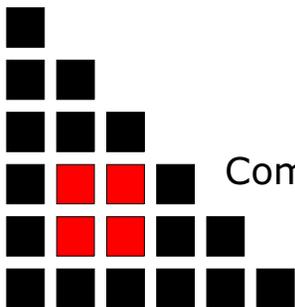


Webster HOUSING STUDY

February 2015

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



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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 Webster and Day 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 Day County Housing Development to conduct a study of the housing needs and conditions in the City of Webster.

Goals

The multiple goals of the study include:

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

Methodology

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

- U.S. Census Bureau
- American Community Survey
- ESRI, a private data company
- Records and data from the City of Webster
- Records and data maintained by Day 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 surveys

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 Webster and Day County. At the time that research was completed for this Study, the 2010 Census information was available. However, the 2010 Census was more limited in scope than in the past. As a result, some of the demographic variables, such as income and housing cost information, were not available.

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

The frequency of American Community Survey estimates vary depending on the size of the jurisdiction. For most jurisdictions in South Dakota, the 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.

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

Population Data and Trends

Table 1 Population Trends - 1980 to 2014						
	1990 Census	2000 Census	% Change 1990-2000	2010 Census	% Change 2000-2010	2014 ESRI Estimates
Webster	2,017	1,952	-3.2%	1,886	-3.4%	1,924
Day Co.	6,978	6,267	-10.2%	5,710	-8.9%	5,644

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

- ▶ According to the 2010 U.S. Census, Webster’s population was 1,886 people. When compared to the 2000 Census, the City had a population loss of 66 people from 2000 to 2010. The 66-person decrease from 2000 was a population loss of 3.4%.
- ▶ Day County’s population was 5,710 in 2010. This was a decrease of 557 people from 2000, for a population loss of 8.9%.
- ▶ Webster and Day County also experienced population decreases in the 1990s. Webster’s population decreased by 65 people and Day County decreased by 711 people from 1990 to 2000.
- ▶ The Census Bureau has released population estimates. The most recent estimate for Webster is effective July 1, 2013, and shows the City losing 51 people from 2010 to 2013. The 2013 estimate for Day County shows the County down 114 people after the 2010 Census.
- ▶ ESRI, a private data reporting service, has released 2014 population estimates. The estimate for the City of Webster is 1,924, an increase of 38 people from 2010 to 2014. ESRI’s 2014 estimate for Day County is 5,644, a loss of 66 people since 2010.
- ▶ Webster’s population is primarily White and not of Hispanic/Latino ethnicity. At the time of the 2010 Census, approximately 95.1% of the City’s residents were White, 0.2% were Black or African American, 2.3% were American Indian and 0.2% were Asian. Additionally, 0.3% of the population identified themselves as some other race and 1.9% of the population identified themselves as two or more races. Approximately 0.7% of the City’s population was identified as Hispanic/Latino.

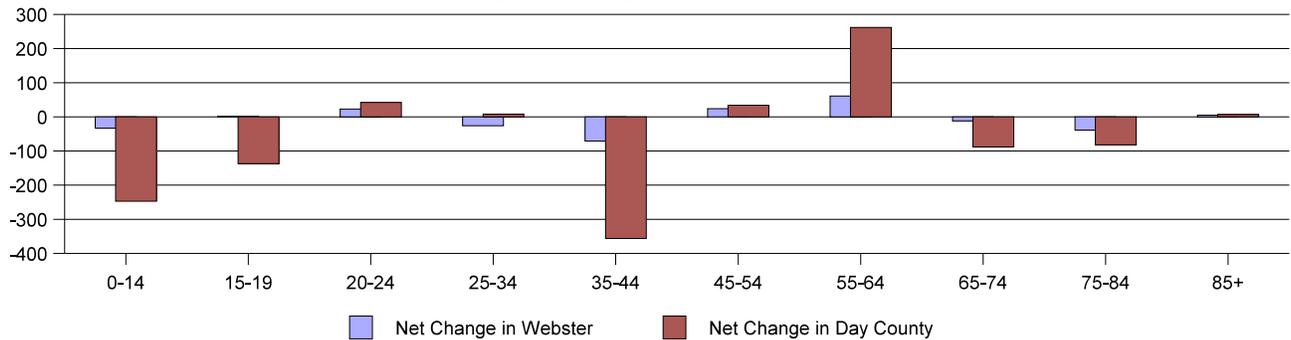
Population by Age Trends: 2000 to 2010

The release of demographic information from the 2010 Census allows for some analysis of the changing age patterns for Webster and Day 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	Webster			Day County		
	2000	2010	Change	2000	2010	Change
0-14	375	342	-33	1,265	1,018	-247
15-19	115	117	2	457	320	-137
20-24	72	95	23	201	243	42
25-34	202	176	-26	519	527	8
35-44	256	185	-71	887	531	-356
45-54	231	255	24	861	895	34
55-64	174	235	61	605	867	262
65-74	202	190	-12	675	587	-88
75-84	214	170	-39	567	485	-82
85+	111	116	5	230	237	7
Total	1,952	1,886	-66	6,267	5,710	-557

Source: U.S. Census

Population Change by Age Between 2000 and 2010



For many years, demographic analysts have been talking about the impact that is occurring as the large “baby boom” generation moves through the aging cycle. This trend has been evident in Webster and Day County. Between 2000 and 2010, Webster had a gain of 85 people and Day County had a gain of 296 people in the age ranges between 45 and 64 years old. In 2010, nearly all of the baby boomers were within these age ranges.

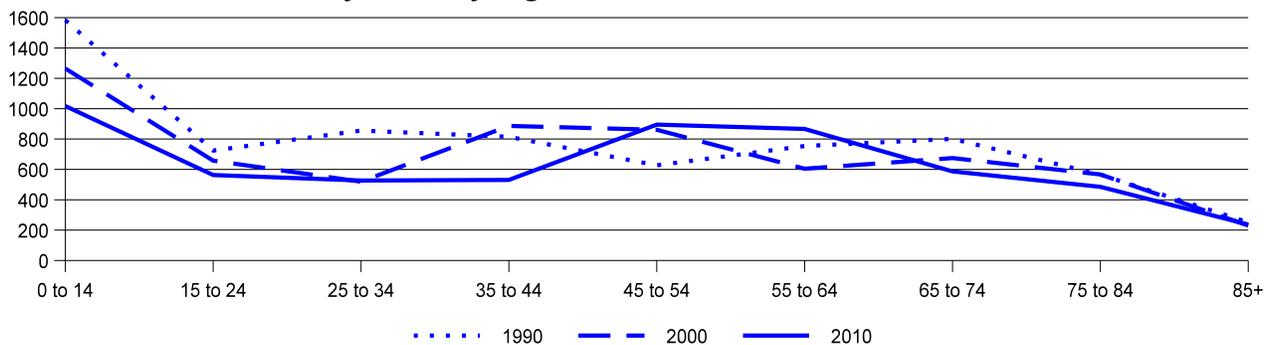
Day County also had growth in the 20 to 34 age ranges, which had an increase of 50 people, and the 85 and older age range, which had a slight gain of seven people. Day County had a loss of 384 people in the 0 to 19 age ranges, a loss of 356 people in the 35 to 44 age range and a loss of 170 people in the 65 to 84 age ranges.

In addition to the gains in the 45 to 64 age ranges, Webster had a gain of 25 people in the 15 to 24 age ranges and a slight increase of five people in the 85 and older age range.

Webster experienced a population loss of 33 children in the 0 to 14 age range, a loss of 97 people in the 25 to 44 age ranges and a loss of 51 people in the 65 to 84 age ranges.

The aging trends present in Day County can be traced back over the previous decades to see the movement of the County’s population, including the large baby boom generation.

Day County Age Distribution: 1990 to 2010



Population Projections

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

Table 3 Population Projections Through 2019				
	2010 US Census	2014 ESRI Estimate	2019 ESRI Estimate	2020 Projection State Data Center
Webster	1,886	1,924	1,922	N/A
Day County	5,710	5,644	5,539	5,355

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

- ▶ ESRI’s growth projections show a stable population level in Webster with a loss of only two people from 2014 to 2019.
- ▶ ESRI’s population projection for Day County forecasts a decrease of 105 people from 2014 to 2019.
- ▶ The State Data Center projects that Day County’s population will be 5,355 in 2020. When compared to the County’s population in 2010, this projection assumes a reduction of 355 people during the current decade.
- ▶ ESRI also projects a countywide loss of residents during the decade, but the ESRI projection of 5,539 people in 2019 is well above the State Data Center’s projection for 2020.

Household Data and Trends

Table 4 Household Trends - 1980 to 2014						
	1990 Households	2000 Households	% Change 1990-2000	2010 Households	% Change 2000-2010	2014 ESRI Estimate
Webster	898	866	-3.6%	878	1.4%	902
Day Co.	2,732	2,586	-5.3%	2,504	-3.2%	2,488

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

- ▶ According to the 2010 U.S. Census, Webster gained households. Webster had 878 households in 2010, an increase of 12 households from 2000, for a household gain of 1.4%.
- ▶ Day County lost households from 2000 to 2010. Day County had 2,504 households in 2010. This was a decrease of 82 households from 2000, or a household loss of 3.2%.
- ▶ Webster had a loss of 32 households and Day County had a loss of 146 households during the 1990s.
- ▶ ESRI estimates that Webster has gained 24 households and Day County has lost 16 households from 2010 to 2014.

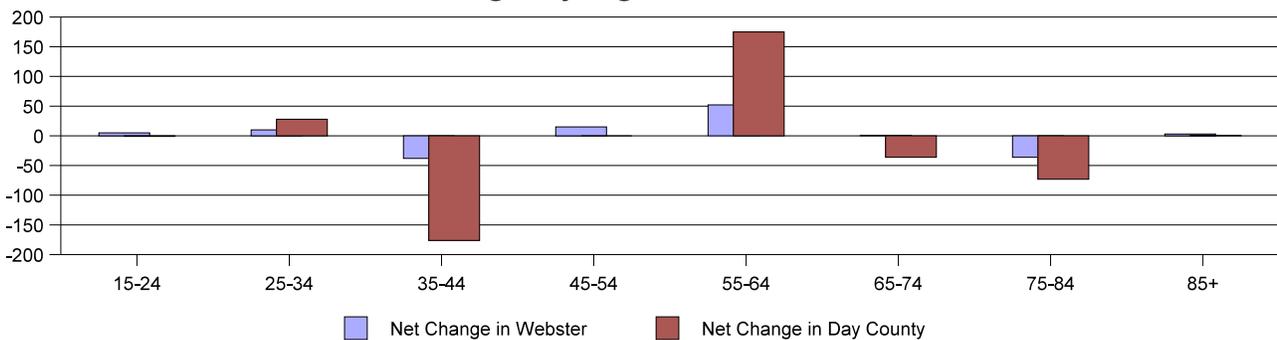
Household by Age Trends: 2000 to 2010

The 2010 Census allows for some analysis of Webster and Day 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	Webster			Day County		
	2000	2010	Change	2000	2010	Change
15-24	30	35	5	69	68	-1
25-34	103	113	10	248	276	28
35-44	148	110	-38	470	294	-176
45-54	138	153	15	495	495	0
55-64	98	150	52	357	532	175
65-74	118	119	1	409	373	-36
75-84	162	126	-36	404	331	-73
85+	69	72	3	134	135	1
Total	866	878	12	2,586	2504	-82

Source: U.S. Census

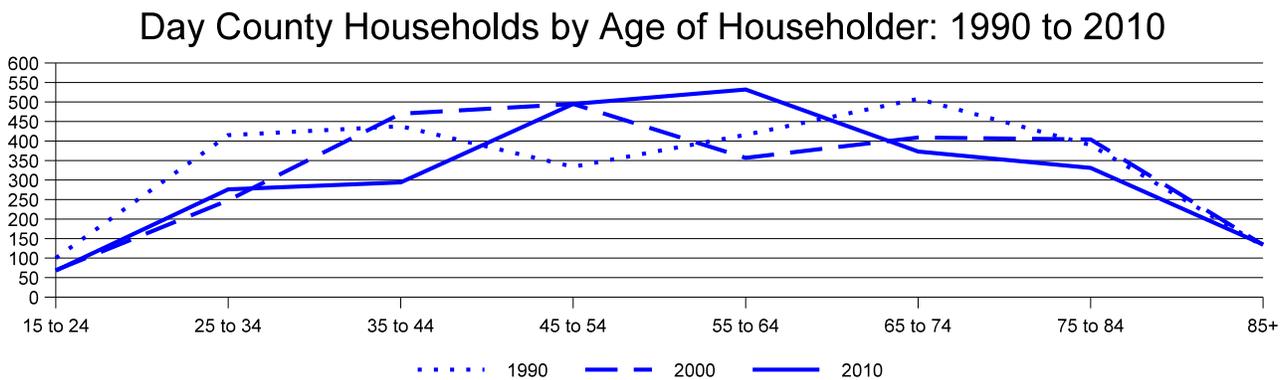
Household Change by Age Between 2000 and 2010



Webster added 68 households in the 45 to 74 year old age ranges, 15 households in the 15 to 34 age range and three households in the age 85 and older age range.

Webster had a decrease of 38 households in the 35 to 44 age range, and a loss of 36 households in the 75 to 84 age range.

Day County experienced a gain of 28 households in the 25 to 34 age range and a gain of 175 households in the 55 to 64 age range. Day County had a slight loss of one household in the 15 to 24 age range, a loss of 176 households in the 35 to 44 age range and a decrease of 109 households in the 65 to 84 age ranges.



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

Average Household Size

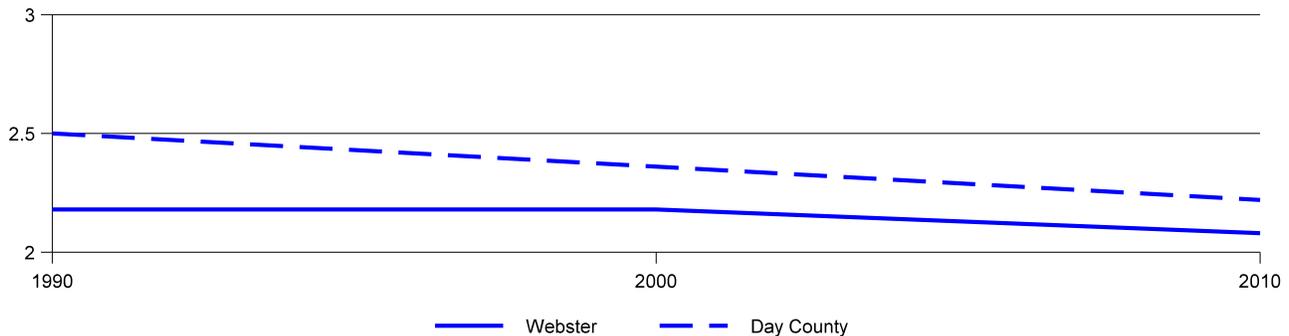
The following table provides decennial Census information on average household size. The 2014 estimates from ESRI are also provided.

Table 6 Average Number of Persons Per Household: 1990 to 2014				
	1990 Census	2000 Census	2010 Census	2014 ESRI Estimate
Webster	2.18	2.18	2.08	2.08
Day County	2.50	2.36	2.22	2.21
South Dakota	2.59	2.50	2.42	N/A

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

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

Average Household Size: 1980 to 2010



The average household size in Webster and Day County has decreased over the past two decades. In Webster, the average household size decreased from 2.18 persons per household in 1990 to 2.08 in 2010. Day County’s average household size decreased from 2.59 in 1990 to 2.22 in 2010.

In 2010, Webster and Day County’s average household size was substantially smaller than the Statewide average.

Household Projections

The following table presents ESRI’s 2014 household estimates and 2019 household projections for Webster and Day County.

Table 7 Household Projections Through 2019			
	2010 Census	2014 Estimate ESRI	2019 Projection ESRI
Webster	878	902	909
Day County	2,504	2,488	2,465

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

- ▶ The growth projections calculated by ESRI show expect some household growth in Webster but a loss of households for Day County from 2010 to 2019.
- ▶ ESRI estimates that Webster has added 24 households from 2010 to 2014 and projects that the City will add seven more households from 2014 to 2019.
- ▶ ESRI’s 2014 estimate for Day County is 2,488 households, a decrease of 16 households from 2010, despite some household growth within the City of Webster. ESRI projects that Day County will lose an additional 23 households from 2014 to 2019.

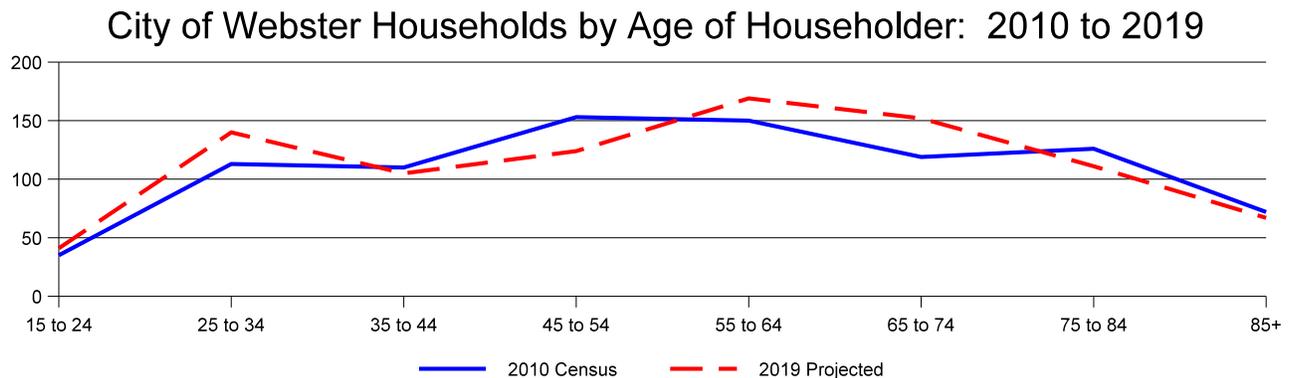
Webster Household by Age Projections: 2010 to 2019

ESRI has released population by age projections to the year 2019. In the following table, Community Partners Research, Inc., has converted the age-based population data into household projections for Webster for the year 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 Webster adds population at a rate that is faster or slower than past patterns would suggest, traditional age-based forecasts would be altered.

Table 8 Webster Projected Households by Age - 2010 to 2019			
Age Range	2010 Census	Community Partner Research	
		2019 Projection	Change from 2010
15-24	35	41	6
25-34	113	140	27
35-44	110	105	-5
45-54	153	124	-29
55-64	150	169	19
65-74	119	152	33
75-84	126	111	-15
85+	72	67	-5
Total	878	909	31

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 most of the City’s growth in households in the age ranges between 55 and 74 years old. These projections expect an increase of 52 households in Webster from 2010 to 2019 in the 20-year age group between 55 and 74 years old.

Growth is also expected in the younger adult age groups, with a projected increase of 33 households in the 15 to 34 age ranges.

These projections expect a loss of 34 households in the 35 to 54 age ranges and a loss of 20 households in the 75 and older age ranges.

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 Webster.

Table 9 Webster Household Composition - 2000 to 2010			
	2000 Census	2010 Census	Change
Family Households			
Married Couple with own children	162	130	-32
Single Parent with own children	59	85	26
Married Couple without own children	261	237	-24
Family Householder without spouse	31	29	-2
Total Families	513	481	-32
Non-Family Households			
Single Person	327	360	33
Two or more persons	26	37	11
Total Non-Families	353	397	44

Source: U.S. Census

Between 2000 and 2010, Webster experienced an overall net decrease of 32 “family” households. There was a decrease of 32 married couple families that had their own children in the household. The City had an increase of 26 single parent households with children and a loss of 24 married couples without children.

The City of Webster had an increase of 44 “non-family” households. There was an increase of 33 one-person households. There was also an increase of 11 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
Webster	594	67.7%	284	32.3%
Day County	1,918	76.6%	586	23.4%
State	-	68.1%	-	31.9%

Source: U.S. Census

According to the 2010 Census, the ownership tenure rate in Webster was 67.7% and Day County’s ownership rate was 76.6%. Webster’s rental tenure rate of 32.3% was slightly above the Statewide rate of 31.9% renter households.

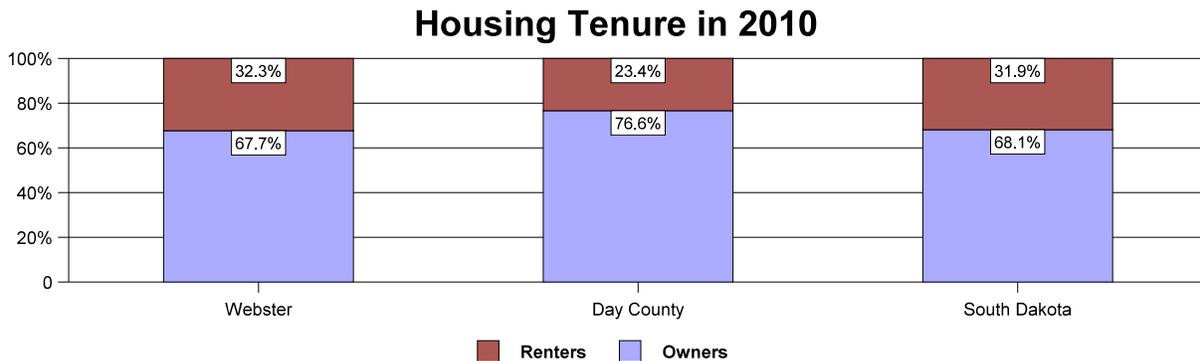


Table 11 Households by Housing Tenure - 2000 to 2010						
Tenure	Webster			Day County		
	2000	2010	Change	2000	2010	Change
Owners	587/67.8%	594/67.7%	7	1,966/76.0%	1,918/76.6%	-48
Renters	279/32.2%	284/32.3%	5	620/24.0%	586/23.4%	-34
Total	866/100%	878/100%	12	2,586/100%	2,504/100%	-82

Source: U.S. Census

The City of Webster’s ownership tenure rate decreased slightly from 67.8% to 67.7% from 2000 to 2010. For Day County, the ownership tenure rate increased from 76.0% in 2000 to 76.6% in 2010.

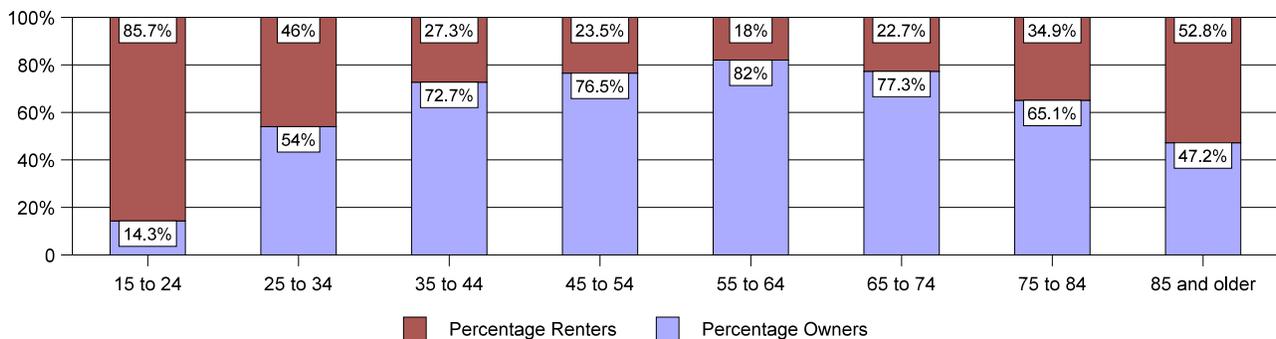
Tenure by Age of Householder

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

Table 12 Webster Tenure by Age of Householder - 2010				
Age	Owners		Renters	
	Number	Percent within age	Number	Percent within age
15-24	5	14.3%	30	85.7%
25-34	61	54.0%	52	46.0%
35-44	80	72.7%	30	27.3%
45-54	117	76.5%	36	23.5%
55-64	123	82.0%	27	18.0%
65-74	92	77.3%	27	22.7%
75-84	82	65.1%	44	34.9%
85+	34	47.2%	38	52.8%
Total	594	67.7%	284	32.3%

Source: U.S. Census

City of Webster Housing Tenure Patterns by Age in 2010



Within the defined age ranges, typical tenure patterns were present. Households at the lowest and highest ends of the age spectrum showed greater preference for rented housing, while middle-aged adult households were primarily homeowners. Approximately 86% of households age 24 and younger rented their unit, and approximately 53% of households age 85 and older were renters. Home ownership rates for each of the 10-year age cohorts between 35 and 74 years old were above 72%.

Tenure by Household Size

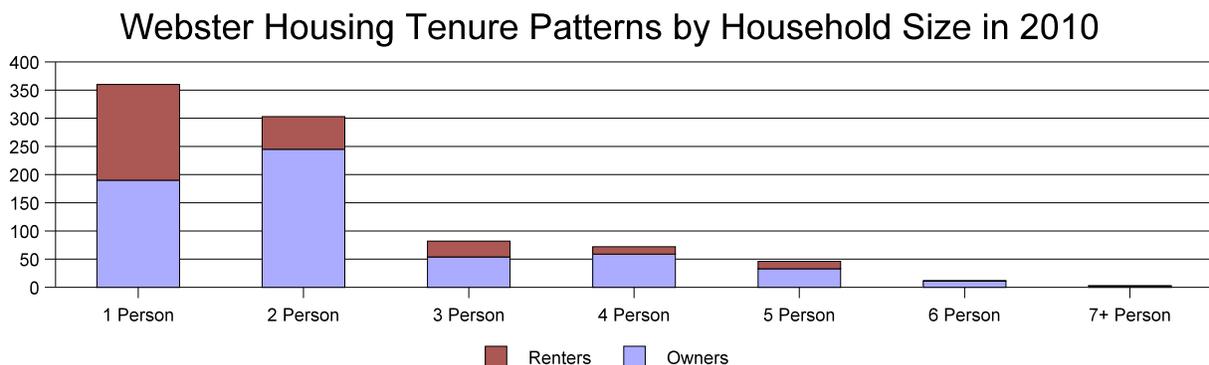
The 2010 Census provided information on housing tenure by household size. This can be compared to 2000 Census information to better understand trends for housing unit needs. The following table provides information for Webster.

Table 13 Webster Tenure by Household Size - 2000 to 2010						
Household Size	Owners			Renters		
	2000	2010	Change	2000	2010	Change
1-Person	144	190	46	183	170	-13
2-Person	237	245	8	51	58	7
3-Person	91	54	-37	19	28	9
4-Person	64	59	-5	13	13	0
5-Person	42	33	-9	7	13	6
6-Person	5	11	6	4	1	-3
7-Persons+	4	2	-2	2	1	-1
Total	587	594	7	279	284	5

Source: U.S. Census

From 2000 to 2010, there were slight increases in the number of owner and renter households in Webster. There was an increase of 54 owner households with one or two household members. There was a net decrease of 47 owner households with three or more household members.

There was a decrease of 13 renter households with one household member and a loss of four households with six or more household members. There was a gain of 22 renter households with three to five household members. Approximately 80% of the renter households in Webster 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
Webster	\$29,457	\$34,013	15.5%
Day County	\$30,227	\$40,095	32.6%
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
Webster	\$40,982	\$47,308	15.4%
Day County	\$38,011	\$49,135	29.3%
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 from 2000 to 2012 in Webster and Day County. However, Webster and Day County's median family and household incomes are all above the statewide medians.

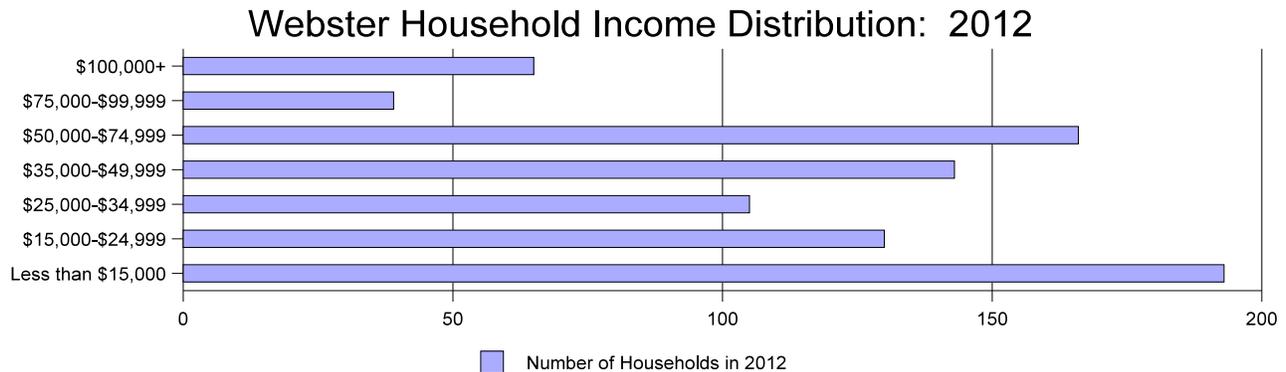
Generally, family household incomes tend to be much higher than the overall household median, as families have at least two household members, and potentially more income-earners. Using the commonly accepted standard that up to 30% of gross income can be applied to housing expenses without experiencing a cost burden, a median income household in Webster could afford approximately \$851 per month and a median income family household could afford \$1,183 per month for ownership or rental housing in 2012.

Webster Household Income Distribution

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

Table 16 Webster Household Income Distribution - 2000 to 2012			
Household Income	Number of Households 2000	Number of Households in 2012	Change 2000 to 2012
\$0 - \$14,999	196	193	-3
\$15,000 - \$24,999	179	130	-49
\$25,000 - \$34,999	96	105	9
\$35,000 - \$49,999	182	143	-39
\$50,000 - \$74,999	149	166	17
\$75,000 - \$99,999	34	39	5
\$100,000+	26	65	39
Total	862	841	-21

Source: 2000 Census; 2012 ACS



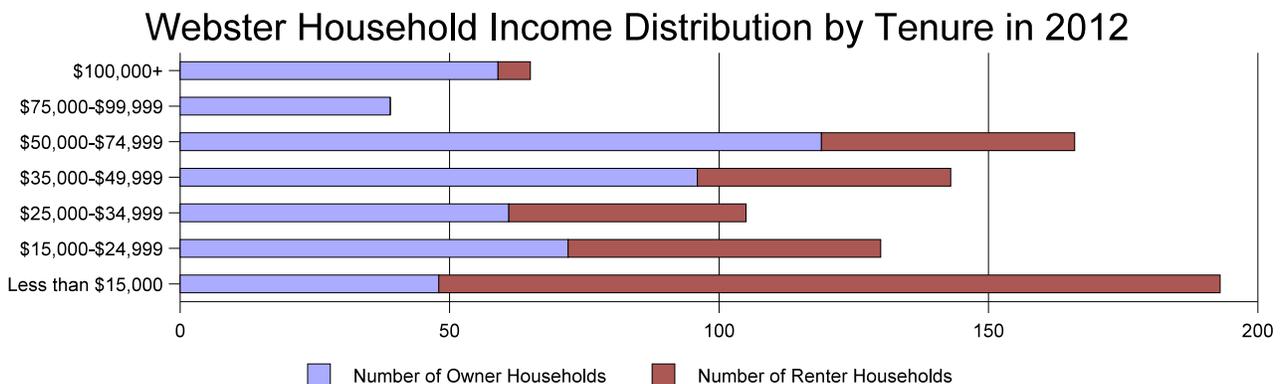
According to income estimates contained in the 2012 American Community Survey, household incomes have improved in Webster in the highest income ranges. When compared to the 2000 Census (1999 income), the number of households with an income of \$50,000, or more, increased by 61 households. Conversely, there was a net decrease of 82 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 323 households with an annual income below \$25,000 in 2012, which represented 38.4% of all households in Webster.

Webster 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 Webster. 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 841 households and the U.S. 2010 Census reported that there are 878 households in Webster. The American Community Survey also appears to have undercounted owner households and overcounted renter households.

Table 17 Webster Household Income Distribution by Tenure - 2012			
Household Income	Number of Owner Households	Number of Renter Households	Total Households
\$0 - \$14,999	48/24.9%	145/75.1%	193
\$15,000 - \$24,999	72/55.4%	58/44.6%	130
\$25,000 - \$34,999	61/58.1%	44/41.9%	105
\$35,000 - \$49,999	96/67.1%	47/32.9%	143
\$50,000 - \$74,999	119/71.7%	47/28.3%	166
\$75,000 - \$99,999	39/100%	0/0%	39
\$100,000+	59/90.8%	6/9.2%	65
Total	494	347	841

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 71% of all renter households in Webster 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 \$19,700 in 2012. At 30% of income, a renter at the median level could afford approximately \$492 per month or less for housing costs.

Most owner households had a higher income level than renter households. Approximately 44% of all owner households had an annual income of \$50,000 or more. The estimated median household income for owners in 2012 was approximately \$45,300. At 30% of income, an owner at the median income level could afford approximately \$1,133 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 the City of Webster.

Table 18 Gross Rent as a Percentage of Household Income - 2012			
Percent of Income for Housing	Households Age 64 and Younger	Households Age 65 and Older	Total
Less than 20%	101/46.1%	36/28.1%	137/39.5%
20% to 29.9%	20/9.1%	36/28.1%	56/16.1%
30% to 34.9%	0/0%	6/4.7%	6/1.7%
35% or more	76/34.7%	43/33.6%	119/34.3%
Not Computed	22/10.1%	7/5.5%	29/8.4%
Total	219	128	347

Source: 2012 American Community Survey

According to the American Community Survey, approximately 36% of all renters in the City were paying 30% or more of their income for rent. The large majority of these households were actually paying 35% or more of their income for housing. Federal standards for rent subsidy programs generally identify 30% of household income as the maximum household contribution. When more than 30% of income is required, this is often called a “rent burden”. When more than 35% is required, this can be considered a “severe rent burden”.

Although a housing cost burden could be caused by either high housing costs or low household income, in Webster it was primarily due to low income levels for renters. A majority 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.

Senior citizen renters (age 65 and older) represented approximately 39% of all households with a rental cost burden. Households in the age ranges between 15 and 64 years old represented approximately 61% of all households with a rental cost burden.

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 Webster County that are paying different percentages of their gross household income for housing costs.

Table 19 Ownership Costs as a Percentage of Income - Webster		
Percentage of Household Income for Housing Costs	Number of Owner Households 2012	Percent of All Owner Households 2012
0% to 19.9%	353	71.4%
20% to 29.9%	64	13.0%
30% to 34.9%	37	7.5%
35% or more	40	8.1%
Not Computed	0	0%
Total	494	100%

Source: 2012 ACS

The 2012 American Community Survey underestimated the number of owner households in the City of Webster. 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 16% of all home owners reported that they paid more than 30% of their income for housing. A slight 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
Webster	594	284	42	13	24	50
Day Co.	1,918	586	69	31	765	261

Source: U.S. Census

- ▶ In 2010, according to the U.S. Census, there were 765 seasonal housing units in Day County including 24 units in Webster.
- ▶ Day County statistics for housing unit construction from 2000 to 2010 showed a significant amount of new construction during the decade. However, it appears that much of this was in the form of seasonal/recreational use housing. At the time of the 2000 Census, Day County had 626 seasonal use units. By 2010, this had increased to 765 units, a net gain of 139 units.
- ▶ Day County also had some units removed, in many cases due to flood damage mitigation efforts. Some of the construction activity that can be tracked by building permit reports may have been unit replacement. When the total inventory of housing in 2010 is compared to the total inventory in 2000, Day County showed a net gain of only 12 housing units Countywide during the entire decade. Based on these numbers, nearly all of the housing built in the County effectively represented unit replacement, as other housing was lost from the inventory.
- ▶ In addition to the seasonal units in 2010, there were 361 vacant housing units in Day County, including 105 units in Webster.

Existing Home Sales

This section examines houses that have been sold in Webster from November 1, 2011, to March 31, 2014. It is important to note that the number of houses each year is limited 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.

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

Table 21 Median Value of Recent Sales - Nov. 2011 to March 2014			
	Number of Good Sales	Median Sale Price	Average Sales Price
11/1/12 to 3/31/14	47	\$75,000	\$79,782
11/1/11 to 10/31/12	40	\$74,750	\$68,038

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

- ▶ From November 1, 2011, to March 31, 2014, there were 87 residential sales of single family houses in Webster that were considered to be “good market value” transactions. Sales that are not “good market value” include, but are not limited to, sales between relatives, forced sales and foreclosures, and estate transfers that are not available on the open market. Only the “good market value” transactions have been reviewed for this study.
- ▶ The median sales price for the 47 residential sales in Webster from November 1, 2012, through March 31, 2014, was \$75,000. The highest valued sale was for \$242,500 and the lowest valued sale was for \$10,000.
- ▶ The median sales price for the 40 residential sales in Webster from November 1, 2011, to October 31, 2012, was \$74,750. The highest valued sale was for \$245,000 and the lowest valued sale was for \$11,500.

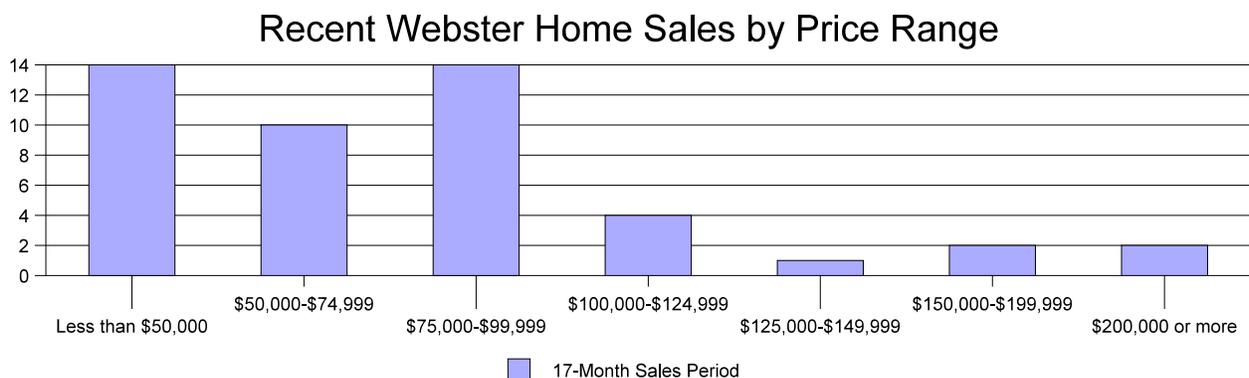
Home Sales by Price Range

The following table looks at single family houses that sold within defined price ranges during the 17-month time period from November 1, 2012, to March 31, 2014, using the information that was available from the County Equalization Office. The County's sales year differs from the calendar year, and ends on October 31st of each year.

Table 22 Webster Home Sales by Price Range in 2013		
Sale Price	Number of Sales	Percent of Sales
Less than \$49,999	14	29.8%
\$50,000 - \$74,999	10	21.2%
\$75,000 - \$99,999	14	29.8%
\$100,000 - \$124,999	4	8.5%
\$125,000 - \$149,999	1	2.1%
\$150,000 - \$199,999	2	4.3%
\$200,000 or more	2	4.3%
Total	47	100%

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

Recent home sales in Webster have been widely distributed in different price ranges, but approximately 81% of sales from November 1, 2012, to March 31, 2014, were priced below \$100,000. Approximately 9% of existing homes sold for \$150,000 or more.



Webster Housing Condition

Community Partners Research, Inc. representatives conducted a visual 'windshield' survey of 572 single family/duplex houses in three of Webster's oldest neighborhoods.

The boundaries of the three neighborhoods are as follows:

- ▶ Neighborhood #1: North - Railroad tracks
South - City limits
East - 4th Street East
West - 2nd Street West

- ▶ Neighborhood #2: North - 12th Avenue East
South - Railroad tracks
East - 7th Street East
West - Main Street

- ▶ Neighborhood #3: North - 10th Avenue West
South - Railroad tracks
East - Main Street
West - 4th & 5th Streets West

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	24/30.4%	17/21.5%	27/34.2%	11/13.9%	79
Neighborhood #2	97/35.8%	95/35.0%	59/21.8%	20/7.4%	271
Neighborhood #3	98/44.1%	63/28.4%	50/22.5%	11/5.0%	222
Total	219/38.3%	175/30.6%	136/23.8%	42/7.3%	572

Source: Community Partners Research, Inc.

- ▶ Approximately 31% of the houses in the City's three oldest neighborhoods need minor repair and 24% need major repair.
- ▶ Approximately 38% are sound, with no required improvements. In each of the individual neighborhoods, at least 30% or more of the houses were rated as sound.
- ▶ Forty-two houses in the three neighborhoods are dilapidated and possibly beyond repair.

Webster Mobile Home Housing Condition

Community Partners Research, Inc. representatives conducted a visual 'windshield' survey of the 21 mobile homes located in Webster. Sixteen mobile homes were located in the mobile home park and five mobile homes were located in the older neighborhoods that were surveyed.

Mobile 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 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 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 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 homes are judged to be in good, 'move-in' condition. Mobile 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 homes	6/28.6%	5/23.8%	9/42.8%	1/4.8%	21

Source: Community Partners Research, Inc.

- ▶ The mobile homes in Webster are in fair condition. Approximately 24% of the mobile homes need minor repair and 43% need major repair. Approximately 29% are sound, with no required improvements.
- ▶ One mobile home was dilapidated and possibly beyond repair.

Webster Building Permit Trends

Webster has experienced a limited amount of new housing construction activity in recent years. The following table identifies the units that have been constructed from 2000 to 2013.

Table 25 Webster Housing Unit Construction Activity: 2000 to 2013			
Year	Single Family	Two or More Units	Total Units Constructed
2013	1	0	1
2012	0	0	0
2011	0	0	0
2010	3	4	7
2009	1	4	5
2008	0	0	0
2007	2	0	2
2006	5	0	5
2005	8	0	8
2004	0	0	0
2003	3	0	3
2002	1	0	1
2001	3	0	3
2000	4	0	4
TOTAL	31	8	39

Source: Census Bureau; Community Partners Research, Inc.

Over the past 14 years, 39 new housing units have been constructed in Webster, based on building permit issuance and U.S. Census information. Thirty-one of these units are single family homes and eight units are in two four-plexes.

Much of the new single family construction occurred between 2000 and 2006. During this seven-year period, the City averaged three to four new housing units per year. After 2006, housing construction activity slowed, and the City has averaged one new unit per year from 2007 to 2013.

Day County Building Permit Trends

Day County has experienced a significant amount of new housing construction activity in recent years. The following table identifies the units that have been constructed from 2000 to 2013.

Table 26 Day County Housing Unit Construction Activity: 2000 to 2013			
Year	Single Family	Two or More Units	Total Units Constructed
2013	14	0	14
2012	22	0	22
2011	3	0	3
2010	24	4	28
2009	19	6	25
2008	4	4	8
2007	6	0	6
2006	32	0	32
2005	30	0	30
2004	36	0	36
2003	22	0	22
2002	23	0	23
2001	10	0	10
2000	21	0	21
TOTAL	266	14	280

Source: Census Bureau; Community Partners Research, Inc.

Over the past 14 years, 280 new housing units have been constructed in Day County, based on building permit issuance and U.S. Census information. The units include 266 single family homes and 14 units are in three four-plexes and one duplex. As stated earlier, most of these housing units appear to have been built for seasonal/recreation use, or as replacement units for lost housing.

During the seven-year period from 2000 to 2006, the County averaged approximately 25 new housing units per year. After 2006, housing construction activity slowed somewhat, and the County has averaged 13 new units per year from 2006 to 2013.

Rental Housing Data

Census Bureau Rental Inventory

According to the 2010 U.S. Census, there were 284 occupied rental units and 45 unoccupied rental units in Webster, for a total estimated rental inventory of 329 units. The City's rental tenure rate in 2010 was 32.3%, below the Statewide rental rate of 31.9%.

At the time of the 2000 Census, Webster had 279 occupied rental units, and 61 vacant rental units, for a total estimated rental inventory of 340 units. The rental tenure rate in 2000 was 32.2%.

Based on a Census comparison, the City gained four renter-occupancy households, however, there was a decrease of approximately 11 rental units from 2000 to 2010.

Rental Housing Survey

As part of this housing study, a telephone survey was conducted of multifamily projects in Webster. 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 triplexes, duplexes and single family homes.

Information was tallied separately for different types of rental housing, including market rate units, subsidized housing and senior independent and senior housing with services. All of the subsidized and senior with services projects were surveyed and a large percentage of the market rate rental projects were surveyed.

There were 139 market rate and subsidized housing units that were contacted in the survey. In addition to the 139 rental units, 160 senior independent/assisted living units and nursing home beds that are located in Webster, Roslyn and Bristol were surveyed.

The units that were successfully contacted include:

- ▶ 80 market rate units
- ▶ 59 federally subsidized units
- ▶ 39 senior independent/assisted living units
- ▶ 121 beds in nursing homes

The findings of the survey are provided below.

Market Rate Summary

Information was obtained on 80 rental units in nine multifamily projects.

Unit Mix

We obtained the bedroom mix on 80 market rate units. The bedroom mix of the units is:

- ▶ efficiency - 3 (3.8%)
- ▶ one-bedroom - 20 (25.0%)
- ▶ two-bedroom - 57 (71.2%)
- ▶ three-bedroom - 0 (0%)

Occupancy / Vacancy

At the time of the survey, there were four vacancies in the 80 market rate units that were surveyed. This is a vacancy rate of 5.0%. Six of the nine rental projects had no vacancies. The majority of the rental property owners and managers reported ongoing high occupancy rates and high demand.

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>
Efficiency	\$240-\$265
One-bedroom	\$340-\$525
Two-bedroom	\$415-\$800

Tax Credit Summary

There are no tax credit units in Webster.

Subsidized Summary

The research completed for this Study identified five subsidized projects providing rental opportunities for lower income households. These projects have a combined 59 units. Three projects with 15 units are general occupancy rental housing and two projects with 44 units provide senior/disabled occupancy rental housing.

The five subsidized rental projects in Webster include:

- ▶ **Pleasant View Apartments** - Pleasant View Apartments is a 32-unit HUD Public Housing subsidized senior/disabled project. The project includes five four-unit buildings. The 32 units include 30 one-bedroom units and two two-bedroom units. The project was constructed in 1975, however, the buildings have been renovated over the years. Tenants must be 55 or older or disabled.
- ▶ **Downtown Manor** - Downtown Manor is a 12-unit HUD senior/disabled project. All 12 units are one-bedroom units.
- ▶ **Hansen - 4 Developers, 608 W. 3rd St.** - The Hansen - 4 Developers project at 608 3rd St. is a general occupancy Rural Development project with three one-bedroom units. The units were constructed in the late 1980s.
- ▶ **Hansen - 4 Developers, 213 E. 13th Ave.** - The Hansen - 4 Developers project at 213 E. 13th Ave. is a general occupancy Rural Development project with eight one-bedroom units. The project was constructed in 1981.
- ▶ **Hansen - 4 Developers, 1400 E. 1st St.** - The Hansen - 4 Developers project at 1400 E. 1st St. is a four-unit Rural Development General Occupancy project constructed in the mid 1980s. There are 2 one-bedroom and 2 two-bedroom units.

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 59 subsidized housing units in Webster is as follows:

- ▶ 55 one-bedroom (93.2%)
- ▶ 4 two-bedroom (6.8%)

Occupancy / Vacancy

At the time of the survey there were nine vacancies in the 59 subsidized units. This is a 15.3% vacancy rate. Seven of the nine vacancies were in Pleasant View Apartments.

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 older projects have completed their compliance requirements and have the opportunity to leave their subsidy program and convert to conventional rental housing.

In Webster, the eight-unit project at 25 Main Street has converted from subsidized to market rate. All of the units have two bedrooms. The project conversion took place many years ago.

Senior Housing with Services

Webster has two senior with services projects including Heritage Village, which is an independent/light services project, and Bethesda Home, which is a nursing home. There are also three additional senior with services projects in Day County. They include Sun Dial Manor, a nursing home, and Johnson Assisted Living Center, both of which are in Bristol, and Strand Kjorsvig Community Rest Home, which is in Roslyn.

Bethesda Home - Bethesda Home is licensed as a 50-bed skilled nursing home. The facility had one vacancy at the time of the survey and there is a waiting list. Fees are based on the level of services.

Heritage Village - Heritage Village is a 24-unit independent/light services project. The 24 units include 12 one-bedroom and 12 two-bedroom units. Rent ranges from \$697 to \$1,400 based on the size of the unit, meal plan, etc. The base rent includes a noon meal, continental breakfast and 24-hour emergency call system. Tenants can make arrangements to purchase additional services. The staff reported several vacancies at the time of the survey. The exact number of vacancies was not provided.

Sun Dial Manor - Sun Dial Manor is a 37-bed nursing home located in Bristol. The facility was constructed in 1968. At the time of the survey, there were two vacant beds.

Johnson Assisted Living Center - The Johnson Assisted Living Center is an assisted living project located in Bristol. The facility has 10 private rooms and three double rooms with a total capacity of 16 residents. The facility provides the full array of senior services including meals, laundry, medication assistance, bathing, 24-hour staffing, etc. Rent and fees range from \$2,950 to \$3,750 based on single or double occupancy. The rent and fees for a couple are \$5,600. The facility has no vacancies, however, staff reported that this is the first year that the facility has been fully occupied.

Strand Kjorsvig Community Rest Home - The Strand Kjorsvig Community Rest Home is a 36-bed nursing home located in Roslyn. The facility was constructed in 1957. Two of the 36 beds have been designated for assisted living. Also, the facility has flexibility to convert additional nursing home beds to assisted living beds if there is a demand for additional assisted living. Rent and fees are based on the level of services. At the time of the survey, the facility had no vacancies.

Table 27 Webster Multifamily Rental Housing Inventory

Name	Number of Units /Bedroom Mix	Rent	Vacancy/ Wait List	Tenant Mix	Comments
Market Rate					
Webster Apartments	3 - Efficiencies 6 - 1 Bedroom <u>6 - 2 Bedroom</u> 15 total units	\$200-\$225 \$300-\$310 \$385-\$390	No vacancies	General occupancy	Webster Apartments is a 15-unit market rate project. The units include three efficiencies, six one-bedroom and six two-bedroom. Rents are \$200 to \$225 for an efficiency, \$300 to \$310 for a one-bedroom and \$385 to \$390 for a two-bedroom. Owner reports no vacancies.
Golf Apartments	3 - 1 Bedroom <u>15 - 2 Bedroom</u> 18 total units	\$300-\$310 \$385-\$390	2 vacant units, 1 - 1 Bdrm 1 - 2 Bdrm	General occupancy	Golf Apartments is an 18-unit market rate project. The units include three one-bedroom and 15 two-bedroom. Rents are \$300 to \$310 for a one-bedroom and \$385 to \$390 for a two-bedroom unit. Owner reports two vacancies.
25 Main St	<u>8 - 2 Bedroom</u> 8 total units	\$400-\$425	No vacancies	General occupancy	Market rate eight-plex constructed in 1978. Project was a subsidized project, but converted to market rate many years ago. All units have two bedrooms. Rent is \$400 to \$425 and includes water, sewer and garbage. Owner reports no vacancies.
Snaza Apartments	<u>8 - 2 Bedroom</u> 8 total units	\$385-\$450	1 vacant unit	General occupancy	Snaza Apartments includes two four-plexes constructed in the 1960s. All of the units are two bedroom. Rent is \$350 to \$450. Some utilities are included. Manager reports one vacancy, but the units are usually fully occupied.
916 Main St	1 - 1 Bedroom <u>7 - 2 Bedroom</u> 8 total units	\$400 \$410	No vacancies	General occupancy	Eight-unit complex that includes one one-bedroom and seven two-bedroom units. Complex was constructed in 1972. Rent is \$400 for the one-bedroom unit and \$410 for the two-bedroom units. Rent includes electricity. Owner reports no vacancies and a high occupancy rate.

Table 27 Webster Multifamily Rental Housing Inventory

Name	Number of Units / Bedroom Mix	Rent	Vacancy/ Wait List	Tenant Mix	Comments
Market Rate					
Webster Housing Authority Townhomes	<u>4 - 2 Bedroom</u> 4 total units	\$700 plus utilities	No vacancies	General Occupancy	The Webster Housing Authority constructed four two-bedroom town homes approximately 12 years ago. The units are market rate with no age or income restrictions. The manager reports no vacancies at this time, but had one vacancy for almost a year. Rent is \$700 plus utilities.
Fiksdal House	<u>6 - 1 Bedroom</u> 6 total units	\$300	No vacancies	General occupancy - primarily singles	Fiksdal House is on the National Historic Register and was constructed in 1885. The Fiksdal House has six one-bedroom units. Rent is \$300 and tenants pay electricity. The owner reports no vacancies and the units are always fully occupied.
Holm Apartments	<u>4 - 1 Bedroom</u> <u>1 - 2 Bedroom</u> 5 total units	\$300 \$375	1 vacant unit	General occupancy - primarily singles	Holm Apartments includes four one-bedroom and one two-bedroom unit. Rent is \$300 for the one-bedroom units and \$375 for the two-bedroom units. The tenants also pay electricity. The owner reports one vacancy, but the units are usually fully occupied and the vacant unit will be occupied soon.
Larson Townhomes	<u>8 - 2 Bedroom</u> 8 total units	\$650-\$700 plus utilities	No vacancies	General occupancy	Larson Townhomes includes two four-unit town home projects. The units were constructed in 2009 and 2010. Rent is \$650 to \$700, plus utilities. There are no vacancies.

Table 27 Webster Multifamily Rental Housing Inventory

Name	Number of Units / Bedroom Mix	Rent	Vacancy/ Wait List	Tenant Mix	Comments
Subsidized					
Hansen - 4 Developers 608 W 3 rd St	<u>3 - 1 Bedroom</u> 3 total units	\$503 max. 30% of income	No vacancies	General occupancy	Rural Development general occupancy three-plex constructed in the late 1980s. All three units are one-bedroom. Rent is 30% of income up to a maximum rent of \$503. Owner reports no vacancies and a high occupancy rate.
Hansen - 4 Developers 213 E 13 th Ave	<u>8 - 1 Bedroom</u> 8 total units	\$503 max. 30% of income	1 vacant unit	General Occupancy	Rural Development General Occupancy eight-plex constructed in 1981. All eight units are one-bedroom. Rent is 30% of income up to a maximum rent of \$503. Owner reports one vacant unit and a high occupancy rate.
Hansen - 4 Developers 1400 E 1 st St	<u>2 - 1 Bedroom</u> <u>2 - 2 Bedroom</u> 4 total units	\$503 max. \$513 max. 30% of income	No vacancies	General Occupancy	Rural Development General Occupancy four-plex constructed in the mid 1980s. The project has two one-bedroom and two two-bedroom units. Tenants pay 30% of income up to a maximum rent. Owner reports no vacancies and a high occupancy rate.
Pleasant View Apartments	<u>30 - 1 Bedroom</u> <u>2 - 2 Bedroom</u> 32 total units	30% of income	7 vacant units	Senior/ disabled occupancy	Pleasant View Apartments is a 32-unit HUD Public Housing Senior/Disabled Project. The project was constructed in 1975. The project includes 30 one-bedroom and two two-bedroom units. Tenants must be 55 or older or disabled and have a household income under the income limits. Currently, there are seven vacancies including the accessible unit. Tenants pay 30% of income up to the market rent. Manager reports ongoing vacancies in the project.
Downtown Manor	<u>12 - 1 Bedroom</u> 12 total units	\$728 max. 30% of income	1 vacant unit	Senior/ disabled occupancy	Downtown Manor is a 12-unit senior/disabled HUD Project. All 12 units have one bedroom. Tenants pay 30% of income up to a maximum rent of \$728. Currently, there is one vacancy, however, the manager reports that all of the units are usually fully occupied.

Table 27 Webster Multifamily Rental Housing Inventory

Name	Number of Units /Bedroom Mix	Rent	Vacancy/ Wait List	Tenant Mix	Comments
Senior Housing with Services					
Bethesda Home	50 beds 50 total units	Based on level of services	1 vacancy	Skilled nursing home	Bethesda Home is a 50-bed nursing home. Currently, there is one vacant bed, however, the facility does have a waiting list. In addition to 24-hour care, the facility provides other services including physical, occupational and speech therapy, transportation, etc.
Heritage Village	12 - 1 Bedroom 12 - 2 Bedroom 24 total units	Ranges from \$697 to \$1,400	Several vacancies	Senior housing with services	Heritage Village is a 24-unit senior independent living project. There are approximately 12 one-bedroom and 12 two-bedroom units. Rent ranges from \$697 to \$1,400 based on size of unit, meal plan, single or double occupancy, etc. A continental breakfast, noon meal, 24-hour emergency call system and other amenities are included in the base rent. Tenants do have the option to purchase other services that are not part of the monthly rent. Staff reported several vacancies, but did not have an exact vacancy count.

Source: Community Partners Research, Inc.

Employment and Local Economic Trends Analysis

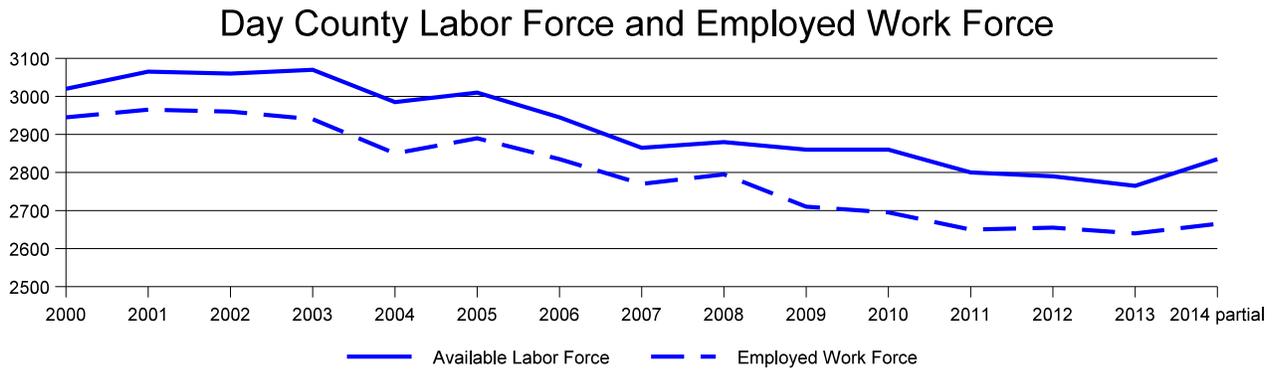
While many factors influence the need for housing, employment opportunities represent a predominant demand generator. Without jobs and corresponding wages, the means to pay for housing is severely limited.

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

Employment information is available at the county level. The labor force statistics in the table below tracks people by place of residence, rather than place of employment.

Table 28 Day County Annual Labor Statistics: 2000 to 2014*						
Year	Labor Force	Employed	Unemployed	Unemployment Rate - County	Unemployment Rate - SD	Unemployment Rate - US
2000	3,020	2,945	75	2.5%	2.7%	4.0%
2001	3,065	2,965	100	3.2%	3.1%	4.7%
2002	3,060	2,960	100	3.3%	3.3%	5.8%
2003	3,070	2,940	130	4.2%	3.5%	6.0%
2004	2,985	2,850	135	4.5%	3.7%	5.6%
2005	3,010	2,890	120	4.1%	3.7%	5.1%
2006	2,945	2,835	110	3.7%	3.1%	4.6%
2007	2,865	2,770	95	3.3%	2.9%	4.6%
2008	2,880	2,795	85	2.9%	3.0%	5.8%
2009	2,860	2,710	150	5.3%	5.2%	9.3%
2010	2,860	2,695	165	5.7%	5.1%	9.6%
2011	2,800	2,650	150	5.4%	4.7%	8.9%
2012	2,790	2,655	135	4.9%	4.2%	8.1%
2013	2,765	2,640	125	4.5%	3.8%	7.4%
2014*	2,835	2,665	170	6.0%	3.7%	6.5%

Source: South Dakota Department of Labor * 2014 information is for January through September



When viewed over a longer time period, there has been no growth in the area’s labor force and employed work force, despite some up and down movement from year to year. Between 2000 and 2013, the last full year of information, the size of the resident labor force decreased by 255 people, or 8.4%. The employed work force decreased by 305 people over that same time period.

From 2000 to 2005, the County’s resident labor force remained relatively stable, but has generally been declining since that time. The year 2013, the last full year of data, represented the smallest County labor force. Partial-year information for 2014 indicates that the level in the current year may be higher, but this cannot be fully determined until the final quarter of the year is included.

The County’s employed resident work force also reached its lowest level in 2013. The highest number of employed County residents occurred in 2001. Although the County’s unemployment rate has remained below the national average throughout the time period reviewed, it has been above the Statewide rate since 2009.

Average Annual Wages by Industry Sector

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 in the County.

This information is for all of Day County. Covered employment and wages are based on the location of the job, not the residency of the worker.

Table 29 Day County Average Wages by Industry Detail: 2013		
Industry	2013 Employment	2013 Average Annual Wage
Total All Industry	1,938	\$27,731
Natural Resources, Mining	N/A	N/A
Construction	69	\$37,666
Manufacturing	231	\$33,311
Trade, Transportation, Utilities	499	\$32,337
Information	N/A	N/A
Financial Activities	84	\$34,842
Professional and Business Services	32	\$31,711
Education and Health Services	271	\$23,569
Leisure and Hospitality	188	\$8,439
Other Services	45	\$22,980
Government	438	\$26,943

Source: South Dakota Department of Labor

The average annual wage for all industry in 2013 was \$27,731. The highest paying wage sectors were Construction and Financial Activities, each with an annual average wage above \$34,500. Trade, Transportation and Utilities was the largest industry sector for number of employees, and had an annual wage above the overall average.

The lowest paying wage sector was Leisure and Hospitality, with an average annual wage below \$8,500.

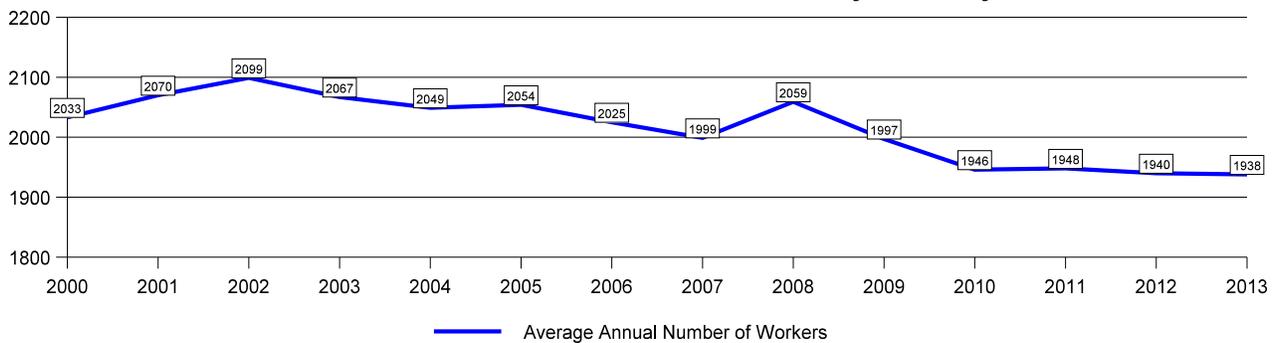
Annual Covered Employment

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

Table 30 Day Average Annual Employment			
Year	Total Covered Employment	Year	Total Covered Employment
2000	2,033	2007	1,999
2001	2,070	2008	2,059
2002	2,099	2009	1,997
2003	2,067	2010	1,946
2004	2,049	2011	1,948
2005	2,054	2012	1,940
2006	2,025	2013	1,938

Source: QCEW - SD Department of Labor

Number of Covered Workers in Day County



Although there has been some upward movement in the number of employees working in Day County, the long-term pattern shows a decrease in the number of workers covered by unemployment insurance. From 2000 to 2013, the number of workers decreased by 95 people. Despite the long-term trend of fewer workers, the employment level has remained very stable since 2010.

Regional Unemployment and Wage Rates

Day County has a concern about maintaining an adequate labor force. As existing businesses look to expand, or new businesses look to locate into the area, potential worker shortages could become an issue. In addition to labor force and employment information for Day County, information has also been collected for the larger region, including the State's larger cities. Information is presented for 2013, the last full year of available data. Unemployment numbers are at the city level, while annual wage information is for the entire county.

Table 31 Regional and State Unemployment Data - 2013			
Area	Number of Unemployed - 2013	Unemployment Rate - 2013	2013 Average Annual Wage all Industry County Wage
Day County	125	4.5%	\$27,731
Watertown	465	3.6%	\$34,854
Aberdeen	535	3.5%	\$36,673
Brookings	440	3.3%	\$37,526
Huron	260	3.6%	\$34,306
Mitchell	295	3.2%	\$34,361
Pierre	255	3.1%	\$37,901
Yankton	290	3.8%	\$35,823
Sioux Falls	3,200	3.5%	\$41,627
South Dakota	-	3.8%	\$37,226
North Dakota	-	2.9%	\$47,788
Minnesota	-	5.1%	\$50,128

Source: Various sources including State Departments of Labor and the Federal Bureau of Labor Statistics

For calendar year 2013, the national unemployment rate was at 7.4%. All of the regional entities reviewed had an unemployment rate that was well below the national average. The State of Minnesota, with an unemployment rate of 5.1%, was the highest of the jurisdictions examined.

The average annual wage data is from the Quarterly Census of Employment and Wages (QCEW) and represents the average pay for all employed workers within the jurisdiction. It does not represent any estimate of the pay that is being offered for available jobs. However, it does provide some perspective on the overall wage conditions that exist.

The average annual wage in Day County in 2013 was below the Statewide average by approximately \$9,500 annually. It was also lower than in the large communities in the area, including Watertown and Aberdeen.

The average annual wage in South Dakota was the lowest of the three States examined. The highest average annual wage in 2013 was in the State of Minnesota. Both North Dakota and Minnesota had statewide average wages that were more than \$20,000 higher than the average wage in Day County.

Commuting Patterns of Area Workers

Some information is available on area workers that commute for employment. The best information is from the 2012 American Community Survey, and has been examined for the City of Webster, the largest city in Day County. The first table only examines travel time for Webster residents, and excludes people that work at home.

Table 32 Commuting Times for Webster Residents - 2012		
Travel Time	Number	Percent
Less than 10 minutes	636	77.2%
10 to 19 minutes	76	9.2%
20 to 29 minutes	11	1.3%
30 minutes +	101	12.3%
Total	824	100%

Source: 2012 American Community Survey

The large majority of Webster residents were driving less than 10 minutes to work in 2012. Overall, more than 77% of residents traveling less than 10 minutes, and more than 86% were traveling less than 20 minutes to work. Fewer than 3% of the City’s residents did commute a half hour or more for employment.

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

Table 33 Commuting Times for Webster Employees - 2012		
Travel Time	Number	Percent
Less than 10 minutes	664	58.7%
10 to 19 minutes	315	27.8%
20 to 29 minutes	44	3.9%
30 minutes +	109	9.6%
Total	1,132	100%

Source: 2012 American Community Survey

For people that worked in Webster, more than 41% traveled 10 minutes or more, and presumably lived outside the city limits. However, most workers lived within the immediate vicinity, with fewer than 14% of all employees traveling 20 minutes or more to Webster.

Census On the Map

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

According to the report for Day County, there were 1,736 people that were employed within the County in 2011. Nearly 57% of these County-based employees also lived within the County. The remaining 43% of employees lived outside the County and traveled in.

For the City of Webster, there were 987 people employed within the City in 2011. Approximately 39% of these workers also lived in the City, while 61% lived outside the city limits. City-based workers living outside the city limits represented more than 600 people.

The On the Map reporting service can be used to track worker outflow patterns from the County. Overall, there were 2,263 Day County residents that were employed. Most of these County residents actually worked outside the County, as nearly 57% traveled to other locations. Only 43% of County residents also worked within the County.

For the City of Webster, there were 455 residents that left the City for employment, compared to 385 people that both lived and worked within the community.

Findings on Growth Trends

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

Webster's population decreased by 3.2% from 1990 to 2000. The population decreased from 2,017 in 1990 to 1,952 in 2000. From 2000 to 2010, Webster's population decreased by an additional 66 people, from 1,952 people in 2000 to 1,886 people in 2010, a population loss of 3.4%.

Day County's population decreased from 6,978 in 1990 to 6,267 in 2000, which was a decrease of 10.2%. The population continued to decrease in the 2000s from 6,267 in 2000 to 5,710 in 2010, which was a loss of 8.9%.

Household levels in Webster decreased from 1990 to 2000 and increased from 2000 to 2010. Day County's number of households decreased in both decades from 1990 to 2010. Webster experienced a loss of 32 households from 1990 to 2000 and a gain of 12 households from 2000 to 2010. Day County had a decrease of 146 households from 1990 to 2000 and a loss of 82 households from 2000 to 2010.

Findings on Projected Growth

This Study has utilized ESRI's projections for Webster and Day County, which continue the growth patterns established in recent decades. ESRI projects that Webster's population will decrease by two people from 2014 and 2019. The household projections expect a gain of seven households from 2014 to 2019, or between one and two households per year.

Day County is expected to lose approximately 105 people from 2014 to 2019. Day County's household projections expect a loss of 23 households from 2014 to 2019.

Summary of Webster’s Growth Projections by Age Group

The Demographic section of this Study presented Webster 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. Extrapolated age projections would expect the City to add approximately 52 households in the 55 to 74 age ranges from 2010 to 2019.

The extrapolated ESRI age-based projections also expect an increase of 33 households in the 15 to 34 age ranges.

Webster is projected to lose 34 households in the 35 to 54 age ranges and 20 households in the 75 and older age ranges.

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 Webster 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</u>
	<u>2010 to 2019</u>
15 to 24	6
25 to 34	27
35 to 44	-5
45 to 54	-29
55 to 64	19
65 to 74	33
75 to 84	-15
85 and Older	-5
Total	31

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 Webster to gain seven households from 2014 to 2019. However, Day County is expected to lose 23 households from 2014 to 2019. Slight household growth in Webster will yield some limited demand for new housing production in Webster.

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 Webster, 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 Webster. 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 Webster's population through the projection period will have an impact on demand for housing.

Age 24 and Younger - The projections used for this Study expect a gain of six households in the 15 to 24 age range through the year 2019. Past tenure patterns indicate that approximately 86% of these households in Webster will rent their housing. A slight 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 gain of 27 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 Webster was approximately 54% in 2010. A household increase within this age range indicates more demand for both first-time home buyer and rental opportunities.

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

45 to 54 Years Old - By 2019, this age cohort will represent the front-end of the "baby bust" generation that followed behind the baby boomers. This age group represents a much smaller segment of the population than the baby boom age groups. For Webster, the projections show a loss of 29 households in this range. This age group historically has had a high rate of home ownership, approximately 77% in Webster in 2010, and will often look for trade-up housing opportunities. A loss of households in this age group indicates that the demand for trade-up housing will decrease during the projection period.

55 to 64 Years Old - This age range is part of the baby boom generation. The projections show an increase of 19 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 Webster, at approximately 82% 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 33 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 77% of the households in this age range owned their housing in Webster. Once again, preferences for age-appropriate units would increase from household growth within this age cohort.

75 to 84 Years Old - There is a projected loss of 15 households in Webster in this age range between 2010 and 2019. In the past, households within this 10-year age range have had a relatively high rate of home ownership, at approximately 65% in Webster. While this is likely to continue, an expansion of other housing options for seniors, including high quality rental housing, should appeal to this age group. In most cases, income levels for senior households have been improving, as people have done better retirement planning. As a result, households in this age range may have fewer cost limitations for housing choices than previous generations of seniors.

85 Years and Older - A slight loss of five households is projected in this age range from 2010 to 2019. Historic home ownership rates in this age group in Webster have been relatively low, at approximately 47% 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 Webster were identified through statistical data, local interviews, research and on-site review of the local housing stock.

- ▶ **Webster serves as a small regional center** - Webster 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 Webster has a stock of affordable, existing houses. Our analysis shows that the City's median home value based on recent sales is approximately \$75,000. This existing stock, when available for sale, provides an affordable option for home ownership.
- ▶ **Adequate land for development** - Webster 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** - Webster has an excellent public K-12 school system.
- ▶ **Health facilities** - Webster has excellent health facilities including a hospital, medical clinic and a nursing home.
- ▶ **Infrastructure** - Webster's water and sewer infrastructure can accommodate future expansion.
- ▶ **Commercial development** - Webster's commercial district is adequate to meet most daily needs.
- ▶ **Webster Housing Authority, Webster Area Development Corporation and Day County Housing Development** - The Webster Housing Authority, the Webster Area Development Corporation and Day County Housing Development are all active in addressing Webster and Day County's housing needs.

- ▶ **Webster is located near Aberdeen and Watertown** - Webster is located 44 miles from Watertown and 51 miles from Aberdeen. Aberdeen and Watertown provide employment opportunities, retail/service options, educational opportunities, health care facilities and cultural amenities. Some households prefer to live near, but not in a larger regional center.
- ▶ **Employers** - Webster has several large employers that provide job opportunities for local residents.
- ▶ **Industrial Park** - The City has an Industrial Park that has land available for future industrial development.
- ▶ **Commuters** - Approximately 600 employees are commuting into Webster daily for work. These commuters represent a potential market for future housing construction.
- ▶ **Desirable location of seniors and retirees** - Webster is an attractive community for seniors as a retirement location. As the providers for the area's health, retail and government services, the City has amenities that are attractive for seniors as they age.
- ▶ **Recreational and tourism opportunities** - Webster is in a lakes area that provides excellent fishing, hunting and other recreational and tourism opportunities.

Barriers or Limitations to Housing Activities

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

- ▶ **Age and condition of the housing stock** - While the existing stock is affordable, some of the housing is in need of improvements to meet expectations of potential buyers.
- ▶ **Low rent structure** - The area's rent structure is relatively low, which makes it difficult to construct new rental housing.
- ▶ **Value gap deters new owner-occupied construction** - Based on market values from recent residential sales, we estimate that the median priced home in Webster is valued at approximately \$75,000. 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 Aberdeen and Watertown** - Although it is a strength to be located in close proximity to Aberdeen and Watertown, it is also a barrier as Webster must compete with Aberdeen and Watertown, which offers attractive residential opportunities and other amenities and services.
- ▶ **Lower paying jobs** - Although Webster 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 difficult.
- ▶ **Available lots** - The City of Webster currently does not have an adequate number of lots available for future housing development.

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 Webster. 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 Webster 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 Webster 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** - Webster has many assets including a K-12 school, large employers, a Downtown Commercial District, health facilities, recreational opportunities, etc. These are strong assets that make Webster 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, Grow South Dakota, Homes Are Possible, Inc., and the Aberdeen Housing Authority. These resources should be accessed as needed to assist with housing activities.

Summary of Findings/Recommendations

The findings/recommendations for the City of Webster have been formulated through the analysis of the information provided in the previous sections and include 24 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 20 to 24 general occupancy market rate rental units
2. Promote the development/conversion of 8 to 10 affordable market rate rental housing units
3. Promote the development of 12 to 14 general occupancy subsidized rental housing units
4. Senior housing with services needs
5. Develop a downtown mixed-use commercial/housing project
6. Continue to 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. Develop a new housing subdivision
11. Consider the development of City of Webster Housing Incentive Programs
12. Coordinate with economic development agencies, housing agencies and nonprofit groups to construct affordable housing
13. Promote twin home/town home development
14. Develop a lot inventory/acquire parcels

Housing Rehabilitation

15. Promote rental housing rehabilitation
16. Promote owner-occupied housing rehabilitation efforts
17. Develop a neighborhood revitalization program
18. Develop a rental inspection and registration program

Other Housing Issues

19. Continue to acquire and demolish dilapidated structures
20. Create a plan and a coordinated effort among housing agencies
21. Encourage employer involvement in housing
22. Promote commercial rehabilitation and development
23. Develop home ownership and new construction marketing programs
24. Competition with other jurisdictions

Webster - Rental Housing Development

Rental Housing Development

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

From 2000 to 2013, only eight rental units were constructed in Webster. The eight-unit market rate Larson Townhome project was constructed in 2009 and 2010.

In addition to the eight new rental units, some single family homes were converted from owner-occupied to rental use between 2000 and 2014.

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

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

Our household projections for Webster expect limited household growth over the next five years. From 2014 to 2019, it is projected that there will be a one to two-household gain annually in Webster. It is projected that approximately 50% of these households will be rental households, thus, there will be a demand of approximately four additional rental units due to household growth over the next five years.

Demand created by replacement of lost units is more difficult to determine, but the best available evidence suggests that the City will lose as many as three to four units per year. As a result, approximately 15 to 20 additional units will be needed over the next five years to replace lost units. In some cases, this unit replacement will be necessary as existing units are removed from the inventory through demolition or conversion. In other cases, this replacement is appropriate due to the deteriorating condition of older, substandard rental housing that should be removed from the occupied stock. Rental units will also be lost due to rental units converting to owner occupancy.

Pent-up demand also exists. As part of this study, a rental survey was conducted. The survey found a 5.0% vacancy rate in general occupancy market rate units, a 15.3% vacancy rate in subsidized units and a 4.4% vacancy rate in senior with services units.

We identified pent-up demand for high quality market rate rental units, subsidized rental units and senior assisted living and memory care units.

These three demand generators, after factoring current vacancy rates, show a need for up to 60 to 72 rental units/beds in various market segments 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	20-24 units
▶ Subsidized	12-14 units
▶ Affordable/Conversions	8-10 units
▶ Senior With Services (various types)	<u>20-24 units</u>
Total	60-72 units

1. Develop 20 to 24 general occupancy market rate rental units

Findings: Approximately 75% of the rental housing in the City of Webster 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 80 market rate rental units we surveyed, we found four vacancies, which is a 5.0% vacancy rate. However, the owners and managers of rental properties, reported very high occupancy rates and strong demand for rental housing. Also, six of the nine market rate projects surveyed had no vacancies.

There is a variation in rental rates in the market rate segment in the City of Webster. The existing rent range including utilities is \$240 to \$260 for an efficiency unit, and \$340 to \$525 for a one-bedroom unit and \$415 to \$800 for a two-bedroom unit.

No three bedroom nits were surveyed in multi-family projects, however, there are single family home rentals that have three or more bedrooms.

From 2000 to 2014, only eight market rate rental units were constructed. However, some single family homes have converted from owner-occupied to rental units partially due to the downturn in the economy.

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

Based on this combination of demand generators, we believe that it is reasonable to plan for production of between 20 to 24 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 Webster. 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 Webster 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 Webster Housing Authority or the Webster Area Development Corporation could potentially utilize essential function bonds, or similar funding sources, to construct market rate units. The Webster Housing Authority has previously constructed four town homes.

Also, the Webster Housing Authority or the Webster Area Development Corporation could partner with private developers to construct additional units. The City could also 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 \$640 for a two-bedroom and \$950 for a three-bedroom unit.

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

<u>Unit Type</u>	<u>No. of Units</u>	<u>Size/Sq. Ft.</u>	<u>Rent</u>
One Bedroom	2-3	750 - 850	\$625 - \$775
Two Bedroom	12-13	900 - 1,000	\$675 - \$925
Three Bedroom	6-8	1,100 - 1,200	\$825 - \$1,100
Total	20-24		

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

2. Promote the development/conversion of eight to 10 affordable market rate rental housing units

Findings: The previous recommendation had addressed the market potential to develop high quality rental units in Webster. Unfortunately, these units would tend to be beyond the financial capability of many area renters. A majority of Webster’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 Webster 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 Webster 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 eight to 10 units over the next five years would help to replace affordable housing that has been lost.

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

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

It is probable that the proposed rent structure for some units could only be obtained with financial commitments from other sources such as tax increment financing or property tax deferment 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 five subsidized projects, which have a combined 59 units. Three projects are general occupancy rental housing, and two projects are senior/disabled projects.

- ▶ **Pleasant View Apartments** - Pleasant View Apartments is a 32-unit HUD Public Housing subsidized senior/disabled project. The project includes five four-unit buildings. The 32 units include 30 one-bedroom units and 2 two-bedroom units. The project was constructed in 1975, however, the buildings have been renovated over the years. Tenants must be 55 or older or disabled.
- ▶ **Downtown Manor** - Downtown Manor is a 12-unit HUD senior/disabled project. All 12 units are one-bedroom units.
- ▶ **Hansen - 4 Developers, 608 W 3rd St** - The Hansen - 4 Developers project as 608 3rd Street. is a general occupancy Rural Development project with three one-bedroom units. The units were constructed in the late 1980s.

- ▶ **Hansen - 4 Developers, 213 E 13th Ave** - The Hansen - 4 Developers project at 213 E. 13th Ave. Is a general occupancy Rural Development project with eight one-bedroom units. The project was constructed in 1981.
- ▶ **Hansen - 4 Developers, 1400 E 1st St** - The Hansen - 4 Developers project at 1400 E. 1st St. is a four-unit Rural Development General Occupancy project constructed in the mid 1980s. There are 2 one-bedroom and 2 two-bedroom units.

Of the 59 subsidized units in Webster, 55 are one-bedroom and four units have two bedrooms. There are no subsidized three bedroom units in Webster, thus, subsidized housing opportunities for families is very limited.

The project at 25 Main Street, with eight units, converted from a subsidized project to a market rate project. Therefore, eight units were lost from the subsidized housing stock.

There are additional "deep subsidy" resources available to Webster 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 Webster is administered by the Webster Housing Authority. Ten Webster households were using a Voucher in November of 2014.

The 2012 American Community survey estimated that approximately 36% of all renters in the City of Webster 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 lack of two and three-bedroom family subsidized units in Webster and the loss of eight subsidized units due to conversion 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 with two and three bedrooms 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. Senior housing with services needs

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

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

- ▶ **Bethesda Home** - Bethesda Home is licensed as a 50-bed skilled nursing facility, located in Webster. The facility had one vacancy at the time of the survey and there is a waiting list. Fees are based on the level of services.
- ▶ **Heritage Village** - Heritage Village is a 24-unit independent/light services project. The 24 units include 12 one-bedroom and 12 two-bedroom units. Rent ranges from \$697 to \$1,400 based on the size of the unit, meal plan, etc. The base rent includes a noon meal, continental breakfast and 24-hour emergency call system. Tenants can make arrangements to purchase additional services. The staff reported several vacancies at the time of the survey. The exact number of vacancies was not provided.

- ▶ **Sun Dial Manor** - Sun Dial Manor is a 37-bed nursing home located in Bristol. The facility was constructed in 1968. At the time of the survey, there were two vacant beds.
- ▶ **Johnson Assisted Living Center** - The Johnson Assisted Living Center is an assisted living project located in Bristol. The facility has 10 private rooms and three double rooms with a total capacity of 13 residents. The facility provides the full array of senior services including meals, laundry, medication assistance, bathing, 24-hour staffing, etc. Rent and fees range from \$2,950 to \$3,750 based on single or double occupancy. The rent and fees for a couple are \$5,600. The facility has no vacancies, but a staff report that this is the first year that the facility has been fully occupied.
- ▶ **Strand Kjorsvig Community Rest Home** - The Strand Kjorsvig Community Rest Home is a 36-bed nursing home located in Roslyn. The facility was constructed in 1957. Two of the 36 beds have been designated for assisted living. Also, the facility has flexibility to convert additional nursing home beds to assisted living beds if there is a demand for additional assisted living units. Rent and fees are based on the level of services. At the time of the survey, the facility had no vacancies.

Recommendation: To determine future senior with services housing demand in Webster, we determined that Webster’s market for senior with services housing includes all of Day County. In 2010, Day County had 587 people between the age of 65 and 74 and 722 people over the age of 75. Older seniors, age 75 and above, are more likely than younger seniors to access housing with services.

The age-based growth projections from ESRI do show some growth between 2010 and 2019 in the County’s senior population. However, all of this growth is due to younger seniors, ages 65 to 74. ESRI projects a small decrease in the number of older seniors, age 75 and above through the year 2019.

- ▶ **Skilled Nursing Home** - The research for this Study points to a decreasing reliance on nursing homes as a long-term residency option for older senior citizens. Over time, the nursing homes have tended to use more beds for rehab/recovery stays, or other specialized uses.

The three existing nursing homes have a combined 121 skilled nursing beds available in 2014. While some of these beds may be vacant, or used for shorter-term rehab/recovery stays, the existing beds would need to capture more than 16% of all older seniors in Day County to achieve full occupancy. In the opinion of the analysts, this is a very high capture rate, although occupancy rates tend to be high in each of the facilities.

No recommendations are offered for this type of specialized housing. There has been a long-standing State moratorium that limits expansion in most cases. Day County has a large number of beds in this specialized care segment and three well-established providers.

- ▶ **Memory Care Housing** - There are no designated memory care beds in Day County. However, all three nursing homes do have a significant number of residents with dementia and memory loss. The nursing homes are significantly addressing the need for memory care beds. Due to costs and care services required for memory care, much of the demand for this type of housing in South Dakota is met by existing nursing homes.

Local providers do report some unmet demand for this type of specialized housing. If a capture rate of 1.5% to 2% of the older senior population is applied, Day County would need between 10 and 14 memory care beds in the year 2019. With the assumption that some of this demand will continue to be met within existing senior facilities, we recommend the development of eight to 10 beds specifically designed for people with advanced memory care needs.

- ▶ **Assisted Living** - Currently, there are 18 assisted living beds in Day County. Johnson Assisted Living Center is located in Bristol and has 13 assisted living rooms including 10 private rooms and three double rooms, for a total of 16 beds. The Strand Kjorsvig Community Rest Home in Roslyn has designated two beds for assisted living and has the flexibility to convert additional nursing home beds to assisted living beds if there is a demand. Heritage Village tenants in Webster can privately purchase additional senior services, although not to the level of assisted living.

In the year 2010 there were 722 older seniors in Day County. With some ongoing decrease through the current decade, approximately 700 older seniors are probably present in 2014. This would include as many as 120 seniors already living in skilled nursing homes, or seniors that would be candidates for higher-service memory care housing. This would yield a potential target market of approximately 580 older seniors for specialized assisted living. If a capture rate of 5% is applied, this would yield demand potential for up to 29 beds/units. Currently, the County has 18 assisted living beds, located in Bristol and Roslyn. While there is some unmet demand, for 10 to 12 units/beds, this may not be sufficient for a new facility. It should also be noted that some of the unmet demand is probably being addressed through the large number of nursing home beds in the County.

In the opinion of the analysts, an assisted living facility in Webster would probably be successful, as it is the best location for assisted living in the County. A larger project in Webster with more than 10 or 12 beds would have a competitive advantage and would probably have a negative impact on other assisted living facilities operating elsewhere in the County. We would therefore recommend that the need for a larger-scale project with more than 10 to 12 additional assisted living beds should be monitored.

- ▶ **Independent/Light Service Housing** - Currently, there is one independent/light service project in Day County. Heritage Village is located in Webster and has 24 units. At the time of the survey, Heritage Village had several vacancies. Although Heritage Village is considered to be an independent living project, tenants have access to a noon meal and continental breakfast through the adjacent nursing home.

For more independent senior housing, market potential is typically compared to senior-headed households, and no adjustment is required for people already living in group quarters housing. In 2014, an estimate 450 to 460 County households have a head of household age 75 or older. However, by 2019, it is probable that only 430 older senior households will be present. If a 5% capture rate could be achieved among older senior households, approximately 21 to 23 units of market rate independent lighter services housing could be supported. More units could be justified if a higher capture rate is achieved within the primary target market.

With 24 units in Heritage Village, Day County already appears to have an adequate supply of independent/light services senior housing. If occupancy rates improve at Heritage Village, and evidence of unmet demand begins to appear, then some additional construction could be justified, but with unused capacity in 2014, we would recommend that this segment of the market be monitored.

The supply and demand overview presented above indicates potential demand for both memory care units/beds and some additional assisted living units. The recommendations have generally looked at overall demand, not competitive positioning for individual projects. We view Webster as the best possible location for specialized senior housing in Day County. It is very likely that more units could be successfully constructed in Webster than we have recommended. However, this would probably reduce occupancy rates in existing Day County projects. It is also possible that a developer may view an even larger market area, which extends beyond the County borders, as creating a potential demand for units in Webster.

The purpose of these recommendations is to provide general guidance to potential development options. A developer or existing senior with services facility planning a specific project should have a project-specific study conducted which specifically examines the market segment being targeted.

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.

New mixed use projects have been developed in several cities comparable to the size of Webster. 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 Webster 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 tax increment financing, tax abatement, 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 in Day County by the Aberdeen Housing Authority. There currently is a waiting list to obtain a Housing Choice Voucher, however, there are preferences for seniors, disabled and families. The Aberdeen Housing Authority has the ability to issue approximately 375 Vouchers in a five-county area. At the time of the research for this Study, 10 Webster renter households were utilizing the Housing Choice Voucher Program.

Recommendation: The Webster Housing Authority, Day County Housing Development and Webster rental property owners should work with the Aberdeen Housing Authority to assure that renter households are aware of the Housing Choice Voucher Program and have to the opportunity to apply for a Voucher.

Webster - Home Ownership

Home Ownership

Findings: Expanding home ownership opportunities is one of the primary goals for most cities. High rates of home ownership promote stable communities and strengthen the local tax base. The median owner-occupied home value in Webster is estimated to be approximately \$75,000 based on sales activity from November 1, 2012, to March 31, 2014. The home values in Webster provide a good opportunity for first time buyers and households seeking moderately priced homes.

Our analysis of Webster demographic trends shows an increasing number of households in the traditionally strong home ownership age ranges between 54 and 74 years old. The 20 to 34 age ranges will also have an increase in households over the next five years. Many of these younger households are first-time home buyers. Some households in these age ranges as well as other age ranges that have not been able to achieve the goal of home ownership may need the assistance of special programs to help them purchase their first home.

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

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 Webster 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 Webster 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: Webster 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 Webster, Day County Housing Development and the Webster Housing Authority should also work with housing agencies to assure that they are receiving their share of resources that are available in the region.

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

8. Develop a Purchase/Rehabilitation Program

Findings: Webster has a stock of older, lower valued homes, many of which need repairs. Our analysis of recent sales activity indicates that approximately 50% of the homes in Webster 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 Webster 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.

Additionally, based on our interviews, private individuals are purchasing homes in Webster, 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.

Webster - Single Family Housing Development

Single Family Housing Development

Findings: Based on City information, Webster has experienced a limited amount of single family housing development from 2000 to 2013. Over the past 14 years, approximately 31 single family owner-occupied units have been constructed in Webster. This is an average of approximately two to three owner-occupied units constructed annually in Webster. There has, however, been a significant number of homes constructed in Day County rural and lake areas.

Much of the new single family construction occurred between 2000 and 2006. During this seven-year period, the City averaged three to four new single family housing units per year. From 2007 to 2013, housing construction activity slowed, and the City has averaged less than one new unit per year from 2008 to 2013.

Limited household growth is projected for Webster over the next five years. However, it is our opinion that if the City, housing agencies, economic development agencies, and builders are proactive, five to eight homes can be constructed or moved into Webster annually from 2015 to 2020.

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

▶ Higher and Median priced homes	1-2
▶ Affordable Homes	1-2
▶ Twin homes/Town homes	<u>2-3</u>
Total	5-8

9. Lot Availability

Findings: As part of this Study, we attempted to identify the inventory of available residential lots for single family housing construction in Webster. Buildable lots are defined as having sewer and water available to the lots

It appears that there are only a few miscellaneous 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. There are also lots available in a newer subdivision outside of the city limits.

Recommendation: We use a standard that a 2.5-year supply of lots should be available in the marketplace, based on annual lot usage. Using our projections that five to eight houses will be constructed or moved in annually, an adequate supply of lots would be 13 to 20 lots. Therefore, there currently is an inadequate number of lots in Webster.

The City of Webster, the Webster Area Development Corporation, Day County Housing Development, and private developers should plan for future subdivision and lot development.

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

10. Develop a new housing subdivision

Findings: The City of Webster has a shortage of lots for new home construction. Currently, the only available buildable lots are potentially a few infill lots. An average of two homes has been constructed in Webster annually over the past 14 years. It is our opinion that five to eight units can be constructed annually in Webster over the next five years.

Recommendation: We recommend the development of a 10 to 12-lot subdivision in Webster based on the following:

- ▶ **Subdivision Phasing** - It is our opinion that there is potential to construct two to three homes annually in the subdivision. It may be advantageous to develop the subdivision in phases based on the projected homes that will be constructed annually. The subdivision, if possible, should also allow for future phases beyond the 10 to 12 lots.

- ▶ **Lots for attached and detached housing units** - Lots should be available in the subdivision for both attached and detached single family homes. The lots for attached twin homes/town homes should be clustered.
- ▶ **Amenities** - The subdivision must have as many amenities as is financially feasible. Potential amenities include sidewalks, landscaping, trails, playgrounds, a pond, lighting, etc.
- ▶ **User-Friendly** - The lot purchase and homebuilding process must be 'user friendly.' This includes the construction of spec homes, and builders who are readily available to build custom homes.
- ▶ **Need for competitive pricing** - There is not a strong demand for lots in Webster. To be competitive, lot prices in the new subdivision will need to be competitively priced. The actual price for each lot should be based on location, size of the lot, etc.
- ▶ **Plan for long-term absorption** - The research completed for this Study expects limited annual absorption of lots in the new subdivision. We are projecting the construction of two to three homes annually. It is therefore necessary to view the development of the subdivision as a long-term plan.
- ▶ **Generating initial activity** - The first households electing to build a home in the new subdivision may have concerns about the long-term future of the subdivision. It will be necessary to initially generate some level of attractive home construction within the subdivision, to help assure future buyers. This may require very proactive efforts, such as the initial sale of some lots at deeply discounted prices, provided the buyer agrees to build a home of a certain quality and style within one year. This will help to define the look of the neighborhood, as well as create some momentum for more houses to be built.
- ▶ **Consider developing an exclusive builder(s) relationship** - A block of lots could be sold to a builder or builders. Momentum can be created when a builder has access to several lots. This allows for marketing opportunities and efficiencies in the home building process. It should be assumed, however, that the builder is obligated to constructing a minimum number of homes per year. Builders are more willing to enter a market when the lots are attractive and very affordable. A block of lots available to an exclusive builder or developer should be explored, even if significant price concessions are required.

- ▶ **Consider partnerships that share and split financial risk between developer and city** - Given the limited demand that has been evident within Webster over the past several years, it is difficult to recommend that any speculative homes be constructed. Spec houses could potentially attract a buyer that is not interested in going through the home building process, but instead wants a turnkey unit. A spec home can also serve as a model, allowing potential home buyers to examine specific floor plans and features in the home before committing to buy. In an attempt to spur spec home construction, some communities have formed partnerships with private home builders to share the financial risks. For example, cities have been willing to defer any water/sewer hook up fees, special assessment payments and building permit fees until the home is sold. A more aggressive approach is to become directly involved in helping cover the payments on a home builder's construction loan, if the house does not sell within a reasonable period of time. A community risk pool would need to be established for this type of activity. These types of approaches would somewhat reduce the builder's risk, by lowering the upfront development costs.
- ▶ **Allow for a range of house prices** - The lots should be available to as wide a range of home sizes and prices as possible, without compromising the subdivision.
- ▶ **Marketing** - A comprehensive marketing strategy to sell the lots. All stakeholders including realtors, financial institutions, builders, employers, etc. should be included in marketing strategies. In addition to marketing the lots, the City of Webster and its amenities should be marketed.

11. Consider the development of City of Webster 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 Webster 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 Webster, including the Webster Housing Authority, Day County Housing Development, Grow South Dakota, and HAPI, Inc. 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 Webster to actively work with economic development and housing agencies, nonprofit groups and the private sector to develop affordable housing.

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

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

13. Promote twin home/town home development

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

In many cities the size of Webster, approximately 20% to 25% of the new ownership housing constructed are twin homes/town homes. In Webster, since 2000, almost no new ownership housing has been in twin homes/town homes.

In 2010, Webster had 269 households and Day County had 905 households in the 55 to 74 age ranges. These age ranges are expected to have a net increase of 52 households in Webster and 126 households in Day County from 2010 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.

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

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

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

Webster's role could include assuring that adequate land continues to be available for development and that zoning allows for attached housing construction. Day County Housing Development's role could be to assist with identifying and acquiring sites.

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.

14. Develop a lot inventory/acquire parcels

Findings: Day County Housing Development is interested in developing new rental and ownership housing in Webster. Day County Housing Development is also interested in eliminating dilapidated housing from Webster neighborhoods and Webster's housing stock.

Day County Housing Development board members have been researching the availability of vacant lots, vacant houses and dilapidated houses for acquisition.

Day County Housing Development currently owns several lots in Webster and elsewhere in Day County.

Recommendation: We recommend that Day County Housing Development continue to research the availability of potential development sites and develop a site inventory.

We also recommend that Day County Housing Development establish a fund to purchase sites that have the most potential for future development. There are numerous examples of infill development in cities including single family homes, twin homes/town homes, small apartment buildings, etc.

Day County Housing Development should also continue to work with the City of Webster to assure that zoning requirements are 'user friendly' in allowing infill development and neighborhood revitalization.

Webster - Housing Rehabilitation

Housing Rehabilitation

Findings: Webster 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 Webster 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 Webster 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 in the City of Webster.

15. Promote rental housing rehabilitation

Findings: Based on the U.S. Census data, the City of Webster had approximately 329 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 most of these rental structures are more than 25 years old and some rental units are in poor condition.

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

Recommendation: The City of Webster 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, HAPI, Inc., the South Dakota Housing Development Authority and the Federal Home Loan Bank.

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

16. Promote owner-occupied housing rehabilitation efforts

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

Our housing condition survey of 572 homes in three of Webster's older neighborhoods found 175 homes that need minor repairs and 136 homes that need major repairs. Without rehabilitation assistance, the affordable housing stock will shrink in Webster.

Recommendation: We recommend that the City of Webster, Day County Housing Development and the Webster Housing Authority 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, Grow South Dakota and HAPI, Inc., are potential funding sources.

Grow South Dakota and HAPI, Inc., currently have several housing programs to assist households with the rehabilitation of their homes. Also, Grow South Dakota provides Weatherization funds for Webster and Day 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 Webster households to utilize these housing rehabilitation programs.

17. Develop a Neighborhood Revitalization Program

Findings: The City of Webster has several neighborhoods that are on the bubble. These neighborhoods have a significant number of homes that need rehabilitation or should be demolished. These neighborhoods also have a significant number of low/moderate income households. The neighborhoods could deteriorate or could be revitalized to continue to be strong vital neighborhoods.

Recommendation: Over the years, the City of Webster has been active in housing and neighborhood revitalization projects including housing rehabilitation, the demolition of dilapidated housing, the development of new housing and public facility improvements. We recommend that the City of Webster, area housing agencies, and the private housing sector continue these efforts and select a neighborhood and develop and implement a Neighborhood Revitalization Program. Potentially, the neighborhood could be a consolidation of the three neighborhoods that were surveyed.

Redevelopment strategies and opportunities should be identified including:

- ▶ A plan for each parcel in the neighborhood
- ▶ Owner-occupied rehabilitation
- ▶ Rental Rehabilitation
- ▶ Demolition of dilapidated structures
- ▶ Infill new construction including single family homes and attached housing
- ▶ Land pooling for larger town home and attached housing projects
- ▶ Purchase/Rehabilitation Programs that rehabilitate homes and provide home ownership for low/moderate income households
- ▶ Public projects (streets, utilities, parks, etc.)
- ▶ Consider rezoning, variances and/or replatting to make areas and parcels more desirable for redevelopment
- ▶ Programs that encourage energy conservation
- ▶ Other projects identified through the planning process

The Neighborhood Revitalization Plan should include time lines, responsible City Department or Housing Agency, funding sources, etc. The Program should be evaluated on an ongoing basis as opportunities and potential projects may change priorities. As a neighborhood is revitalized, a new neighborhood can be selected for revitalization.

It must be noted that neighborhood revitalization can result in the loss of affordable housing. Redevelopment projects, infill construction and other affordable housing projects in the community should assure that there are overall net gains in the affordable housing stock.

18. Develop a Rental Inspection and Registration Program

Findings: A Rental Inspection and Registration Program can be a valuable tool in improving the quality of the City's rental housing. It is estimated that there are approximately 329 rental units in the City of Webster, most of which are more than 25 years old. There are also a significant number of single family homes that have converted from owner-occupied to rentals. Neighborhood deterioration, lower property values and unsafe rental units are often prevented when a Rental Housing Inspection and Registration program is successfully implemented. Also, our housing condition survey identified substandard rental units.

The need for an ongoing Rental Inspection and Registration Program includes the following:

Health and Safety

- ▶ There is a need to provide tenants with safe, sanitary, and standard living conditions and to eliminate life threatening hazards.

Age of Housing Stock

- ▶ Much of the existing rental housing stock in Webster is more than 25 years old.
- ▶ Older housing needs continued rehabilitation and maintenance.
- ▶ Older housing often has difficulty complying with current codes.

Conversions

- ▶ Some of the rental buildings were originally constructed for other uses, including single family homes converted into multiple units, or commercial buildings converted to residential use. In conversion, owners often do the work themselves and have inadequate or faulty mechanical, electrical, plumbing, and heating systems. Also, constructing an apartment in the basement often results in a lack of natural lighting, ventilation and proper access and egress.

Trends of Conversions

- ▶ Many of today's buyers want more amenities and conveniences, and less maintenance, thus, they are less likely to purchase older homes. Also, there was an increase in foreclosures during the recession. These issues result in the continuation of converting old homes to rental units and magnify the problem.

Maintenance Efforts

- ▶ A large number of landlords are providing standard housing and reinvesting in their rental properties. However, some landlords do not maintain their buildings. Ongoing maintenance is necessary for older housing as buildings with continued deferred maintenance become unsafe and substandard.

High Number of Landlords

- ▶ Webster has a significant number of rental property owners. Many of these landlords do an excellent job; however, some absentee landlords do not reinvest in their properties, and create a need for the program.

Neighborhood Stabilization

- ▶ Rental units need to be maintained to keep the integrity of the neighborhood and stabilize property values. Deferred maintenance, parked junk cars, trash and debris all have a negative impact on residential neighborhoods.

Zoning and Codes

- ▶ Illegal apartments such as inappropriately constructed basement apartments may be unsafe and a violation of zoning regulations.

Coordination

- ▶ A Rental Inspection and Registration Program provides a record of rental units and owners.
- ▶ The program provides a better opportunity for coordination of city programs and codes.

Recommendation: We recommend the development and implementation of the Rental Inspection and Registration Program to assure that all rental units in Webster comply with housing laws and codes. The Program assures that Webster rental units are safe and sanitary, thus, removing blighted and unsafe conditions.

Webster - Other Housing Initiatives

Other Housing Initiatives

19. Continue to acquire and demolish dilapidated structures

Findings: Our housing condition survey identified 42 single family houses in three of the City's oldest neighborhoods that are dilapidated and too deteriorated to rehabilitate. We also identified 136 single family houses in Webster 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: Webster and Day County Housing Development are 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.

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

Findings: Webster will continue to need staff resources in addition to existing City, Day County Housing Development and Webster Housing Authority staff to plan and implement many of the housing recommendations advanced in this Study. The City of Webster has access to Grow South Dakota, HAPI, Inc., the South Dakota Housing Development Authority and USDA Rural Development. These agencies all have experience with housing and community development programs.

Recommendation: Webster 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 Webster 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.

21. Encourage employer involvement in housing

Findings: The City of Webster 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 Webster'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.

22. Promote Commercial Rehabilitation and Development

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

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 Webster and the Webster Area Development Corporation continue to work with commercial property and business owners to rehabilitate their buildings. Also, new businesses should continue to be encouraged to locate in Webster.

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

23. 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 Webster, Day County Housing Development, the Day County Development Corporation and the Webster Housing Authority, have been active in promoting and marketing housing. We recommend the continuation or consideration of the following:

- ▶ Determine the City's strengths and competitive advantages and heavily promote them
- ▶ Continue to create marketing materials that can be distributed regionally (including internet, TV, radio, etc.)
- ▶ Work closely with employers (Webster and the entire region) to provide employees with housing opportunities in Webster
- ▶ 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.

24. Competition with Other Jurisdictions

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

Recommendation: The City of Webster 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
- ▶ Provide attractive lots at an affordable price for a variety of home sizes, styles and price ranges
- ▶ Provide financing mechanisms for households to build new homes, purchase existing homes and to rehabilitate older homes
- ▶ Preserve the quality of existing neighborhoods through the rehabilitation of substandard housing and the demolition of dilapidated structures that are beyond repair

- ▶ Develop new housing choices that serve life-cycle housing needs, such as new rental housing, twin homes, senior housing, etc.
- ▶ Publicize and market Webster throughout the Region and among the employers and employees in Webster 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:

Grow South Dakota

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

Homes Are Possible, Inc.

318 S. Main
Aberdeen, SD 57401
(605) 225-4274

South Dakota Housing Development Authority

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

USDA Rural Development

524 Enterprise Street South
Aberdeen, SD 57401
(605) 226-3360

Aberdeen Housing Authority

310 Roosevelt Street
Aberdeen, SD 57401
(605)226-2321