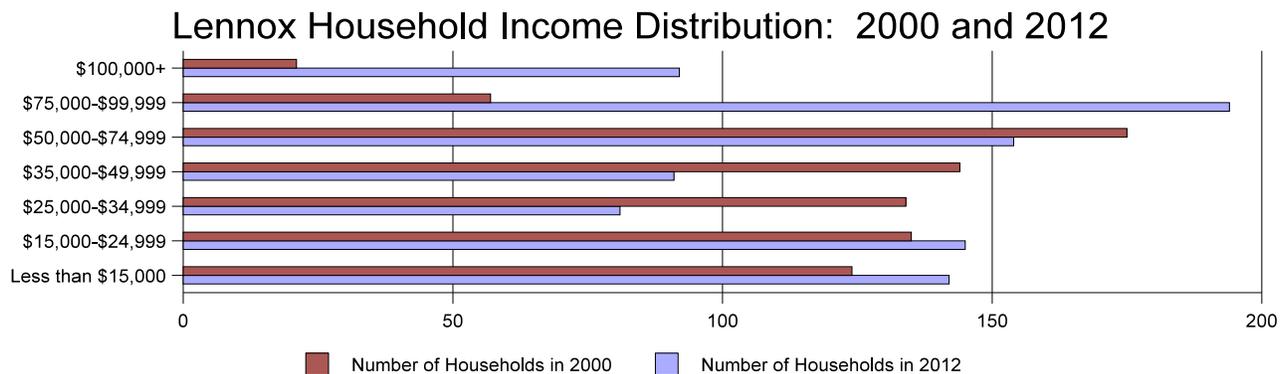
Generally, family household incomes tend to be much higher than the overall household median, as families have at least two household members, and potentially more income-earners. Using the commonly accepted standard that up to 30% of gross income can be applied to housing expenses without experiencing a cost burden, a median income household in Lennox could afford approximately \$1,224 per month and a median income family household could afford \$1,710 per month for ownership or rental housing in 2012.

Lennox Household Income Distribution

The 2012 American Community Survey household income estimates for Lennox can be compared to the same distribution information from 2000 to examine changes that have occurred over the past decade.

Table 16 Lennox Household Income Distribution - 2000 to 2012			
Household Income	Number of Households 2000	Number of Households in 2012	Change 2000 to 2012
\$0 - \$14,999	124	142	18
\$15,000 - \$24,999	135	145	10
\$25,000 - \$34,999	134	81	-53
\$35,000 - \$49,999	144	91	-53
\$50,000 - \$74,999	175	154	-21
\$75,000 - \$99,999	57	194	137
\$100,000+	21	92	71
Total	790	899	109

Source: 2000 Census; 2012 ACS



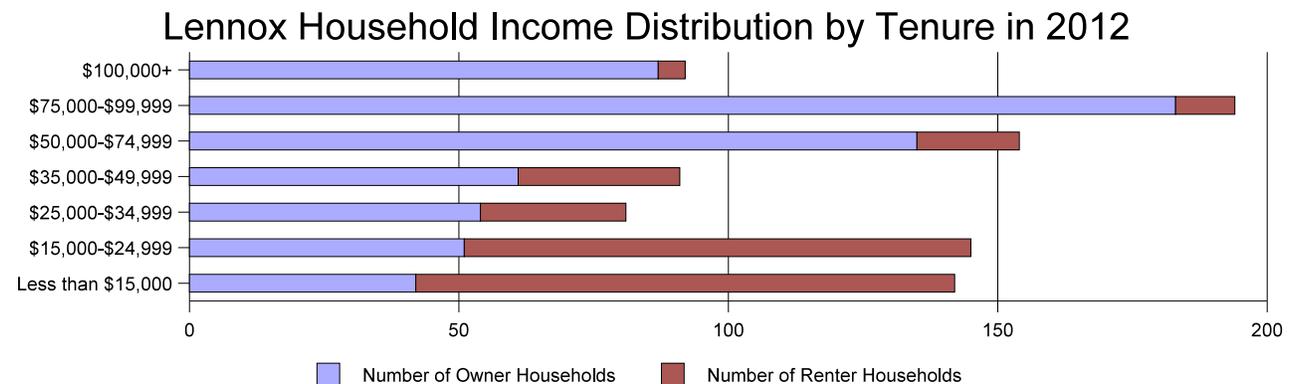
According to income estimates contained in the 2012 American Community Survey, household incomes have improved in Lennox in the highest income ranges. When compared to the 2000 Census (1999 income), the net number of households with an income of \$50,000, or more, increased by 187 households. Conversely, there was a net decrease of 78 households with annual incomes less than \$50,000. Although there was a net decrease in the number of households in the lower income ranges, there were still 287 households with an annual income below \$25,000 in 2012, which represented 31.9% of all households in Lennox.

Lennox Income Distribution by Housing Tenure

The 2012 American Community Survey provides income data by owner and renter status. The following table examines income distribution in Lennox. 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 899 households and the U.S. Census reported that there were 842 households in Lennox in 2010.

Table 17 Lennox Household Income Distribution by Tenure - 2012			
Household Income	Number of Owner Households	Number of Renter Households	Total Households
\$0 - \$14,999	42/29.6%	100/70.4%	142
\$15,000 - \$24,999	51/35.2%	94/64.8%	145
\$25,000 - \$34,999	54/66.7%	27/33.3%	81
\$35,000 - \$49,999	61/67.0%	30/33.0%	91
\$50,000 - \$74,999	135/87.7%	19/12.3%	154
\$75,000 - \$99,999	183/94.3%	11/5.7%	194
\$100,000+	87/94.6%	5/5.4%	92
Total	613	286	899

Source: 2012 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 2012, approximately 77% of all renter households in Lennox 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 \$19,573 in 2012. At 30% of income, a renter at the median level could afford approximately \$489 per month or less for housing costs.

Most owner households had a higher income level than rental households. Approximately 66% of all owner households had an annual income of \$50,000 or more. The estimated median household income for owners in 2012 was approximately \$68,000. At 30% of income, an owner at the median income level could afford approximately \$1,700 per month for housing costs.

2012 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 Lennox.

Table 18 Gross Rent as a Percentage of Household Income - Lennox		
Percentage of Household Income for Housing Costs	Number of Renter Households 2012	Percent of All Renter Households 2012
0% to 19.9%	77	26.9%
20% to 29.9%	31	10.8%
30% to 34.9%	28	9.8%
35% or more	135	47.2%
Not Computed	15	5.3%
Total	286	100%

Source: 2012 American Community Survey

Based on the more recently released tenure information from the 2010 Census, the 2012 American Community Survey did overestimate the number of renter households in Lennox. 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 57% of all renters in the City were paying 30% or more of their income for rent. The large majority of these households (47.2%) 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.

2012 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 Lennox that are paying different percentages of their gross household income for housing costs.

Table 19 Ownership Costs as a Percentage of Income - Lennox		
Percentage of Household Income for Housing Costs	Number of Owner Households 2012	Percent of All Owner Households 2012
0% to 19.9%	304	49.6%
20% to 29.9%	167	27.2%
30% to 34.9%	45	7.3%
35% or more	77	12.6%
Not Computed	20	3.3%
Total	613	100%

Source: 2012 ACS

The 2012 American Community Survey underestimated the number of owner households in the City of Lennox. 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 30% of their income for housing. However, approximately 20% of all home owners reported that they paid more than 30% of their income for housing. A majority 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
Lennox	620	222	34	14	3	21
Lincoln Co.	13,042	3,607	572	297	82	275

Source: U.S. Census

- ▶ In 2010, according to the U.S. Census, there were 82 seasonal housing units in Lincoln County including three units in Lennox.
- ▶ In addition to the seasonal units in 2010, there were 1,144 vacant housing units in Lincoln County, including 69 units in Lennox. Most of the vacant units in Lennox were identified as units for rent or for sale.

Existing Home Sales

This section examines houses that have been sold in Lennox from 2009 through 2013. It is important to note that the number of houses that sell each year can vary and may not be an accurate indicator of overall home values in the City. However, this sample does provide some insight into those units that have turned-over during this time period. The information was obtained from the Lincoln County Equalization Office.

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

The County also sorts the residential sales into different groupings, rejecting certain sales. The primary reason that sales are rejected is because the house was not actively listed for sale in the open market. Community Partners Research, Inc., has also removed any sales that were listed as foreclosures or sheriff's sales.

The County and State also reject sales that show significant variation from the assessed value. Known as the "150% rule" these sales may be open market transactions but are not useful in the sales ratio analysis. The sales file provided by Lincoln County included the 150% rule sales and they have been included in the following analysis if they otherwise represent open market transactions.

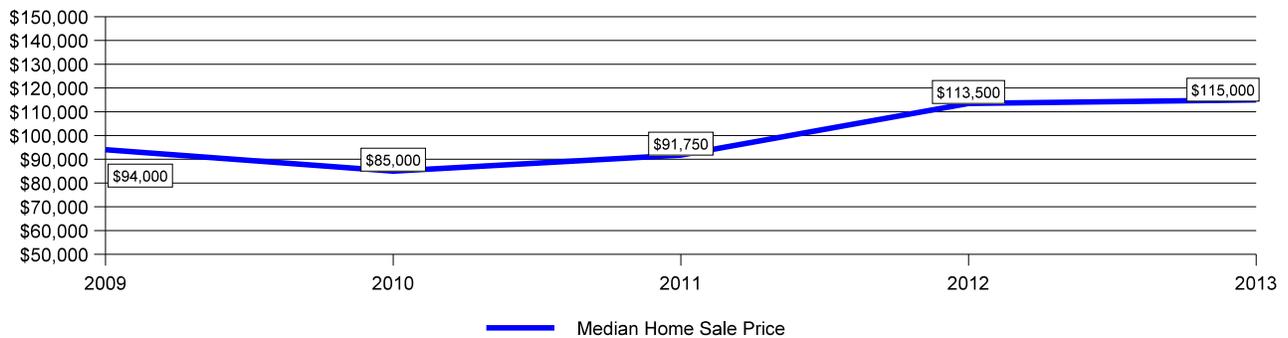
Table 21 Median Value of Recent Residential Sales - 2009 to 2013

Year	Number of Sales	Median Sale Price	Highest Sale	Lowest Sale
2013	32	\$115,000	\$290,000	\$38,000
2012	32	\$113,500	\$305,000	\$11,000
2011	40	\$91,750	\$225,000	\$15,000
2010	29	\$85,000	\$177,000	\$24,999
2009	43	\$94,000	\$198,000	\$6,000

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

- ▶ From 2009 to 2013, there were 176 residential sales of single family houses in Lennox that were considered to be “good sales” and reviewed in this section.
- ▶ The median sale price in Lennox has varied from year to year. The highest median price was reached in 2013, at \$115,000. In both 2012 and 2013, the midpoint sale price has been above \$113,000. The lowest recent median was in 2010, at \$85,000.
- ▶ In each of the past three years, at least one house has been sold for more than \$200,000. The highest price achieved was \$305,000 for a home sold in 2012.
- ▶ The lowest price sale in 2013 was at \$38,000. However, from 2009 to 2012, at least one house was sold each year for less than \$25,000.
- ▶ The volume of annual good sales has ranged from a low of 29 home sales in 2010, to a high of 43 sales in 2009. In four of the past five years, at least 32 good sale transactions have been recorded.

Median Home Sale Prices in Lennox: 2009 to 2013



Home Sales by Price Range

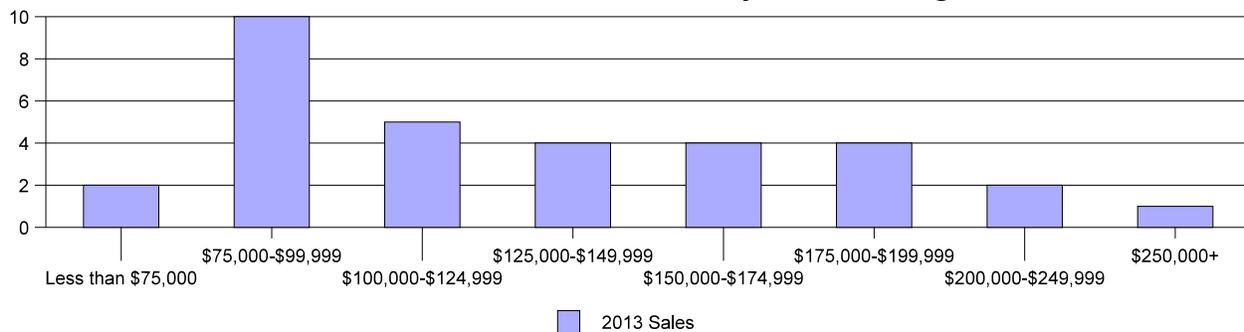
The following table looks at single family houses that sold within defined price ranges in 2013, using the information that was available from the County Equalization Office.

Table 22 Lennox Home Sales by Price Range in 2013		
Sale Price	Number of Sales	Percent of Sales
Less than \$75,000	2	6.3%
\$75,000 - \$99,999	10	31.3%
\$100,000 - \$124,999	5	15.6%
\$125,000 - \$149,999	4	12.5%
\$150,000 - \$174,999	4	12.5%
\$175,000 - \$199,999	4	12.5%
\$200,000 to \$249,999	2	6.3%
\$250,000 or more	1	3.1%
Total	32	100%

Source: Lincoln County Equalization; Community Partners Research, Inc.

Recent home sales in Lennox have been widely distributed in different price ranges, but more than 53% of 2013 sales were priced below \$125,000. Fewer than 10% of 2013 home sales were for \$200,000 or more.

2013 Lennox Home Sales by Price Range



Lennox Housing Condition

Community Partners Research, Inc. representatives conducted a visual 'windshield' survey of 245 single family/duplex houses in two of Lennox's oldest neighborhoods.

The boundaries of the two neighborhoods are as follows:

- ▶ Neighborhood #1: North - First Ave.
South - Fifth Ave.
East - Elm Street
West - Cherry Street

- ▶ Neighborhood #2: North - Boyton Ave.
South - Railroad tracks
East - Main Street
West - Elm Street

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 23 Windshield Survey Condition Estimate - 2014

	Sound	Minor Repair	Major Repair	Dilapidated	Total
Neighborhood #1	87/46.3%	80/42.6%	19/10.1%	2/1.0%	188
Neighborhood #2	22/38.6%	16/28.1%	18/31.6%	1/1.7%	57
Total	109/44.5%	96/39.2%	37/15.1%	3/1.2%	245

Source: Community Partners Research, Inc.

- ▶ Approximately 39% of the houses in the City's two oldest neighborhoods need minor repair and 15% need major repair. Approximately 45% are sound, with no required improvements. Three houses are dilapidated and possibly beyond repair.

Lennox Mobile/Manufactured Home Housing Condition

Community Partners Research, Inc. representatives conducted a visual 'windshield' survey of the 67 mobile and manufactured homes located in Lennox's mobile home parks.

Mobile and manufactured homes 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. Dilapidated mobile and manufactured homes 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 mobile or manufactured home needing multiple major improvements such as roof, windows, sidings, structural/foundation, etc. Houses and mobile homes in this condition category may or may not be economically feasible to rehabilitate.

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

Sound mobile or manufactured homes are judged to be in good, 'move-in' condition. The homes may contain minor code violations and still be considered Sound.

Table 24 Windshield Survey Condition Estimate - 2014					
	Sound	Minor Repair	Major Repair	Dilapidated	Total
Mobile/Manufactured homes	20/29.9%	12/17.9%	15/22.3%	20/29.9%	67

Source: Community Partners Research, Inc.

- ▶ The mobile/manufactured homes in Lennox are in fair condition. Approximately 18% of the mobile/manufactured homes need minor repair and 22% need major repair. Approximately 30% are sound, with no required improvements.

- ▶ Twenty mobile/manufactured homes are dilapidated and possibly beyond repair.
- ▶ The Court Street Mobile Home Park is in very poor condition.
- ▶ The Park at 8th Ave. and McKinley has a significant number of manufactured homes that are in very good condition.

Building Permit Trends

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

Table 25 Lennox Housing Unit Construction Activity: 2000 to 2014			
Year	Single Family	Two or More Units	Total Units Constructed
2014	6	0	6
2013	2	0	2
2012	1	0	1
2011	0	0	0
2010	2	0	2
2009	2	0	2
2008	2	8	10
2007	9	0	9
2006	6	16	22
2005	8	4	12
2004	8	0	8
2003	8	4	12
2002	8	0	8
2001	8	4	12
2000	4	0	4
TOTAL	74	36	110

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

Over the past 15 years, 110 new housing units have been constructed in Lennox, based on building permit issuance and U.S. Census information. Seventy-four of these units are single family homes and 36 units are in four rental projects.

Much of the new construction occurred between 2000 and 2008. During this nine-year period, the City averaged approximately 11 new housing units per year. From 2009 to 2014, housing construction activity slowed, and the City has averaged approximately two new units per year. However in 2014, six new houses were constructed in Lennox.

Rental Housing Data

Census Bureau Rental Inventory

According to the 2010 U.S. Census, there were 222 occupied rental units and 35 unoccupied rental units in Lennox, for a total estimated rental inventory of 257 units. The City's rental tenure rate in 2010 was 26.4%, below the Statewide rental rate of 31.9%.

At the time of the 2000 Census, Lennox had 204 occupied rental units, and nine vacant rental units, for a total estimated rental inventory of 213 units. The rental tenure rate in 2000 was also 25.1%.

Based on a Census comparison, the City gained 18 renter-occupancy households, and approximately 44 rental units during the last decade.

Rental Housing Survey

As part of this housing study, a telephone survey was conducted of multifamily projects in Lennox. Emphasis was placed on contacting properties that have four or more units. For the purposes of planning additional projects in the future, multifamily properties represent the best comparison of market potential. However, we also obtained some information on properties with less than four units.

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

There were 173 housing units of all types that were contacted in the survey. In addition to the 173 rental units, the nursing home, which has 59 beds, was surveyed.

The units that were successfully contacted include:

- ▶ 93 market rate units
- ▶ 58 federally subsidized units
- ▶ 22 senior assisted living units with 28 beds
- ▶ 59 beds in the nursing home

The findings of the survey are provided below.

Market Rate Summary

Information was obtained on 93 rental units in 15 multifamily projects.

Unit Mix

We obtained the bedroom mix on the 93 market rate units. The bedroom mix of the units is:

- ▶ one-bedroom - 18 (19.4%)
- ▶ two-bedroom - 72 (77.4%)
- ▶ three-bedroom - 3 (3.2%)

Occupancy / Vacancy

At the time of the survey, there was only one vacancy in the 86 market rate units that were included in the occupancy survey. This is a vacancy rate of 1.2%. The owner of the project with one vacancy reported that he was confident that the vacancy would be filled shortly. There were also five vacancies in Tower Apartment, but the vacancies are due to renovations, thus, they were not included 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>Lowest/Highest Gross Rents</u>
One-bedroom	\$400-\$580
Two-bedroom	\$510-\$810
Three-bedroom	\$760-\$800

Please note that the three-bedroom rents include only three units.

Tax Credit Summary

There are no tax credit units in Lennox.

Subsidized Summary

The research completed for this Study identified three subsidized projects providing rental opportunities for lower income households. These projects have a combined 58 units. Two projects are general occupancy rental housing and one project is a senior/disabled project.

The three subsidized rental projects in Lennox include:

- ▶ **Sunrise Manor** - Sunrise Manor is a 29-unit HUD-subsidized Public Housing senior/disabled project. The project was constructed in 1970 and includes nine buildings. The 29 units include 14 efficiency, 13 one-bedroom and two two-bedroom units.
- ▶ **Cedar Lane Apartments** - Cedar Lane Apartments is a 13-unit USDA Rural Development General Occupancy project. The 13 units include 1 one-bedroom and 12 two-bedroom units. Eight of the 13 units have rent assistance.
- ▶ **Walson Apartments** - Walson Apartments is a 16-unit HUD Section 8 General Occupancy Project. The 16 units are all one-bedroom units. The project is 30 years old and was originally a senior/disabled project, but converted to General Occupancy approximately three years ago.

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

Unit Mix

The bedroom mix breakdown for the 58 subsidized housing units in Lennox is as follows:

- ▶ 14 efficiencies (24.1%)
- ▶ 30 one-bedroom (51.8%)
- ▶ 14 two-bedroom (24.1%)

Occupancy / Vacancy

Two vacancies were identified in the subsidized projects for a vacancy rate of 3.4%. The two vacancies are in Cedar Lane Apartments. The managers of the projects reported that they usually have a high rate of occupancy.

Subsidized Housing Gains/Losses

Federal subsidy sources for low income rental housing have been very limited for the past few decades. Many subsidized projects in South Dakota were constructed in the 1960s, 1970s and 1980s. Some of these projects have completed their compliance requirements and have the opportunity to leave their subsidy program and convert to conventional rental housing.

In Lennox, Greenbriar Apartments, a 16-unit project with two one-bedroom and 14 two-bedroom units, converted from subsidized to market rate approximately 10 years ago. Therefore, the City of Lennox's subsidized inventory decreased by 16 units due to the conversion.

Senior Housing with Services

Unit Inventory

Lennox has two senior with services projects including Hilda's Heritage Manor Senior Living and the Lennox Good Samaritan Center, which has skilled nursing home beds.

Hilda's Heritage Manor Senior Living - Hilda's Heritage Manor Senior Living has 22 units with a capacity of 28 residents. The facility provides all assisted living services, including meals, medication distribution, bathing assistance, housekeeping, laundry, etc. The facility is also licensed for residents with dementia. Rent and fees are based on the level of services. At the time of the survey there was one vacant unit.

Lennox Good Samaritan Center - The Lennox Good Samaritan Center is licensed as a 59-bed skilled nursing facility. The facility averages a 90% occupancy rate. Fees are based on the level of services.

Table 26 Lennox Multifamily Rental Housing Inventory

Name	Number of Units /Bedroom Mix	Rent	Vacancy/ Wait List	Tenant Mix	Comments
Market Rate					
Pathways in the Park	<u>16 - 2 bedroom</u> 16 total units	\$710 +utilities	No vacancies	Mix of tenants	Pathways in the Park is a 16-unit market rate essential function bond project. The project was developed by the Lennox Housing and Redevelopment Commission in 2006. The 16 units are two-bedroom townhomes with attached garages and 1 3/4 baths. The rents are \$710 plus utilities. The manager reports no vacancies and the units are usually fully occupied.
Herlyn Properties: * Boyton Place Apartments * Prairie Rose Duplexes * Duplex	<u>10 - 2 bedroom</u> 10 total units	\$535-\$660 utilities vary	No vacancies	Mix of tenants	Herlyn Properties include: Boyton Place Apartments is a four-plex with four two-bedroom units constructed in the mid-1990s. Prairie Rose duplexes includes four two-bedroom units and was constructed in 2001. A duplex with two two-bedrooms. The rents for the 10 units in the three projects range from \$535 to \$660. Tenant paid utilities vary based on the unit and the project. Owner reports no vacancies.
Greenbriar Apartments	<u>2 - 1 bedroom</u> <u>14 - 2 bedroom</u> 16 total units	\$490 \$505 +electric	No vacancies, waiting list	Mix of tenants	Greenbriar Apartments includes two eight-plexes. The units are approximately 35 years old. Greenbriar Apartments was originally a Rural Development project, but opted out of the program and converted to market rate approximately 10 years ago. Rent is \$490 for a one-bedroom and \$505 for a two-bedroom. Tenants also pay electricity. The manager reports full occupancy with a waiting list. The manager also reports that the units have been fully occupied for many years.
Klingbile Apartments	<u>1 -1 bedroom</u> <u>2 - 2 bedroom</u> 3 total units	\$385 \$465 +electric, water	No vacancies	Mix of tenants	Klingbile Apartments includes three rental units in an older mixed-use building. The building also includes a beauty shop. The three units are one one-bedroom and two two-bedroom units. Rents range from \$385 to \$465. Tenants also pay water and electric. Owner reports no vacancies.

Table 26 Lennox Multifamily Rental Housing Inventory

Name	Number of Units /Bedroom Mix	Rent	Vacancy/ Wait List	Tenant Mix	Comments
Market Rate					
Sixth Street Apartments	6 - 2 bedroom <u>2 - 3 bedroom</u> 8 total units	\$650 \$700 +heat, electric	No vacancies	Mix of tenants	Sixth St. Apartments includes two four-plexes. One four-plex was constructed in 2003 and one four-plex was constructed in 2005. Units include six two-bedroom and two three-bedroom. Rents are \$650 to \$700. Rent includes water, sewer and garbage. Owners report no vacancies.
Tower Apartments	6 -1 bedroom <u>2 - 2 bedroom</u> 8 total units	\$450 \$550 +electric	5 units vacant for renovation	Mix of tenants	Tower Apartments includes eight units in a converted church building. The owner is in the process of completing improvements to the units. There are five vacancies because of the renovations. Owner reports that he has received numerous calls and anticipates the units will be rented when improvements are completed. Rent is \$450 for a one-bedroom and \$550 for a two-bedroom plus electricity.
Ringen Apartments	1 - 2 bedroom <u>1 - 3 bedroom</u> 2 total units	\$565 \$725 +electric	No vacancies	Mix of tenants	Ringen Apartments include units in a large house that has been converted into a mixed-use building. The house also has a commercial business. The two units are occupied. The two-bedroom rent is \$565 and includes utilities. The three-bedroom unit is a large unit and rent is \$725 plus electricity.
Anderson Condos	<u>8 - 2 bedroom</u> 8 total units	\$800 +electric, water	1 vacancy	Mix of tenants	Eight townhome units constructed in 2008. Rent is \$800 per month plus usage on electric and water. Owner pays base fee. Owner reports one vacancy, but units are usually fully occupied. Units have attached garages.
2 nd Street Apartments	<u>5 - 1 bedroom</u> 5 total units	\$410 +utilities	No vacancies	Mix of tenants	2 nd St. Apartments is a five-plex. All of the units have one-bedroom. Units were constructed in 1999. Rent is \$410 plus utilities. Owner reports no vacancies and the units have been full for several years.

Table 26 Lennox Multifamily Rental Housing Inventory

Name	Number of Units /Bedroom Mix	Rent	Vacancy/ Wait List	Tenant Mix	Comments
Market Rate					
Buller Apartments	<u>4 - 2 bedroom</u> 4 total units	\$500 +electric	No vacancies	Mix of tenants	Buller Apartments includes four two-bedroom units. The units are approximately 50 years old. Rent is approximately \$500 plus electricity. Owner reports no vacancies.
Flarian Apartments	<u>5 - 2 bedroom</u> 5 total units	\$475 to \$550 +electric	No vacancies	Mix of tenants	Flarian Apartments was constructed in the 1970s and includes five two-bedroom units. Four units have a rent of \$475 and one larger unit has a rent of \$550. Tenants pay electricity. Owner reports no vacancies.
Cherry Street Apartments	<u>4 - 2 bedroom</u> 4 total units	\$600 to \$625 +utilities	No vacancies	Mix of tenants	Cherry Street Apartments includes four townhome units. The units were constructed in 1990. The units include garages. Rents range from \$600 to \$625 plus utilities. The owner reports no vacancies.
Park View Apartments	<u>4 - 1 bedroom</u> 4 total units	\$370 +electric	No vacancies	Mix of tenants	Parkview Apartments includes four apartments in a converted motel. All the units are one-bedroom. Rent is \$370 plus electricity. Owner reports no vacancies, but that he often does have vacancies.

Table 26 Lennox Multifamily Rental Housing Inventory

Name	Number of Units /Bedroom Mix	Rent	Vacancy/ Wait List	Tenant Mix	Comments
Subsidized					
Cedar Lane Apartments	1 - 1 bedroom <u>12 - 2 bedroom</u> 13 total units	\$508 max. \$523 max. 30% of income	2 vacancies	General occupancy	Cedar Lane Apartments is a 13-unit General Occupancy Rural Development Project. The project was constructed in the 1970s. Eight tenants have access to rent subsidy and pay 30% of income - remaining tenants pay the maximum rent. Rent includes water, sewer and garbage. Manager reports two vacancies.
Walson Apartments	<u>16 - 1 bedroom</u> 16 total units	30% of income	No vacancies	General Occupancy	Walson Apartments is a HUD Section 8 Project. The project is approximately 30 years old. The project includes 16 one-bedroom units. The project was a senior project, but three years ago converted to general occupancy. About 75% of the tenants are seniors. All tenants have access to rent subsidy and pay 30% of income. The manager reports no vacancies.
Sunrise Manor	14 - efficiencies 13 - 1 bedroom <u>2 - 2 bedroom</u> 29 total units	\$412 max. \$484 max. \$608 max. 30% of income	No vacancies, waiting list	Senior/ disabled	Sunrise Manor is a HUD Public Housing Senior/Disabled project. The project was constructed in 1970. Sunrise Manor includes 29 units in nine buildings. In October, HUD is initiating a rule, which will require tenants to pay a minimum rent, which will raise the rents of approximately 50% of the Sunrise Manor tenants. Only two tenants are under the age of 55. The remaining tenants are seniors or seniors with disabilities. The manager reports no vacancies and a waiting list.

Table 26 Lennox Multifamily Rental Housing Inventory

Name	Number of Units /Bedroom Mix	Rent	Vacancy/ Wait List	Tenant Mix	Comments
Senior Housing with Services					
Hilda's Heritage Manor Senior Living	6 - semi-private <u>16 - private units</u> 28 beds capacity	Varies based on level of services	1 vacancy	Assisted Living Center	Hilda's Heritage Manor has 28 beds in six semi-private and 16 private units. The facility is a licensed Assisted Living Center for 28 residents. Hilda's is also licensed for memory care and is a lockdown facility. Over 50% of the residents have memory loss/dementia. Hilda's was expanded approximately eight years ago. Tenants pay for services based on need. Currently, there is one vacancy, but they are usually fully occupied.
Lennox Good Samaritan Center	59 beds	N/A	90% occupancy rate	Skilled Nursing Home	Good Samaritan is a skilled nursing facility that is licensed for 59 beds. Average occupancy rate is 90%. Good Samaritan had two assisted living beds, but eliminated these on January 1, 2014.

Source: Community Partners Research, Inc.

Employment and Local Economic Trends

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

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

Major employers in Lennox include:

- ▶ Sioux Steel - Livestock Equipment Manufacturing
- ▶ Wilson Trailers - Trailer Manufacturing
- ▶ Koyker - Front-end loader manufacturing
- ▶ Fusion Plastics - Plastic product manufacturing
- ▶ Lennox School District - Education
- ▶ Good Samaritan - Adult Care and Nursing Home

Source: City of Lennox

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

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

Source: Governor's Office of Economic Development

Work Force and Unemployment Rates

Employment information is available for the Sioux Falls MSA. Information has been reviewed back to the year 2000. Data in the tables that follow have been obtained from the South Dakota Department of Labor.

Table 32 Sioux Falls MSA Annual Labor Statistics 2000 to 2013						
Year	Labor Force	Employed	Unemployed	Unemployment Rate - MSA	Unemployment Rate - SD	Unemployment Rate - US
2000	111,195	108,865	2,330	2.1%	2.7%	4.0%
2001	112,945	110,135	2,810	2.5%	3.1%	4.7%
2002	114,480	111,305	3,175	2.8%	3.3%	5.8%
2003	116,510	112,955	3,555	3.1%	3.5%	6.0%
2004	118,790	114,790	4,000	3.4%	3.7%	5.6%
2005	120,280	116,370	3,910	3.3%	3.7%	5.1%
2006	123,175	119,810	3,365	2.7%	3.1%	4.6%
2007	126,810	123,600	3,210	2.5%	2.9%	4.6%
2008	128,940	125,395	3,545	2.7%	3.0%	5.8%
2009	128,830	122,185	6,645	5.2%	5.2%	9.3%
2010	128,295	121,790	6,505	5.1%	5.1%	9.6%
2011	130,050	124,230	5,820	4.5%	4.7%	8.9%
2012	131,800	126,650	5,150	3.9%	4.2%	8.1%
2013	134,105	129,635	4,470	3.3%	3.8%	7.4%

Source: South Dakota Department of Labor; Community Partners Research, Inc.
Not seasonally adjusted

After experiencing very low rates of unemployment for most of the last decade, the rate for the Sioux Falls MSA increased rapidly between 2008 and 2009. However, in comparison to national patterns, the unemployment rate in the area was still very low. After 2010, the unemployment rate began to decrease, and by 2013 was down to only 3.3%, less than half of the national average.

In terms of the employment level, 2013 represented the highest employment count of the 14 years reviewed. The size of the available labor force also reached a peak in 2013.

Employment and Wages by Industry

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

Table 33 MSA Average Annual Wages by Industry Detail - 2013		
Industry	2013 Employment	Average Annual Wage
Total All Industry	139,171	\$41,627
Natural Resources, Mining	522	\$34,692
Construction	6,986	\$44,608
Manufacturing	13,330	\$43,583
Trade, Transportation, Utilities	29,492	\$37,604
Information	2,656	\$50,086
Financial Activities	16,001	\$51,495
Professional and Business Services	13,178	\$47,429
Education and Health Services	27,206	\$49,355
Leisure and Hospitality	13,473	\$14,724
Other Services	3,518	\$29,121
Government	12,810	\$42,782

Source: South Dakota Department of Labor

The average annual wage for all industry in 2013 was \$41,627 for the Sioux Falls MSA. The highest wage sector was Financial Activities, with an annual wage of \$51,495. The lowest average wage was paid in the Leisure and Hospitality sector, at \$14,724.

In terms of actual employment, the largest single sector was Trade, Transportation and Utilities, with 29,492 people. This is a broad sector, with a wide variation in annual wages for sub-sectors. The Retail Trade sub-sector, which accounted for more than 59% of all employment within this sector, had an average annual wage of only \$27,230.

Commuting Patterns of Workers

Only limited information is available on workers that commute for employment. The best information is from the 2012 American Community Survey, and has been examined for the City of Lennox. This table only examines travel time for Lennox residents, and excludes people that work at home.

Table 28 Commuting Times for Lennox Residents - 2012		
Travel Time	Number	Percent
Less than 10 minutes	202	18.6%
10 to 19 minutes	161	14.8%
20 to 29 minutes	303	27.8%
30 minutes +	422	38.8%
Total	1,088	100%

Source: 2012 American Community Survey 5-year estimates

Nearly 67% of Lennox’s residents were commuting 20 minutes or more to work in 2012, including 39% that were traveling 30 minutes or more. This would imply that many City residents are working in or near Sioux Falls. Fewer than 19% of the City’s residents had a drive time that was less than 10 minutes.

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

Table 29 Commuting Times for Lennox Employees - 2012		
Travel Time	Number	Percent
Less than 10 minutes	196	29.2%
10 to 19 minutes	213	31.7%
20 to 29 minutes	151	22.5%
30 minutes +	111	16.5%
Total	671	100%

Source: 2012 American Community Survey 5-year estimates

For people that worked in Lennox, approximately 39% traveled 20 minutes or more. Overall, more than 260 people traveled to Lennox from these greater distances, including more than 110 people that traveled 30 minutes or more.

Findings on Growth Trends

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

Lennox's population increased by 15.3% from 1990 to 2000. The population increased from 1,767 in 1990 to 2,037 in 2000. From 2000 to 2010, Lennox's population increased by 74 people, which was a population gain of 3.6%.

Lincoln County's population increased from 15,427 in 1990 to 24,131 in 2000, which was an increase of 56.4%. The population continued to grow in the 2000s from 24,131 in 2000 to 44,828 in 2010, which was a gain of 85.8%.

Household levels have also increased from 1990 to 2010 in Lennox and Lincoln County. Lennox experienced a gain of 118 households from 1990 to 2000 and a gain of 30 households from 2000 to 2010. Lincoln County added 3,321 households from 1990 to 2000 and 7,867 households from 2000 to 2010.

Findings on Projected Growth

This Study has utilized ESRI's projections for Lennox and Lincoln County, which continue the growth patterns established in recent decades. ESRI projects that Lennox's population will increase by 233 people from 2014 and 2019, or an annual average of approximately 47 people per year. The household projections expect a gain of 105 households from 2014 to 2019, which is approximately 21 households per year.

Lincoln County is expected to gain approximately 9,238 people from 2014 to 2019. Lincoln County's household projections expect a gain of 3,523 households from 2014 to 2019.

Summary of Lennox’s Growth Projections by Age Group

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

Consistent with the age distribution data presented earlier, the movement of the “baby boom” generation through the aging cycle should generate much of the City’s growth in households in the age ranges between 55 and 74 years old. ESRI projects a gain of 151 households in Lennox from 2010 to 2019. Extrapolated age projections would expect the City to add approximately 107 households in the 55 to 74 age ranges.

The extrapolated ESRI age-based projections also expect an increase of 39 households in the 35 to 54 age ranges and a seven-household gain in the 15 to 24 age range. A gain of only two households is projected in the 75 and older age ranges.

The only age range projected to lose households is the 25 to 34 age range, which is expected to lose four households from 2010 to 2019.

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

<u>Age Range</u>	<u>Projected Change in Households 2010 to 2019</u>
15 to 24	7
25 to 34	-4
35 to 44	15
45 to 54	24
55 to 64	50
65 to 74	57
75 to 84	2
85 and Older	0
Total	151

Findings on Housing Unit Demand and Tenure

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

Demand from Growth - The household projections used for this Study expect Lennox to gain 105 households from 2014 to 2019. Significant household gains of approximately 3,523 households are also projected for all of Lincoln County. Anticipated household growth will yield demand for new housing production in Lennox.

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 Lennox, some dilapidated housing has been demolished, and more units will 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. Household growth and shifting age patterns have created demand for certain types of age-appropriate housing in Lennox. We have included our estimates of pent-up demand into the specific recommendations that follow later in this section.

Findings on Unit Demand by Type of Housing

Based on the household by age projections presented earlier, the changing age composition of Lennox'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 gain of seven households in the 15 to 24 age range through the year 2019. Past tenure patterns indicate that approximately 53% of these households in Lennox will rent their housing. An increase in the number of households in this age range should mean that rental demand from younger households will increase during the projection period.

25 to 34 Years Old - The projections show a loss of four households in this age range by 2019. Within this age range households often move from rental to ownership housing. The ownership rate among these households in Lennox was approximately 78% in 2010. A slight loss of households within this age range indicates less 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 gain of 15 households between 2014 and 2019 in Lennox. In the past, this age group has had a high rate of home ownership in Lennox, at more than 72%. Households within this range often represent both first-time buyers and households looking to trade-up in housing, selling their starter home for a more expensive house.

45 to 54 Years Old - By 2019, this age cohort will represent the front-end of the "baby bust" generation that followed behind the baby boomers. This age group represents a much smaller segment of the population than the baby boom age group. For Lennox, the projections show a gain of 24 households in this range. This age group historically has had a high rate of home ownership, approximately 75% in Lennox in 2010, and will often look for trade-up housing opportunities. A gain in the number of households in this age group, indicates that the demand for trade-up housing will increase during the projection period.

55 to 64 Years Old - This age range is part of the baby boom generation. The projections show a substantial increase of 50 households in this 10-year age range by the year 2019 in the City. This age range has traditionally a high rate of home ownership in Lennox, at approximately 80% in 2010. Age-appropriate housing, such as town house or twin home units, is often well suited to the life-cycle preferences of this age group, as no maintenance/low maintenance housing has become a popular option for empty-nesters.

65 to 74 Years Old - A strong gain of 57 households is expected by the year 2019 in the 65 to 74 age range. While this group will begin moving to life-cycle housing options as they age, the younger seniors are still predominantly home owners. At the time of the 2010 Census, approximately 82% of the households in this age range owned their housing in Lennox. 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 slight gain of two households in Lennox in this age range between 2014 and 2019. In the past, households within this 10-year age range have had a relatively high rate of home ownership, at approximately 71% in Lennox. 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 - No change is projected in this age range from 2014 to 2019. Historic home ownership rates in this age group in Lennox have been relatively low, at approximately 49% in 2010. Seniors in this age range often seek senior housing with services options.

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

Strengths for Housing Development

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

- ▶ **Lennox serves as a small regional center** - Lennox provides employment opportunities, retail/service options, health and professional services, governmental services and recreational facilities for a small geographical area that surrounds the City.
- ▶ **Affordable priced housing stock** - The City of Lennox has a stock of affordable, existing houses. Our analysis shows that the City's median home value based on 2013 sales is approximately \$115,000. This existing stock, when available for sale, provides an affordable option for home ownership.
- ▶ **Adequate land for development** - Lennox has adequate land available for both residential and commercial/industrial development. However, some of this land needs to be serviced with infrastructure improvements and/or annexed into the City limits.
- ▶ **Educational system** - Lennox has an excellent public K-12 school system. The elementary K-3 school and the 9-12 high school are located in Lennox. Grades 4-8 are located in Worthing.
- ▶ **Health facilities** - Lennox has excellent health facilities including a medical clinic, a nursing home and assisted living.
- ▶ **Infrastructure** - Lennox's water and sewer infrastructure can accommodate future expansion and the City is undertaking a multimillion dollar sewer improvement project.
- ▶ **Commercial development** - Lennox's commercial district is adequate to meet most daily needs.
- ▶ **Lennox Housing and Redevelopment Commission** - The Lennox Housing and Redevelopment Commission owns and manages rental housing and administers HUD's Housing Voucher Program in Lennox.
- ▶ **Lennox Area Development Corporation** - The Lennox Area Development Corporation (LADC) has been very active in promoting economic development and housing in Lennox. The Development Corporation is currently developing six lots for 12 twin home units.

- ▶ **Available lots** - Approximately 12 lots with City utilities are available for new home construction in the Meadows Subdivision. Also, there are approximately six to eight infill lots that may be available for new construction.
- ▶ **Lennox is located near Sioux Falls** - Lennox is located 20 miles from Sioux Falls. Sioux Falls provides employment opportunities, retail/service options, educational opportunities, health care facilities and cultural amenities. Some households prefer to live near, but not in a regional center.
- ▶ **Employers** - Lennox has several large employers that provide excellent job opportunities for local residents.
- ▶ **Sioux Falls market** - On average, over the past 10 years, more than 1,800 housing units were constructed in Sioux Falls annually. Lennox has the opportunity to capture a portion of this market.
- ▶ **Housing developers** - There are developers that are willing to invest in housing projects in the City of Lennox. Developers have been active in subdivision development, rental housing development, single family development and senior with service housing development.
- ▶ **Population and household growth** - The City of Lennox has had population and household growth from 1990 to 2013.
- ▶ **Industrial Park** - The City has an Industrial Park that has land available for future industrial development.
- ▶ **Commuters** - Approximately 400 employees are commuting into Lennox daily for work. These commuters are a potential market for future housing construction.

Barriers or Limitations to Housing Activities

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

- ▶ **Age and condition of the housing stock** - While the existing stock is affordable, some of the housing is in need of improvements to meet expectations of potential buyers.
- ▶ **Low rent structure** - The area's rent structure is relatively low, which makes it difficult to construct new rental housing.
- ▶ **Value gap deters new owner-occupied construction** - Based on market values for 2013 residential sales, we estimate that the median priced home in Lennox is valued at approximately \$115,000. 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.
- ▶ **Close Proximity to Sioux Falls** - Although it is a strength to be located in close proximity to Sioux Falls, it is also a barrier as Lennox must compete with Sioux Falls, which offers attractive residential opportunities and other amenities and services.
- ▶ **Lower paying jobs** - Although Lennox has several large employers, some jobs are at the lower end of the pay scale and employees with these jobs have limited housing choices.
- ▶ **Price of land for development** - Some of the land that may be available for future residential development is priced at an amount that makes development infeasible.

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 Lennox. They are based on the following strategies.

- ▶ **Be realistic in expectations for housing development** - Large-scale residential growth has not occurred in the recent past and is not likely to occur in the near future. The scale of activities proposed for the future should be comparable with the area's potential for growth.
- ▶ **Proactive community involvement** - New home and apartment construction will more likely occur in Lennox if there is proactive support from the City, local and regional housing and economic development agencies and the South Dakota Housing Development Authority.
- ▶ **Protect the existing housing stock** - The future of Lennox will be heavily dependent on the City's appeal as a residential location. The condition of the existing housing stock is a major factor in determining the City's long-term viability. The existing housing stock is in good condition and is a major asset, however, rehabilitation efforts are needed to preserve the housing stock.
- ▶ **Protect the existing assets and resources** - Lennox has many assets including K-3 and 9-12 schools, large employers, a Downtown Commercial District, health facilities, etc. These are strong assets that make Lennox a desirable community to live in, and are key components to the City's long-term success and viability. These assets must be protected and improved.
- ▶ **Develop a realistic action plan with goals and time lines** - In the past the City has been involved in housing issues. The City should prioritize its housing issues and establish goals and time lines to achieve success in addressing its housing needs.
- ▶ **Access all available resources for housing** - In addition to the local efforts, the City has other resources to draw on including USDA Rural Development, the South Dakota Housing Development Authority, the South Eastern Council of Governments, the South Eastern Development Foundation, Inter-Lakes Community Action Agency, Inc., Grow South Dakota and the Rural Office of Community Services, Inc. These resources should be accessed as needed to assist with housing activities.

Summary of Findings/Recommendations

The findings/recommendations for the City of Lennox have been formulated through the analysis of the information provided in the previous sections and include 22 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 26 to 30 general occupancy market rate rental units
2. Promote the development/conversion of four to five affordable market rate rental housing units
3. Promote the development of 12 to 14 general occupancy subsidized rental housing units
4. Consider the development of 10 to 12 senior independent/light services units
5. Develop a downtown mixed-use commercial/housing project
6. Utilize the Housing Choice Voucher Program

Home Ownership

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

Single Family Housing Development

9. Lot Availability
10. Support the development of a 16 to 20-lot affordable subdivision
11. Consider the development of City of Lennox Housing Incentive Programs
12. Coordinate with economic development agencies, housing agencies and nonprofit groups to construct affordable housing
13. Promote twin home/townhome development

Housing Rehabilitation

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

Other Housing Issues

16. Continue to 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
20. Develop mobile home park improvement programs
21. Develop home ownership and new construction marketing programs
22. Competition with other jurisdictions

Rental Housing Development

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

From 2000 to 2013, 36 rental units were constructed in Lennox. The 36 units all provide market rate general occupancy housing. The 36 units include:

- ▶ Sixth Street Apartments - eight units, four units constructed in 2003 and four units constructed in 2005
- ▶ Pathways in the Park - 16 units constructed in 2006
- ▶ Anderson Condos - eight units constructed in 2008
- ▶ Prairie Rose Duplexes - four units constructed in 2001

In addition to the new rental units, some single family homes were converted from owner-occupied to rental use between 2000 and 2013.

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

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

Our household projections for Lennox expect continued household growth, although most of this growth will result in demand for owner-occupied housing. From 2014 to 2019, it is projected that there will be approximately a 105-household gain in Lennox. It is projected that approximately 27% of these households will be rental households, thus, there will be a demand of approximately 28 additional rental units due to household growth over the next five years.

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

Pent-up demand also exists. As part of this study, a rental survey was conducted. A total of 173 rental units in 19 multifamily buildings were contacted. The survey found a 1.2% vacancy rate in general occupancy market rate units, a 3.4% vacancy rate in subsidized units and a 3.6% vacancy rate in senior with services units.

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

These three demand generators, after factoring current vacancy rates, show a need for 50 to 59 rental units over the next five years. Based on the factors stated above, we recommend the development of the following new rental units over the next five years from 2014 to 2019.

▶ General Occupancy Market Rate	24-28 units
▶ Subsidized	12-14 units
▶ Affordable/Conversions	4-5 units
▶ Senior Independent/Light Services	<u>10-12 units</u>
Total	50-59 units

1. Develop 24 to 28 general occupancy market rate rental units

Findings: Approximately 77% of the rental housing in the City of Lennox can be classified as general occupancy market rate housing. These units are free of any specific occupancy restrictions such as financial status, age, or student enrollment. Market rate housing does not have any form of rent controls, other than those imposed by the competitive marketplace.

Of the 86 market rate rental units we surveyed, we found only one vacancy, which is a 1.2% vacancy rate. The owners and managers of rental properties, reported very high occupancy rates and strong demand for rental housing.

There is a variation in rental rates in the market rate segment in the City of Lennox. The existing rent range including utilities is \$400 to \$580 for a one-bedroom unit, and \$510 to \$810 for a two-bedroom unit. Only three 3-bedroom units were surveyed and the rent for these units is \$760 to \$800.

From 2000 to 2014, four conventional market rate rental projects were constructed. There are 36 units in these four projects. Also, some single family homes converted from owner-occupancy to rental units partially due to the downturn in the economy.

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

Based on this combination of demand generators, we believe that it is reasonable to plan for production of between 24 and 28 market rate rental units over the next five years.

Based on our research, there is a significant need for larger rental units, thus, the majority of the new units constructed over the next five years should be two and three-bedroom units.

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

There are two market rate rental segments in Lennox. One segment is seeking a high quality unit and can afford a higher rent. The second segment is seeking work force housing and a more modest rent. This segment may not qualify for subsidized or tax credit rental units, but affordability is still an issue.

There is a need to construct both types of market rate rental housing. There is a wide rent range in the following table reflecting the two segments. To construct the workforce housing and charge affordable rents, financial assistance, such as land donations, tax abatement, tax increment financing and other resources may be needed.

The first option to developing market rate housing would be to encourage private developers to undertake the construction of market rate rental housing. During the interview process, several rental property owners expressed interest in constructing rental housing in Lennox if it was economically feasible. Some of these rental property owners have land available for additional rental units. If private developers do not proceed, the Lennox Housing and Redevelopment Commission or the LADC could potentially utilize essential function bonds, or similar funding sources, to construct market rate units. The Lennox Housing and Redevelopment Commission developed 16 market rate units in 2006 utilizing essential function bonds.

Also, the Lennox Housing and Redevelopment Commission or the LADC 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.

It may also be possible to utilize Housing Choice Vouchers if some of the new units meet income requirements and the rents are at or below Fair Market Rents (FMRs). The 2014 FMRs are \$760 for a two-bedroom and \$1,069 for a three-bedroom unit.

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

<u>Unit Type</u>	<u>No. of Units</u>	<u>Size/Sq. Ft.</u>	<u>Rent</u>
One Bedroom	6-7	750 - 850	\$625 - \$775
Two Bedroom	12-13	900 - 1,000	\$675 - \$925
Three Bedroom	6-8	1,100 - 1,200	\$825 - \$1,100
Total	24-28		

Note: The recommended rents are gross rents including all utilities. The rents are quoted in 2014 dollars.

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

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

There is evidence that Lennox has lost rental housing over the years due to redevelopment or due to deterioration and demolition. Part of the need for additional rental units in Lennox 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 to promote the development/conversion of more affordable rental units. A goal of four to five units over the next five years would help to replace affordable housing that has been lost.

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

The estimated prevailing rent range for older rental units in Lennox is typically between \$400 and \$600 per month. Creating some additional units with contract rents below \$625 per month would help to expand the choices available to a majority of the City's renter households.

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

3. Promote the development of 12 to 14 general occupancy 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 three subsidized projects in Lennox, Cedar Lane Apartments, Walson Apartments and Sunrise Manor, which have a combined 58 units. Two projects are general occupancy rental housing, and one project is a senior/disabled project.

Cedar Lane Apartments is a 13-unit USDA Rural Development project. The 13 units include 1 one-bedroom unit and 12 two-bedroom units. The project was constructed in the 1970s.

Walson Apartments is a 16-unit HUD Section 8 general occupancy project. The 16 units are all one-bedroom units. The project is approximately 30 years old and was originally a senior/disabled project, but converted to general occupancy three years ago.

Sunrise Manor is a 29-unit HUD Public Housing senior/disabled project. The project was constructed in 1970. The 29 units include 14 efficiency units, 13 one-bedroom units and 2 two-bedroom units. The units are in nine buildings.

Approximately 10 years ago, Greenbriar Apartments, with 16 units, converted from a subsidized Rural Development project to a market rate project. Therefore, 16 units were lost from the subsidized housing stock.

In June 2014, Walson Apartments and Sunrise Manor were fully occupied and Cedar Lane Apartments had two vacancies.

There are additional “deep subsidy” resources available to Lennox 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 Lennox is administered by the Lennox Housing and Redevelopment Commission. Six Lennox households were using a Voucher in June 2014.

The 2012 American Community survey estimated that approximately 57% of all renters in the City of Lennox 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, the high occupancy rate of subsidized units in Lennox and the loss of 16 subsidized units due to conversions to market rate, 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.

This recommendation represents a modest goal, since substantially more low income households exist in the City with a cost burden. However, over the past few decades, very few federal subsidy sources have been available for the construction of “deep subsidy” rental housing. The actual number of units that can be developed will be dependent upon access to financial resources.

In the opinion of the analysts, the highest priority would be to create general occupancy units for families and younger households.

Continued promotion of Housing Choice Vouchers is also 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. Consider the development of 10 to 12 senior independent/light services units

Findings: The City of Lennox currently has two senior with services facilities. Good Samaritan has 59 nursing home beds. Hilda’s Heritage Manor Senior Living is an assisted living facility with a capacity of 28 residents. The facility is also licensed for residents with memory care needs. Currently, there is one vacant assisted living bed.

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

Recommendation: Currently, the capacity of 28 assisted living beds and 59 nursing home beds in Lennox’s two senior with services facilities are adequate to address Lennox’s current senior with services housing needs. However, there are no independent, senior-designated housing options or senior with light services projects in Lennox, thus, we are a 10 to 12-unit independent/senior with light services project in Lennox. 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:

- ▶ 10 to 12 units
 - ▶ three to four one-bedroom
 - ▶ seven to eight 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

The recommended rents are \$900 to \$950 for a one-bedroom unit and \$1,050 to \$1,150 for a two-bedroom unit. Subsidies and/or incentives could 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 five to six months.

For the 10 to 12 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	3-4	650-750	\$900-\$950
Two Bedroom	<u>7-8</u>	850-950	\$1,050-\$1,150
Total	10-12		

Note: Rents are quoted in 2014 dollars and include utilities.

5. Develop a downtown mixed-use commercial/housing project

Findings: A mixed-use rental housing/commercial project in the Downtown area would complement the City’s ongoing efforts to redevelop the downtown. There should be sensitivity to the timing of a mixed-use project and the 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 Lennox. 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 Lennox area. There are several potential sites in the downtown area for a mixed-use project.

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

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

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

6. Continue to 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 west of Interstate 29 by the Lennox Housing and Redevelopment Commission. There currently is a waiting list of 12 months to obtain a Housing Choice Voucher. The Lennox Housing and Redevelopment Commission has the ability to issue approximately 28 Vouchers. At the time of the research for this Study, six Lennox renter households were utilizing the Housing Choice Voucher Program.

Recommendation: The Lennox Housing and Redevelopment Commission should work with rental property owners, managers and renter households to assure that renters are aware of the Housing Choice Voucher Program and have to the opportunity to apply for assistance.

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 Lennox is estimated to be approximately \$115,000 based on 2013 sales activity. The home values in Lennox provide a good opportunity for first time buyers and households seeking moderately priced homes.

Our analysis of Lennox demographic trends shows an increasing number of households in the traditionally strong home ownership age ranges between 35 and 74 years old. Some households in these age ranges as well as other age ranges that have not been able to achieve the goal of home ownership may need the assistance of special programs to help them purchase their first home.

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

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

Findings: We believe that affordable home ownership is one of the issues facing Lennox 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 Lennox 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: Lennox should continue to work with area housing agencies, the South Dakota Housing Development Authority, USDA Rural Development and local financial institutions to utilize all available home ownership assistance programs. Private and nonprofit agencies should also be encouraged to provide home ownership opportunities.

The City of Lennox and the Lennox Housing and Redevelopment Commission should also work with housing agencies to assure that they are receiving their share of resources that are available in the region.

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

8. Develop a Purchase/Rehabilitation Program

Findings: Lennox has a stock of older, lower valued homes, many of which need repairs. Our analysis of recent sales activity indicates that some of the homes in Lennox are valued less than \$75,000. As some lower valued homes come up for sale, they may not be attractive options for potential home buyers because of the amount of repair work that is required.

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

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

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

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

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

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

Single Family Housing Development

Findings: Based on City information, Lennox has experienced a some single family housing development from 2000 to 2014. Over the past 15 years, approximately 74 single family owner-occupied units have been constructed in Lennox. This is an average of approximately five owner-occupied units constructed annually in Lennox.

Much of the new single family construction occurred between 2000 and 2007. During this eight-year period, the City averaged seven to eight new single family housing units per year. After 2007, housing construction activity slowed, and the City has averaged two new units per year from 2008 to 2014, although six new houses were constructed in 2014.

Strong household growth is projected for Lennox and Lincoln County over the next five years, which will generate a demand for owner-occupied housing construction. This demand includes a market for affordable homes, higher and median priced homes and twinhomes/townhomes.

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

The breakdown of our projection of nine to 12 new owner-occupied housing units annually over the next five years is as follows:

▶ Higher and Median priced homes	3-4
▶ Affordable Homes	3-4
▶ Twin homes/Townhomes	<u>3-4</u>
	Total
	9-12

9. Existing residential lot availability

Findings: As part of this Study, we attempted to identify the inventory of available residential lots for single family housing construction in Lennox. Buildable lots are defined as having sewer and water available to the lots. It appears that there are approximately 12 available lots in the Meadows Subdivision.

Additionally, there are six to eight infill lots that are potentially available throughout the City. We do not know the status of these lots. Also, there are dilapidated houses in 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 nine to 12 houses will be constructed or moved in annually, an adequate supply of lots would be 23 to 30 lots. With approximately 12 lots in the Meadows Subdivision plus potentially a few infill lots available, there is currently an inadequate number of lots in Lennox.

Also, the Meadows lots are primarily intended for step-up and higher priced homes. The availability of lots for affordable homes is very limited in Lennox and will be addressed in the following recommendation.

The City of Lennox, the LADC and private developers should plan for future subdivision and lot development. If new construction projections come to fruition, there will be a need for 45 to 60 lots over the next five years.

Additionally, the City of Lennox should review its development policies to assure the City's interests are being addressed, while also being 'user friendly' for developers and builders.

10. Support the development of a 16 to 20 lot affordable subdivision

Findings: The Meadows at Lennox is the City's newest subdivision. Approximately 12 lots are still available in the Meadows. The Meadows lots are primarily for moderate to higher-priced homes. With only 12 lots available in Lennox, there is a need for additional lots. There is also a need for lots for affordable starter homes.

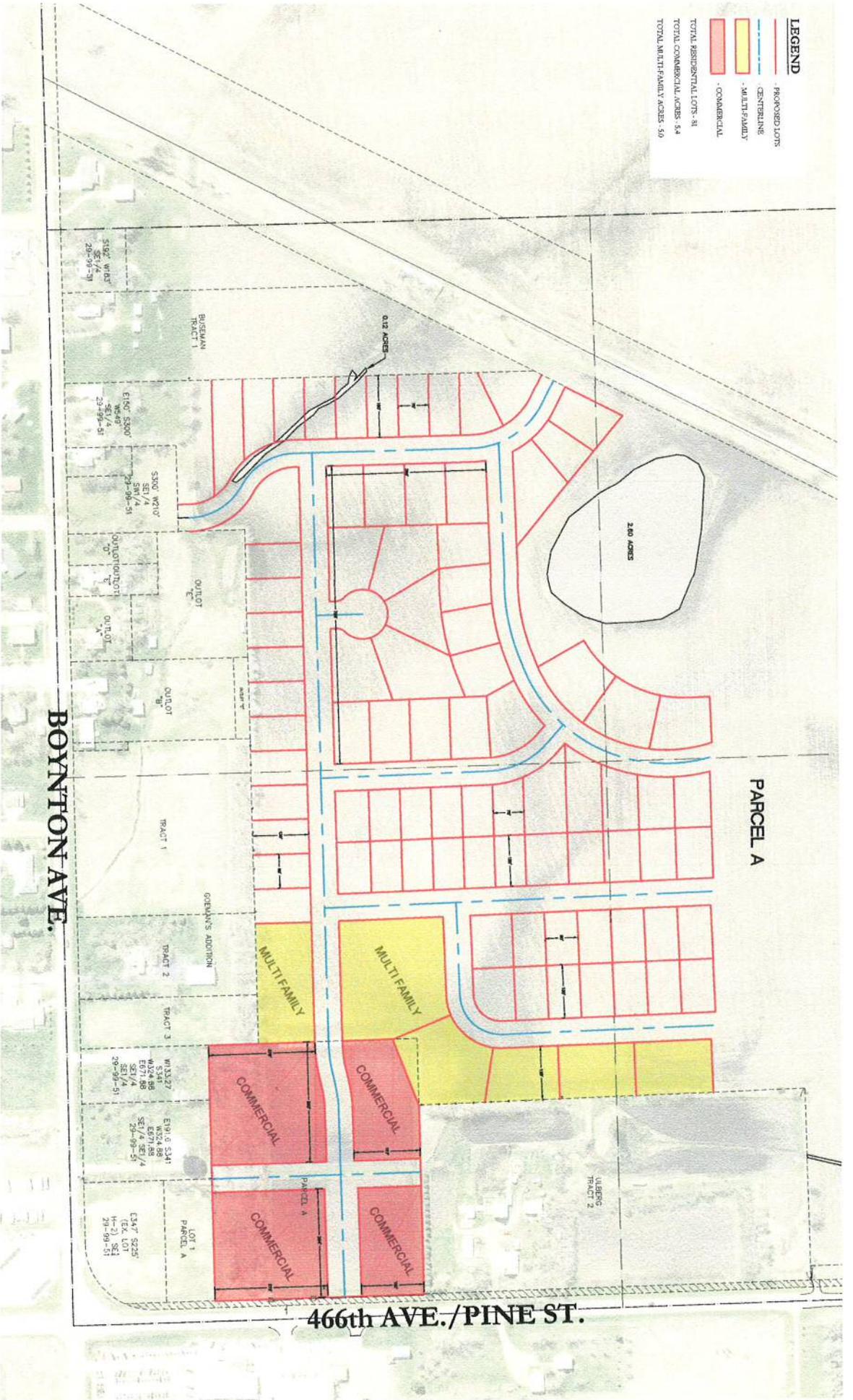
Recommendation: We recommend the development of a 16 to 20 lot affordable home subdivision. For the subdivision to be successful, we also recommend the following:

- ▶ The development should be planned to allow for future phases.
- ▶ The subdivision must have as many amenities as if financially feasible. Potential amenities may include, sidewalks, landscaping, trails, ponds, a playground, etc.
- ▶ The lots and homes must be priced lower than lots and homes with similar amenities in Sioux Falls.
- ▶ The City of Lennox, the LADC, employers and local developers, may need to assist with tax increment, tax abatement or other financial assistance.
- ▶ The lots and homes must be adequately marketed and publicized.
- ▶ The lot purchase and home building/purchase process must be 'user friendly.' This includes the construction of spec homes and a builder or builders who are readily available to build custom and spec homes.
- ▶ Housing agencies should be consulted to determine if financial assistance is available for lot/subdivision development as well as assistance to households to construct or purchase a new home.
- ▶ Although the subdivision is intended to primarily accommodate affordable homes, the lots should be available to as wide a range of home designs and home prices as possible.
- ▶ A successful subdivision will need the cooperation of the City of Lennox, the LADC, the Lennox Housing and Redevelopment Commission, housing agencies, employers, developers and builders.

The map on the following page provides a proposed residential/commercial development plat that could potentially address the need for lots in Lennox.

Also, in 2013 the LADC was provided a proposed development plan by City staff which identified the LADC as the developer of a 61 lot single family and seven lot twin home subdivision project. The subdivision was to be developed in four phases. It may be necessary for the LADC to become a lot developer if this is not pursued by the private sector.

- LEGEND**
- PROPOSED LOTS
 - CENTERLINE
 - MULTI-FAMILY
 - COMMERCIAL
- TOTAL RESIDENTIAL LOTS: 81
 TOTAL COMMERCIAL ACRES: 3.4
 TOTAL MULTI-FAMILY ACRES: 5.0



Proposed Residential & Commercial Development | Lennox, South Dakota | March 28, 2014



466th AVE./PINE ST.

11. Consider the development of City of Lennox Housing Incentive Programs

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

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

The City of Philip has developed an Incentive Program for the construction of, or improvements to, residential property. The Incentive Program assesses eligible new construction or improvements at a reduced value for a period of five years as follows:

- ▶ First year - 20%
- ▶ Second year - 40%
- ▶ Third year - 60%
- ▶ Fourth year - 80%
- ▶ Fifth year - 100%

Recommendation: We recommend that the City of Lennox consider the development of incentive programs 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 have the capacity to construct new housing in Lennox, including the Lennox Housing and Redevelopment Commission, the LADC, Grow South Dakota, Interlakes Community Action Partnership and Habitat of Humanity. However, due to the downturn in the housing economy, some agencies have cut back on new housing production over the past few years.

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

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

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

Also, households should be encouraged to utilize the Governor's Program. The South Eastern Development Foundation provides loans to purchase and set up Governors Homes.

The development of one affordable home annually over the next five years would be a realistic goal.

13. Promote twin home/townhome development

Findings: Attached housing provides desirable alternatives for empty nesters and seniors to move out of their single family homes, thus, making homes available for families. It is important for the community to offer a range of life-cycle housing options.

In many cities the size of Lennox, approximately 20% to 25% of the new ownership housing constructed are twinhomes/townhomes. In Lennox, since 2000, almost no new ownership housing has been twinhomes/townhomes.

In 2010, Lennox had 221 households and Lincoln County had 1,802 households in the 55 to 74 age ranges. These age ranges are expected to have a net increase of 64 households in Lennox from 2014 to 2019. Household growth among empty-nester and senior households should result in increased 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.

The LADC now owns six twin home lots, which will accommodate 12 units. The units will be available to all households and will not be age restricted, although, it is anticipated that the majority of the residents will be age 55 and older.

Recommendation: It is our projection that approximately three to four new owner-occupied twin homes or townhomes could be constructed in Lennox annually 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 support the Development Corporation's development of the six twinhome lots.

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

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

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

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

Housing Rehabilitation

Findings: Lennox 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 Lennox 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 Lennox 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: Based on the U.S. Census data, the City of Lennox had approximately 257 rental units in 2010. These rental buildings are in multi-family projects, small rental buildings, duplexes, single family homes, mixed-use buildings and mobile homes. Many of these rental structures could benefit from rehabilitation as many of these rental structures are more than 25 years old and some rental units are in poor condition.

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

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

Some communities have also established rental housing registration programs that require periodic inspections to assure that housing meets applicable codes and standards.

15. Promote owner-occupied housing rehabilitation efforts

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

Our housing condition survey of 245 homes in two of Lennox's older neighborhoods found 96 homes that need minor repairs and 37 homes that need major repairs. Without rehabilitation assistance, the affordable housing stock will shrink in Lennox.

Recommendation: We recommend that the City of Lennox and the Lennox Housing and Redevelopment Commission seek local, state and federal funds to assist in financing housing rehabilitation. USDA Rural Development, the South Dakota Housing Development Authority, the Federal Home Loan Bank, Interlakes Community Action Partnership and the Rural Office of Community Services are potential funding sources.

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

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

Other Housing Initiatives

16. Continue to acquire and demolish dilapidated structures

Findings: Our housing condition survey identified three single family houses in two of the City's oldest neighborhoods that are dilapidated and too deteriorated to rehabilitate. We also identified 37 single family houses in Lennox as needing major repair and some of these homes may be too dilapidated to rehabilitate. To improve the quality of the housing stock and to maintain the appearance of the City, these structures should be demolished.

Recommendation: Lennox is working with property owners on an ongoing basis to demolish dilapidated homes. 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: Lennox will continue to need staff resources in addition to existing City, Development Corporation and Housing and Redevelopment Commission staff to plan and implement many of the housing recommendations advanced in this Study. The City of Lennox has access to the South Eastern Council of Governments, the USDA Rural Development Office, the South Dakota Housing Development Authority, Interlakes Community Action Partnership, the Rural Office of Community Services, the South Eastern Development Foundation, and Grow South Dakota. These agencies all have experience with housing and community development programs.

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

18. Encourage employer involvement in housing

Findings: The City of Lennox 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.

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 Lennox'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 such as an affordable lot subdivision or a rental project.

19. Promote commercial rehabilitation and development

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

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

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

The City of Lennox and the LADC should seek funding to assist property owners with rehabilitating their commercial buildings. A goal of two commercial rehab projects annually in Lennox would be a realistic goal.

20. Develop mobile home park programs

Findings: Based on our mobile home condition survey, Lennox has an inventory of 67 mobile homes in four mobile home parks. This is approximately 8% of the total housing unit inventory in Lennox. Our condition survey identified 27 mobile homes that need repairs and 20 mobile homes that are dilapidated and beyond repair.

Recommendation: Addressing the issues created by substandard mobile homes is not easily solved. Some communities have rehabilitated older units, but this is difficult to accomplish because of the type of construction of mobile homes, and it is rarely cost effective.

Some communities have established programs that provide for the purchase and removal of substandard mobile home units, provided a newer unit is purchased to replace the acquired dwelling. While this approach can work well in upgrading the stock, it can be expensive, especially if there are a large number of homes in poor condition. As stated earlier, Lennox has been proactive in removing the most dilapidated mobile homes in the City.

It may be appropriate for the City to initiate programs to improve the quality of mobile homes, even if these programs can only address a few units per year. Some of the innovative programs that have been used in other communities to address mobile home conditions and mobile home park issues include:

- ▶ ***Operation Safe Mobile Home Park*** - Owners of substandard mobile homes are given the option of voluntarily selling their substandard mobile home to the City or a local housing agency for a fixed minimum price. The mobile homes are then removed from the park and demolished/salvaged. The owner can then use the funds from the sale to help purchase a new home. Mobile home dealerships have sometimes participated by buying the salvaged homes.
- ▶ ***Time of Sale Inspection Program*** - This inspection program is designed to provide safe living conditions through the identification and elimination of basic life/safety hazards in older mobile homes. Mobile homes are subject to inspection prior to their sale. All identified safety hazards must be corrected before the unit is sold and/or occupied.
- ▶ ***Cooperative/Land Trust*** - Some mobile home parks have created a cooperative or a land trust which enables the home owners to own the mobile home park land and facilities. This ownership often creates pride which results in a clean, safe park atmosphere.
- ▶ ***Manufactured Home Lots*** - One of the mobile home parks in the City of Lennox has vacant lots that can accommodate double wide manufactured homes. A number of manufactured homes are currently located in the park. The owner of the park has indicated that he has land available to develop additional lots. Manufactured homes are an affordable housing option for households. To encourage households to locate in the park, it may be advantageous to offer lots for sale. Therefore, the households would have ownership of the land and the home.

Often mobile home programs improve the quality of mobile home parks and make mobile home living a more viable option for households.

21. Develop home ownership and new construction marketing programs

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

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

Recommendation: The City of Lennox, the LADC, the Lennox Housing and Redevelopment Commission and the Lennox Chamber of Commerce, have been active in promoting and marketing housing. We recommend the continuation of or implementation of the following actions:

- ▶ Determine the City's strengths and competitive advantages and heavily promote them
- ▶ Continue to create marketing materials that can be distributed regionally (including internet, TV, radio, etc.)
- ▶ Work closely with employers (Lennox and the entire region) to provide employees with housing opportunities in Lennox
- ▶ Work with housing agencies to provide down payment assistance, low interest loans, home owner education and home owner counseling programs
- ▶ Consider an annual Housing Fair that provides information on lots, builders, finance programs, etc. Developers, builders, lenders, realtors, public agencies and local businesses could participate
- ▶ Work with builders and developers to make the construction of new homes or rental units a very user friendly process
- ▶ Develop new home construction and home purchase incentive programs.

22. Competition with other jurisdictions

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

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

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

Agencies and Resources

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

InterLakes Community Action Partnership

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

South Eastern Development Foundation

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

South Eastern Council of Governments

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

South Dakota Housing Development Authority

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

USDA Rural Development

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

Rural Office of Community Services, Inc.

214 W. Main
P.O. Box 70
Lake Andes, SD 57356
(605) 487-7634
Contact: Deb Cahoy, Executive Director

Grow South Dakota

414 3rd Avenue

Sisseton, SD 57262

(605) 698-7654

Contact: Marcia Erickson, Executive Director