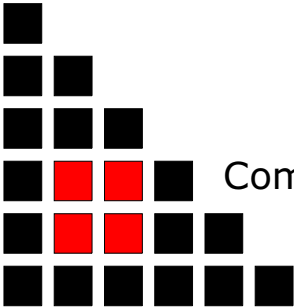


City of Willow Lake HOUSING STUDY

March 2021

An analysis of the overall housing needs
of the City of Willow Lake, SD



Community Partners Research, Inc.

Faribault, MN

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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 Willow Lake and Clark County are privately owned and were constructed with private funds. On an increasing scale, however, the public is demanding that public officials control what happens in this largely private housing market by eliminating blight, protecting individual investments, and generating new housing growth to meet economic development needs.

Community Partners Research, Inc., was hired by Choose Clark County to conduct a study of the housing needs and conditions in the cities and towns in the County. Separate documents have also been prepared for the City of Clark and for the towns in the County.

Goals

The multiple goals of the study include:

- ▶ Provide current demographic data
- ▶ 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 October 2020 to February 2021. Data sources included:

- U.S. Census Bureau
- American Community Survey
- Applied Geographical Solutions, Inc., a data reporting service
- Esri, Inc., a data reporting service
- Records and data from the City
- Records and data maintained by Clark County
- Interviews with City officials, community leaders and housing stakeholders

- Area housing agencies
- State and Federal housing agencies
- Rental property owner survey
- Housing condition survey

Limitations

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

During the course of the research for this project, a global pandemic occurred, which has had immediate and widespread impacts, including on economic, housing and educational conditions. The longer-term impacts of the pandemic cannot be predicted, and the analysts have proceeded with the best information available at the time of the research.

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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. The 2010 Census provides much of the base data for population and household trends.

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. However, the American Community Survey is based on sampling data and there is a margin of error that exists for each estimate. The following tables incorporate the 2019 American Community Survey data, when viewed as reliable.

The frequency of American Community Survey estimates vary depending on the size of the jurisdiction. For most jurisdictions in South Dakota, the 2019 estimates were derived from sampling that was done over a five-year period, between 2015 and 2019.

In addition to the detailed tables in the American Community Survey, the Census Bureau also issues a separate population estimate for cities, towns and counties. However, this is limited to total population, with no additional demographic details. These population estimates are for 2019.

The Governor's Office of Economic Development provides demographic profile information for cities, towns and counties supplied by Applied Geographic Solutions (AGS), a private company.

Prior to using AGS, the State had used a similar provider, Esri, Inc., for demographic data. The analysts have examined both of these sources in some of the tables that follow for current-year estimates and future projections.

In addition to providing demographic information for Willow Lake, comparative information has often been provided for all of Clark County.

Population Data and Trends

Table 1 Population Trends - 1990 to 2020						
	1990 Census	2000 Census	% Change 1990-2000	2010 Census	% Change 2000-2010	2020 Esri Estimate
Willow Lake	317	294	-7.3%	263	-10.5%	265
Clark County	4,403	4,143	-5.9%	3,691	-10.9%	3,791

Source: U.S. Census; Esri

- ▶ There are two available population estimates for Willow Lake in 2020, Applied Geographic Solutions (AGS) and Esri.
- ▶ Esri estimated the City’s population at 265 people in 2020, up by two people, or 0.8% from the 2010 Census.
- ▶ AGS showed the City with 240 residents in 2020, a decrease of 23 people, or -8.7% from the 2010 Census.
- ▶ The Census Bureau also issues an annual population estimate for jurisdictions, although the most recent estimated was for July 1, 2019. According too this source there were 243 people living in Willow Lake, down by 20 people from 2010 to 2019.
- ▶ While Esri shows stability in the community, the other two sources show a loss of residents living in Willow Lake over the past decade. Longer-term there has been a reduction in the City’s population, as the City lost 23 residents in the 1990s and 31 people from 2000 to 2010.
- ▶ For all of Clark County, the population estimate from AGS shows that 53 people were added between 2010 and 2020, for an increase of 1.4%.
- ▶ According to Esri, there were 3,791 people living in Clark County in 2020. If accurate, this source would show that the County’s total population level has increased by 100 people since 2010.
- ▶ The Census Bureau, in their 2019 population estimate, shows a generally similar count for 2019, with 3,736 people in Clark County in 2019, up by 45 people from 2010.

- ▶ All three of the estimating sources show some population growth for Clark County since 2010, reversing a long-term pattern of population loss. However, this growth is primarily being attributed to the rural portions of the County.

Group Quarters

- ▶ There were no group quarters residents living in the City of Willow Lake at the time of the 2010 Census.

Race/Ethnic Origin

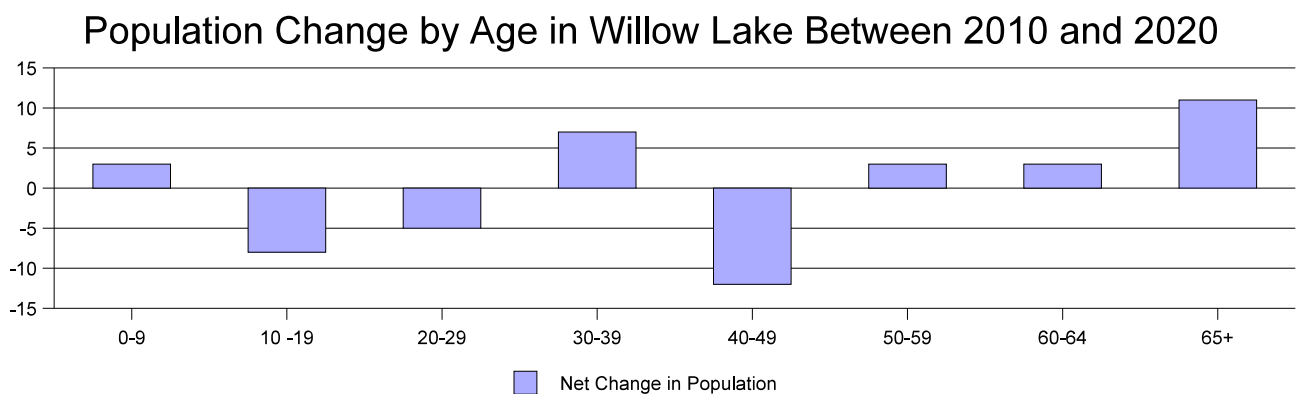
- ▶ According to the estimates from Applied Geographic Solutions, nearly 92% of the residents of Willow Lake were White for race in 2020, and just over 4% were of Hispanic/Latino ethnicity. Due to the small number of racial or ethnic minority populations in the City, no additional demographic information will be provided in this Study.

Population by Age Trends: 2010 to 2020

The 2020 population estimate from Esri included information on the age distribution of residents. This information can be compared to the age patterns present at the time of the 2010 Census.

Table 2 Population by Age - 2010 to 2020			
Age	Willow Lake		
	2010	2020	Change
0-9	30	33	3
10-19	48	40	-8
20-29	31	26	-5
30-39	15	22	7
40-49	37	25	-12
50-59	37	40	3
60-64	16	19	3
65+	49	60	11
Total	263	265	2

Source: U.S. Census; Esri



The age-based population estimates from Esri show some change in the age distribution patterns for the City over the past decade. However, with a total population change of only two residents, the changes have been very limited in many of the defined age ranges in the community.

It is important to note making estimates in a small community can be difficult, and a margin of error could apply. The 2020 Census count, which will be released in 2021 will establish a new demographic benchmark for cities and towns.

As estimated by Esri, Willow Lake had minor growth in the number of younger children, under the age of 10. However, there was a decrease of children between 10 and 19 years old, resulting in a small reduction of residents under the age of 20.

There was some minor growth in the adult age group between 30 and 39 years old, but this was the only younger adult group to increase in size. Overall, these estimates show a net reduction of 10 people between the ages of 20 and 49 years old.

There was some growth in the older adult ranges. According to Esri, the City added 17 residents age 50 and older between 2010 and 2020.

Population Projections

Population projections to the year 2025 for the City of Willow Lake and Clark County exist from both Applied Geographic Solutions and Esri. These projections have been compared to the respective 2020 estimates.

Table 3 Population Projections Through 2025						
	Applied Geographic Solutions			Esri		
	2020 Estimate	2025 Projection	Change	2020 Estimate	2025 Projection	Change
Willow Lake	240	260	20	265	263	-2
Clark Co.	3,744	3,929	185	3,791	3,772	-19

Source: Applied Geographic Solutions; Esri

- ▶ AGS is projecting an increase in the number of residents in Willow Lake over the next five years. This source shows the City adding 20 people between 2020 and 2025. However, AGS has been tracking population loss in Willow Lake in the past, and the projected growth going forward simply reverses most of the recent loss.
- ▶ Conversely, Esri is projecting a minor population decrease for Willow Lake, with a loss of 2 people over the 5-year period. However, this largely continues Esri’s belief that the City’s population level has remained stable.
- ▶ Despite the different trends that are implied by the numeric changes, both AGS and Esri have an almost identical population level in Willow Lake in 2025. The City’s population at the time of the 2010 Census was 263 people. Esri’s projection of 263 people in 2025 shows no change from 2010, while the AGS projection of 260 people shows a reduction of only three residents over the 15-year time period.
- ▶ There are greater differences in the projections for all of Clark County. AGS is projecting a net gain of 185 permanent residents between 2020 and 2025. Although communities including Clark and Willow Lake will represent some of this expected growth, most of the County’s population increase is expected in the rural townships.
- ▶ Esri shows a relatively stable population level Countywide, with an average loss of less than four people per year between 2020 and 2025.

Household Data and Trends

Table 4 Household Trends - 1990 to 2020						
	1990 Census	2000 Census	% Change 1990-2000	2010 Census	% Change 2000-2010	2020 Esri Estimate
Willow Lake	144	126	-12.5%	115	-8.7%	120
Clark County	1,700	1,598	-6.0%	1,445	-9.6%	1,532

Source: U.S. Census; Esri

- ▶ The Esri estimate shows 120 households in Willow Lake in 2020, up by five households from the 2010 Census total.
- ▶ The AGS estimate for Willow Lake in 2020 is 86 households, down by 29 households when compared to the 2010 Census. Over the 10-year period this represents an annual average loss of three households per year.
- ▶ In the opinion of the analysts, the 2020 AGS estimate is not reliable. There is no supporting evidence for household losses at this level.
- ▶ It is possible that Willow Lake has added five households, as estimated by Esri. However, there were only two new housing units constructed in Willow Lake over the past decade. For additional household growth to have occurred, a few units that were vacant at the time of the 2010 Census would have been occupied in 2020.
- ▶ If the Esri estimate is accurate, the household count in Willow Lake has changed very little in recent decades. In the 1990s, the City lost 18 households, but since the year 2000, the Esri estimate shows only six households have been lost.
- ▶ The total household count for Clark County in 2020 was almost unchanged from the level recorded in the 2010 Census, according to AGS.
- ▶ The household estimate from Esri for 2020 showed Clark County with 1,532 households. If accurate, the County had added 87 households between 2010 and 2020.
- ▶ In recent decades, Clark County had been losing households. In the 1990s, the County lost an average of approximately 10 households per year. From 2000 to 2010, as the County averaged a loss of approximately 15 households per year. If the 2020 estimates are accurate, the annual loss of households has stopped, and the County may have actually added households since 2010.

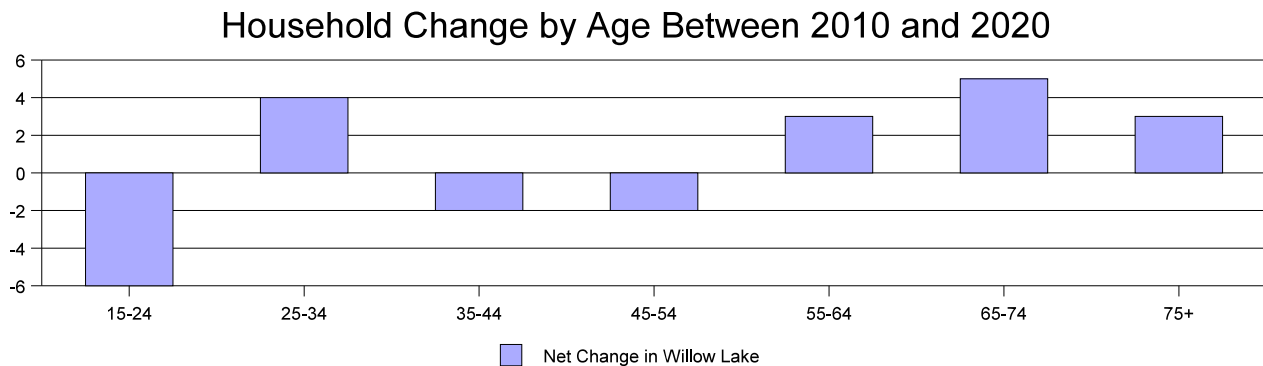
Household by Age Trends: 2010 to 2020

The following table compares households by age from the 2010 Census and 2020 estimates from Esri. This information is for the City of Willow Lake.

Table 5 Willow Lake Households by Age - 2010 to 2020			
Age	2010	2020	Change
15-24	11	5	-6
25-34	6	10	4
35-44	12	10	-2
45-54	25	23	-2
55-64	21	24	3
65-74	15	20	5
75+	25	28	3
Total	115	120	5

Source: U.S. Census; Esri

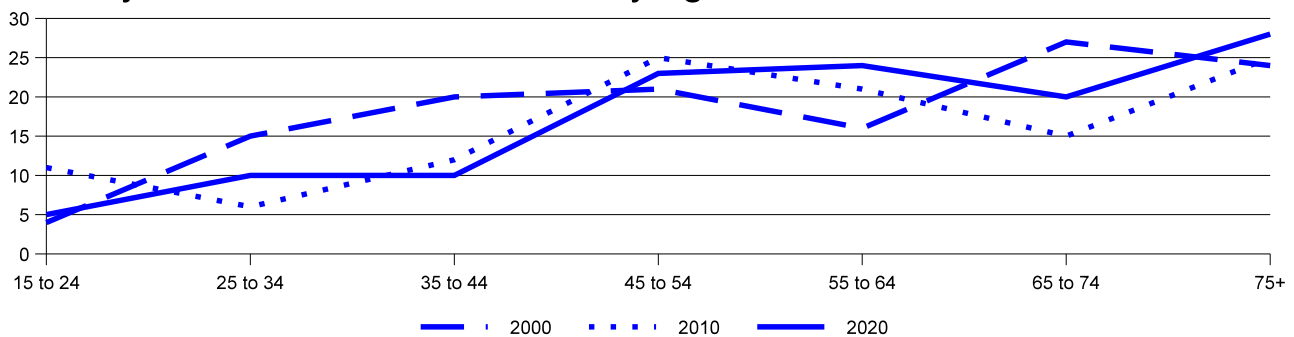
The age-based household estimates provided by Esri show very limited change in the defined ranges from 2010 through 2020 in the City of Willow Lake. The largest numeric growth was in the combined age ranges 55 and older. Most of the younger adult ranges showed some reduction in the number of households.



Overall there was only a minor increase in the total number households in Willow Lake. If aggregated into larger groupings, Esri believes there was an increase of 11 households age 55 and older. However, in the age ranges 54 and younger, an estimated net loss of six households occurred. Much of this was attributed to fewer young adult households under the age of 25.

It is possible to track the age progression patterns of households back to the year 2000 to view the changes over time.

City of Willow Lake Households by Age of Householder: 2000 to 2020



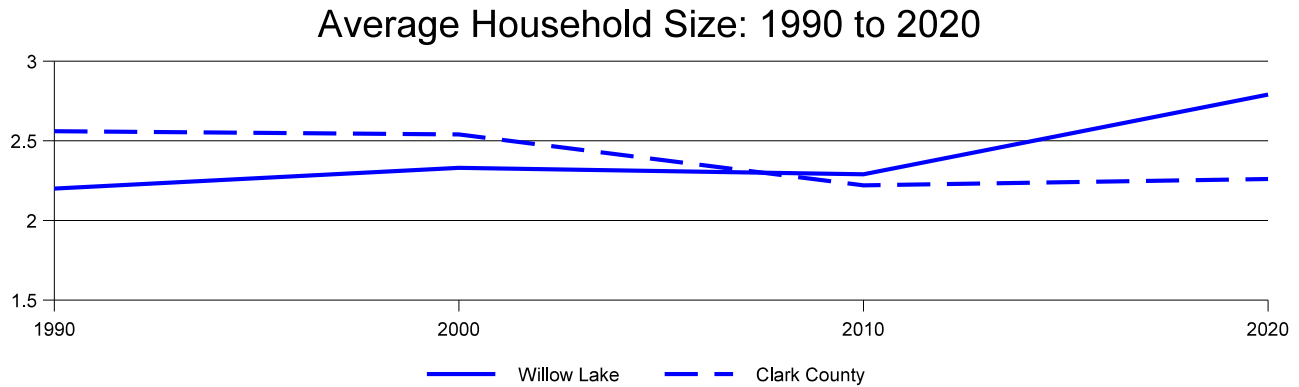
Average Household Size

The following table provides decennial Census information on average household size, along with the 2020 estimate from AGS.

Table 6 Average Number of Persons Per Household: 1990 to 2020				
	1990 Census	2000 Census	2010 Census	2020
Willow Lake	2.20	2.33	2.29	2.79
Clark County	2.56	2.54	2.22	2.26

Source: U.S. Census; AGS

In most jurisdictions there has been a steady decrease in average household size over the past several decades. This has often 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. While this pattern of smaller households was evident in Willow Lake and Clark County between 2000 and 2010, the most recent estimates show a recent reversal, with the average household sizes growing larger by 2020.



The AGS estimate of 2.79 persons per household in Willow Lake in 2020 is up significantly from 2.29 persons in 2010. However, an alternate estimate from Esri shows the average household size in 2020 at only 2.21 persons, down slightly from 2010.

For Clark County, the AGS estimate of 2.26 persons per household in 2020 is up slightly from the 2.22 persons recorded by the 2010 Census. The Esri estimate for Clark County shows an average household size of 2.16 persons in 2020, down from the 2010 Census level.

Household Projections

Household projections for the five-year time period spanning the years 2020 through 2025 are available from AGS and Esri for the City of Willow Lake and Clark County. Household growth directly impacts the demand for housing.

Table 7 Household Projections Through 2025						
	AGS			Esri		
	2020 Estimate	2025 Projection	Change	2020 Estimate	2025 Projection	Change
Willow Lake	86	79	-7	120	121	1
Clark Co.	1,443	1,263	-180	1,532	1,551	19

Source: AGS, Esri

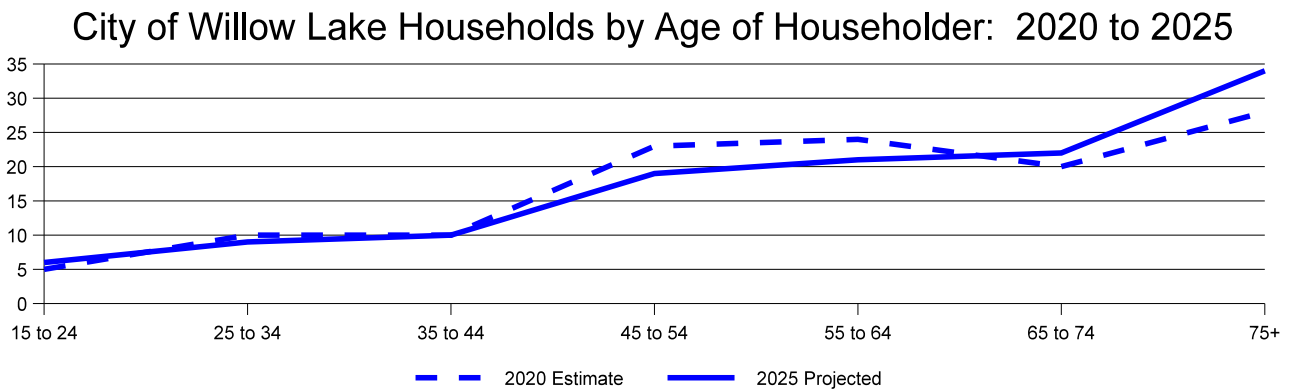
- ▶ AGS is projecting that Willow Lake will lose 7 households from 2020 to 2025, or an annual average of approximately 1 to 2 households per year over the 5-year period. However, the analysts do not view the AGS data as reliable. In 2020, it is probable that the City has substantially more households than estimated by this source.
- ▶ Esri’s projection for the City of Willow Lake expects relative stability, with the anticipated gain of one household through 2025. This would be consistent with their estimate since 2010 which also shows limited growth in the number of households in Willow Lake.
- ▶ The AGS projection for Clark County expects the loss of 180 households, or approximately 36 households per year over the 5-year time period. For the County, this annual numeric loss would be much greater than the AGS estimate for the time period from 2010 to 2020, which showed stability Countywide.
- ▶ Esri is projecting some limited household growth for Clark County, with the expected addition of 19 households over the 5-year projection period.
- ▶ In the opinion of the analysts, the projections from Applied Geographic Solutions are not reliable, as no secondary information points to a large household reduction in the City of Willow Lake or in Clark County. The projections from Esri are viewed as a more accurate prediction of future changes.

Willow Lake Household by Age Projections: 2020 to 2025

In addition to overall household forecasts, Esri has also generated age-based projections for households to the year 2025. These projections can be compared to the data contained in the 2020 Esri estimate to examine the change projected over the next five years. Age-based household forecasts are provided for the City of Willow Lake.

Table 8 Projected Households by Age - 2020 to 2025			
Age Range	2020	2025	Change
15-24	5	6	1
25-34	10	9	-1
35-44	10	10	0
45-54	23	19	-4
55-64	24	21	-3
65-74	20	22	2
75+	28	34	6
Total	120	121	1

Source: Esri



Esri is projecting very limited change in the age patterns in Willow Lake from 2020 to 2025, with an overall increase of only one total household. Within most of the defined age ranges, relative stability would be expected. There is only one age range where the expected change is more than five households.

Consistent with the age distribution patterns presented earlier, the movement of the “baby boom” generation through the aging cycle should generate some of the largest positive changes. Overall, an increase of 8 households is being projected in the age ranges 65 and older.

The Esri projections expect very limited change in the age ranges 64 and younger. If all of the age groups 64 and younger are combined, a net decrease of only 7 households is being projected.

Households by Type

The American Community Survey contains estimates on household composition. Since these are based on sampling, there is a margin of error that applies, but this information does allow for some comparison of changes that may have occurred since the 2010 Census was completed. The following table looks at household information for the City of Willow Lake.

Table 9 Willow Lake Household Composition - 2010 to 2019			
	2010 Census	2019 ACS	Change
Family Households			
Married Couple with own children	22	41	19
Single Parent with own children	7	0	-7
Married Couple without own children	29	24	-5
Family Householder without spouse	10	2	-8
Total Families	68	67	-1
Non-Family Households			
Single Person	43	42	-1
Two or more persons	4	7	3
Total Non-Families	47	49	2

Source: U.S. Census; American Community Survey

Between 2010 and 2019, the American Community Survey shows only limited changes in the household and family composition in Willow Lake. While the total number of families remained largely stable, there was an estimated increase in the number of married couple families with children. This gain was then offset by minor reductions in the other family types.

The number of non-family households also remained largely stable, with a small increase in the number of households with unrelated individuals living together, but a small decrease in the number of people living alone.

Housing Tenure

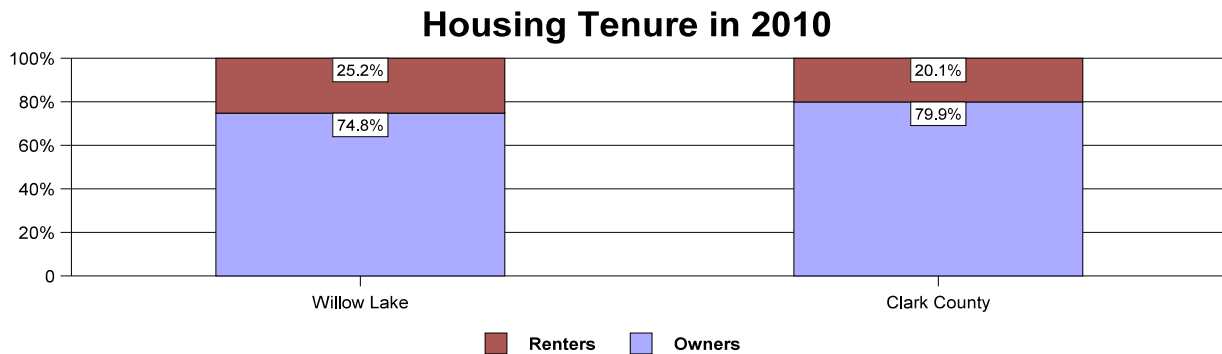
There are no reliable intercensal estimates for housing tenure for the City and County. The following table presents the owner and renter household distribution from the 2010 Census. The release of the 2020 Census data within the next year will re-benchmark housing tenure distribution.

Table 10 Household Tenure - 2010				
	Number of Owners	Percent of all Households	Number of Renters	Percent of all Households
Willow Lake	86	74.8%	29	25.2%
Clark County	1,155	79.9%	290	20.1%

Source: U.S. Census

At the time of the 2010 Census, the rental rate in the City of Willow Lake was above 25%, below the Statewide renter rate of 31.9% in 2010.

For all of Clark County the home ownership rate was nearly 80% in 2010. Outside of Clark and Willow Lake, there are very few multifamily rental structures in the remainder of Clark County.



2019 Median Income Data

The American Community Survey provides income estimates for cities, towns and counties. The following table provides 2019 American Community survey data for Willow Lake, Clark County and the State of South Dakota for comparison.

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 11 Median Household Income - 2010 to 2019			
	2010 Median	2019 Median	% Change
Median Household Income			
Willow Lake	\$27,500	\$50,313	83.0%
Clark County	\$43,894	\$48,980	11.6%
South Dakota	\$46,369	\$58,275	25.7%
Median Family Income			
Willow Lake	\$45,000	\$63,750	41.7%
Clark County	\$55,575	\$65,446	17.8%
South Dakota	\$58,958	\$75,168	27.5%

Source: American Community Survey

Information contained in the American Community Survey shows that the median household and median family income levels in Willow Lake had increased substantially between 2010 and 2019. It is important to note that estimates for a small community can have a margin of error, based on the limited sampling that is completed.

The City’s median household income of approximately \$50,300 was above the comparable median for Clark County but still well below the median for the State of South Dakota.

The estimated median family income in Willow Lake of \$63,750 was slightly lower than the median for all of Clark County, and more than \$11,000 lower than the South Dakota median for families.

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 Willow Lake could afford approximately \$1,260 per month and a median income family household could afford \$1,595 for ownership or rental housing in 2019.

Willow Lake Income Distribution

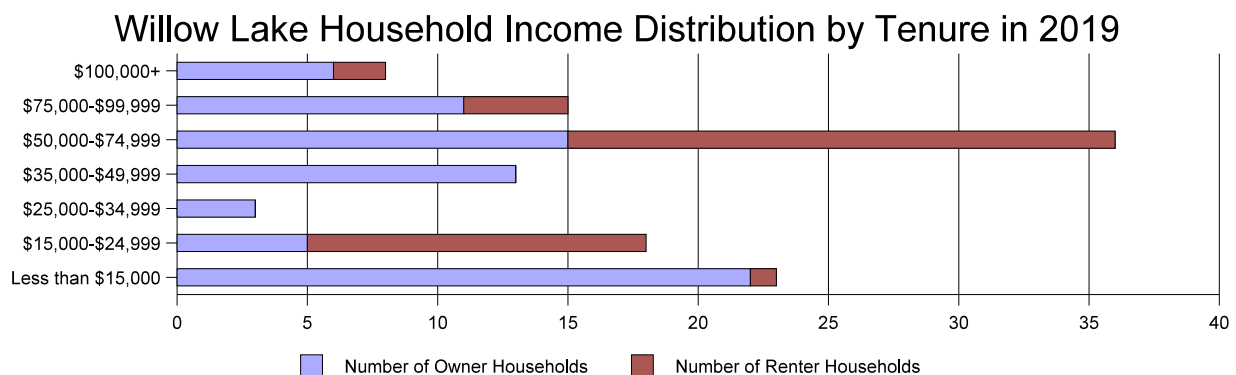
The 2019 American Community Survey provides income data within specific income ranges. Based on other data, it appears that the American Community Survey has over estimated the total number of households in the City, but the percentage distribution is assumed to be accurate.

Household Income	Owner Households	Renter Households	All Households
\$0 - \$14,999	22 / 95.6%	1 / 4.4%	23
\$15,000 - \$24,999	5 / 27.8%	13 / 72.2%	18
\$25,000 - \$34,999	3 / 100%	0 / 0%	3
\$35,000 - \$49,999	13 / 100%	0 / 0%	13
\$50,000 - \$74,999	15 / 41.7%	21 / 58.3%	36
\$75,000 - \$99,999	11 / 100%	4 / 0%	15
\$100,000+	6 / 75.0%	2 / 25.0%	8
Total	75 / 64.7%	41 / 35.3%	116

Source: ACS

It is important to state that the American Community Survey estimates appear to be flawed for renter households. It is doubtful that a majority of renter households in Willow Lake had an annual income above \$50,000 in 2019.

Income levels were widely distributed, but the rate of home ownership was generally very high for households with an annual income of \$35,000 or more.



2019 Willow Lake Estimated Income and Rental Costs

The American Community Survey collected information on housing costs. The following table provides data on the number of renter households that are paying different percentages of their gross income for housing in Willow Lake. The American Community Survey appears to have over estimated the number of renter households in Willow Lake, when compared to other estimating sources, but the percentage for housing costs are viewed as the best available data on this topic.

Table 13 Gross Rent as a Percentage of Income - City of Willow Lake		
Percent of Income for Housing	Households	Percentage
Less than 20%	18	43.9%
20% to 29.9%	9	22.0%
30% to 34.9%	0	0%
35% or more	7	17.1%
Not Computed	7	17.1%
Total	41	100%

Source: American Community Survey

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".

According to the American Community Survey, only 17% of all renters were applying more than 30% of income to housing costs in 2019. However, all of these households were spending 35% or more of their income for housing, and these households were in the severe rent burden category.

For a small community with a limited number of renters, Willow Lake does have a federally subsidized rental housing project that may account for the relatively low rate of housing cost burden.

2019 Willow Lake Estimated Income and Owner Housing Costs

The American Community Survey provided housing cost estimates for owner-occupants. The following table examines estimates for the number of households in Willow Lake that are paying different percentages of their gross household income for housing costs. The American Community Survey appears to have over estimated the number of home owners in Willow Lake, when compared to other estimating sources, but the percentage for housing costs are viewed as the best available data on this topic

Table 14 Willow Lake Owner Costs as a Percentage of Income: 2019		
Percentage of Income for Housing Costs	Number of Owner Households	Percent of All Owner Households
0% to 19.9%	44	58.7%
20% to 29.9%	14	18.7%
30% or more	17	22.7%
Not Computed	0	0%
Total	75	100%

Source: American Community Survey

Mortgage lending practices generally attempt to keep monthly payments below this level of household income. A very large majority of owner-occupants in Willow Lake, which would include households with and without a mortgage, reported paying less than 30% of their income for housing.

Fewer than 23% of all home owners reported that they paid more than 30% of their income for housing.

Ownership cost burden often tends to be low due to higher income levels for most home owners. In 2019, the estimated median income for owner-occupants in Willow Lake was \$42,083.

Building Permit Trends

The Cities of Clark and Willow Lake are the only individual county subdivisions in Clark County that report annual building permit activity to the Census Bureau. Based on Census Bureau reports, no new construction housing permits have been issued in Willow Lake between 2010 and 2019.

However, interviews with City staff indicate that two new houses were built in Willow Lake over the past decade.

American Community Survey Housing Data

The Census Bureau's American Community Survey includes information on various housing topics. As stated previously, the estimates for small communities are based on limited sampling, which can also result in a wide margin of error within the individual data being presented.

Median Year of Construction - Owner-occupancy Housing

For owner-occupancy units in Willow Lake, the estimated median year of construction is 1939.

For all of Clark County, including the rural townships, the estimated year of construction is 1946.

Median Year of Construction - Renter-occupancy Housing

For renter-occupancy units in Willow Lake, the estimated median year of construction is 1967.

For all of Clark County, including the rural townships, the estimated year of construction for rental housing is 1970.

Mobile Homes

According to the American Community Survey estimates there were 11 mobile homes in the City of Willow Lake. However, five of these were not occupied. Of the occupied units, four were owner-occupied and two were renter-occupancy housing.

The American Community Survey estimate is probably too high, as the visual housing conditions survey found six mobile homes in the City.

According to the American Community Survey, all of the mobile homes in Willow Lake were built prior to the year 2000.

Existing Home Sales

This section examines houses that have been sold in Willow Lake from 2015 through 2019. It is important to note that the number of houses that sell each year can vary and may not be an accurate indicator of overall home values in the City. However, this sample does provide some insight into those units that have turned-over during this time period.

The information was obtained from the SD Department of Revenue website, based on sales reports submitted by the Clark County Equalization Office. The Equalization Office collects and utilizes information from residential sales for its annual sales ratio study. The County compares the actual sale price to the estimated taxable value for each property. As a result, the County information for sales primarily reflects existing homes that have an established tax value.

The County sorts the residential sales into different groupings, rejecting certain sales. The primary reason that sales are rejected is because the house was not actively listed for sale in the open market. Only the “good” sales have been used in the analysis that follows.

The County’s sale year differs slightly from a calendar year, and begins on November 1st and extends to October 31st. No information is yet available for the 2020 sales year.

Table 15 Median Value of Recent Residential Sales - 2015 to 2019

Year	Number of Sales	Median Sale Price	Highest Sale	Lowest Sale
2019	5	\$15,900	\$80,000	\$4,500
2018	3	\$90,000	\$125,000	\$7,300
2017	9	\$49,800	\$93,500	\$31,800
2016	3	\$74,900	\$75,000	\$40,000
2015	3	\$50,000	\$81,000	\$36,500

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

In Willow Lake there were only a limited number of sales within any 12-month time period. In all but one of the years reviewed, there were five or fewer good sales recorded.

If all of the good sales over the entire 5-year period are aggregated, the median sale price was \$49,800. The American Community Survey estimate was generally similar, with a median home value of \$55,900 in 2018.

Willow Lake Housing Condition

Community Partners Research, Inc. representatives conducted a visual 'windshield' survey of single family/duplex houses in the City of Willow Lake. Houses that appeared to contain three or more residential units were excluded from the survey.

Although all houses in Willow Lake were viewed and rated, the City was divided into two neighborhoods: Neighborhood #1 is west of Garfield Avenue and Neighborhood #2 is east of Garfield Avenue.

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 16 Windshield Survey Condition Estimate - 2020					
	Sound	Minor Repair	Major Repair	Dilapidated	Total
Neighborhood #1	21 / 30.9%	27 / 39.7%	15 / 22.0%	5 / 7.4%	68
Neighborhood #2	14 / 28.6%	21 / 42.8%	9 / 18.4%	5 / 10.2%	49
Total	35 / 29.9%	48 / 41.0%	24 / 20.5%	10 / 8.6%	117

Source: Community Partners Research, Inc.

- ▶ Citywide, nearly 71% of the houses were rated in the two highest condition categories, with nearly 30% rated as Sound and 41% needing Minor Repair.
- ▶ There were 24 houses in Willow Lake rated in the Major Repair category, and 10 houses that were viewed as Dilapidated, and probably beyond repair.
- ▶ With 10 Dilapidate houses in the City, a program to clear severely substandard structures may be needed.

Rental Housing Data

Census Bureau Rental Inventory

According to the 2010 Census, there were 29 occupied rental units in Willow Lake and at least 3 unoccupied units, for a total rental inventory of 32 units. Based on occupied housing, the City's rental tenure rate was 25.2%, below the Statewide rental rate of 31.9% in 2010.

After 2010, there has been no identified development of additional rental units in Willow Lake. Any changes in the number of rental units would be due to conversions from renter to owner housing or vice versa. However, no reliable estimates exist since the 2010 Census. Therefore, we are estimating that there are still approximately 32 rental units in Willow Lake in 2020.

Rental Housing Survey

As part of this housing study, the one multi-family rental project in Willow Lake was surveyed. Emphasis is placed on contacting properties that have four or more units. For the purposes of planning additional rental projects in the future, multifamily properties represent the best comparison of market potential.

Willow Lake has only one multi-family rental project, Willow Lake Apartments, which is a subsidized USDA Rural Development Project. There are no market rate or senior with services rental projects in Willow Lake.

Willow Lake Apartments Summary

The research completed for this Study identified one subsidized project providing rental opportunities for lower income households, Willow Lake Apartments.

Willow Lake Apartments is a 12-unit general occupancy USDA Rural Development Housing Project. The project has three buildings which were constructed in 1974 and 1979. The project has six one-bedroom and six two-bedroom units.

The 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 the project's market rent of \$353 for a one-bedroom unit and \$373 for a two-bedroom unit. Ten of the 12 current tenants in Willow Lake Apartments are paying the market rent.

Unit Mix

The bedroom mix breakdown for the 12 subsidized housing units in Willow Lake is as follows:

- ▶ 6 one-bedroom (50.0%)
- ▶ 6 two-bedroom (50.0%)

Occupancy / Vacancy

At the time of the survey, there were no vacancies in Willow Lake Apartments and the project has a waiting list.

Table 17 Willow Lake Multifamily Rental Housing Inventory					
Name	Number of Units /Bedroom Mix	Rent	Vacancy/ Wait List	Tenant Mix	Comments
Subsidized					
Willow Lake Apartments	6 - 1 Bedroom <u>6 - 2 Bedroom</u> 12 Total Units	\$353 max. \$373 max. 30% of income	No vacancies, waiting list	General occupancy	Willow Lake Apartments is a 12-unit USDA Rural Development general occupancy project. There are six one-bedroom and six two-bedroom units. The units are in three buildings and were constructed in 1974 and 1979. Tenants with rent assistance pay 30% of their income up to the market rent. At the time of the survey, 10 of the 12 tenants were paying the market rent. The market rent is \$353 for a one-bedroom unit and \$373 for a two-bedroom unit. The manager reported no vacancies and a waiting list.

Source: Community Partners Research, Inc.

Employment and Local Economic Trends

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

Work Force and Unemployment Rates

Employment information is available at the County level. Data in the table that follows is for all of Clark County and was obtained from the South Dakota Department of Labor. These statistics are reported based on the location of the worker, not the location of the job.

Table 18 Clark County Annual Labor Statistics: 2010 to 2020						
Year	Labor Force	Employed	Unemployed	Unemployment Rate - County	Unemployment Rate - SD	Unemployment Rate - US
2010	1,976	1,874	102	5.2%	5.0%	9.6%
2011	1,944	1,851	93	4.8%	4.7%	8.9%
2012	1,921	1,838	83	4.3%	4.3%	8.1%
2013	1,972	1,895	77	3.9%	3.8%	7.4%
2014	1,984	1,907	77	3.9%	3.4%	6.2%
2015	1,963	1,892	71	3.6%	3.1%	5.3%
2016	1,920	1,845	75	3.9%	3.0%	4.9%
2017	1,885	1,801	84	4.5%	3.2%	4.4%
2018	1,909	1,833	76	4.0%	3.0%	3.9%
2019	1,913	1,836	77	4.0%	3.0%	3.7%
2020*	1,913	1,806	107	5.6%	5.6%	8.4%

Source: South Dakota Dept. of Labor

Note: Not Seasonally Adjusted

*2020 is through October

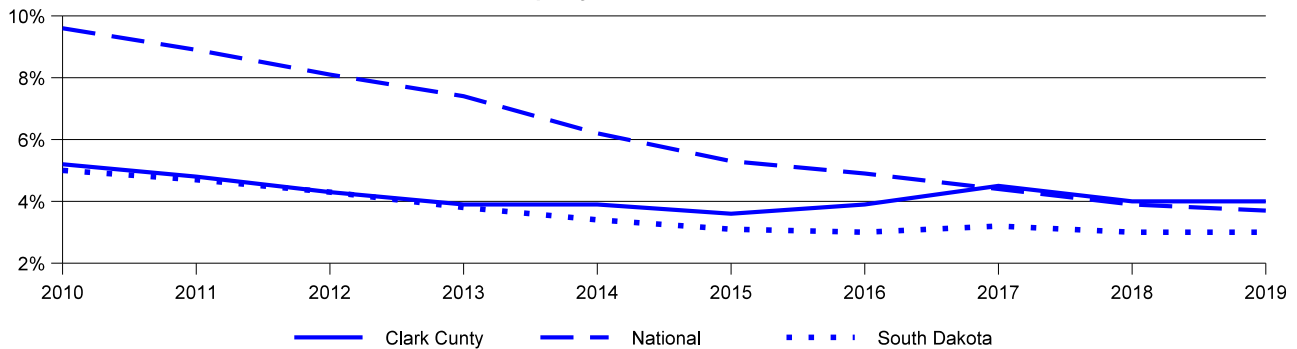
Clark County experienced a slight decline in the size of the available civilian labor force over the past decade. Between 2010 and 2019, the number of County residents in the labor force decreased by 63 people, or -3.2%.

However, the County's labor force actually reached its lowest level in 2017 and has increased somewhat since that time.

The employed work force has also had a slight decline. Between 2010 and 2019 the number of County residents that are employed decreased by 38 people, or -2.0%.

With the employed work force decreasing at a slightly slower rate than the total labor force, the County's unemployment rate has generally grown smaller over time. The County's unemployment rate in 2019 was 4.0%. Although the County has maintained a relatively low unemployment rate throughout the past decade, it has been above the Statewide rate since 2010.

Annual Unemployment Rate: 2010 to 2019



Average Annual Employment and Wages

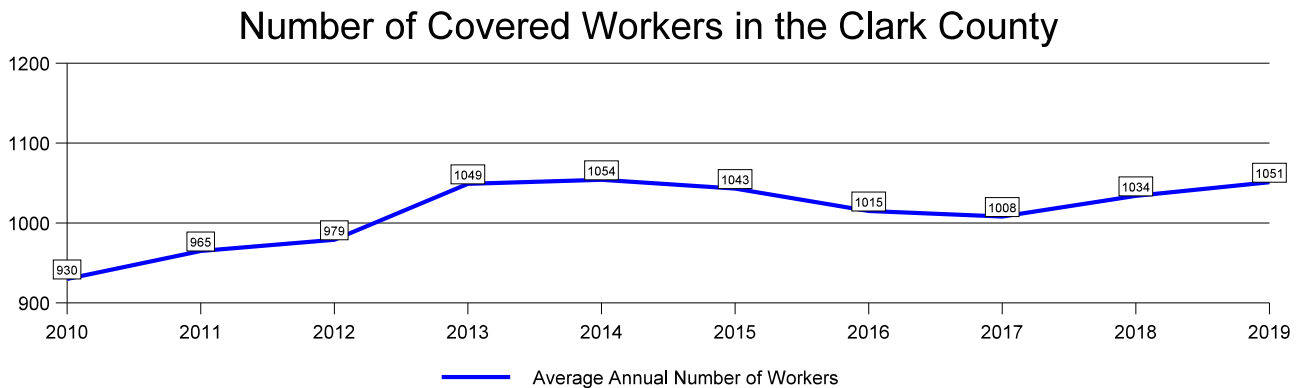
The Quarterly Census of Employment and Wages (QCEW) tracks annual employment and average annual wage data. The QCEW reporting is for unemployment compensation. It is important to note that the reporting does not represent all employment, as some classifications such as self-employed workers are not included. This information is for all of Clark County and is based on the location of the job.

Table 19 Clark County Average Annual Wages - 2019		
Industry	2019 Employment	Average Annual Wage
Total All Industry	1,051	\$34,424

Source: South Dakota Department of Labor & Regulation

The average weekly wage for all industry in 2019 was \$662. At full-time employment for 52 weeks this equates to an average annual wage of \$34,424.

Using the QCEW it is possible to examine longer-term patterns in the local employment level. The following table displays the total number of workers reported in the County from 2010.



If 2019 is compared back to 2010, the number of covered workers in Clark County had increased by 121 jobs, or 13%. However, the number of covered jobs has largely remained stable since 2013.

Commuting Patterns of Workers

Information is available on workers that commute for employment. The best information is from the 2019 American Community Survey, and has been examined for residents of Willow Lake. This first table only examines travel time for City residents, and excludes people that work at home.

Table 20 Commuting Times for Willow Lake Residents - 2019		
Travel Time	Number	Percent
Less than 10 minutes	38	31.7%
10 to 19 minutes	35	29.2%
20 to 29 minutes	17	14.2%
30 minutes +	30	25.0%
Total	120	100%

Source: American Community Survey

Most City residents were working locally in 2018. Nearly 61% of residents had a drive time less than 20 minutes, and were working in the immediate area. However, 25% of residents were traveling 30 minutes or more to work.

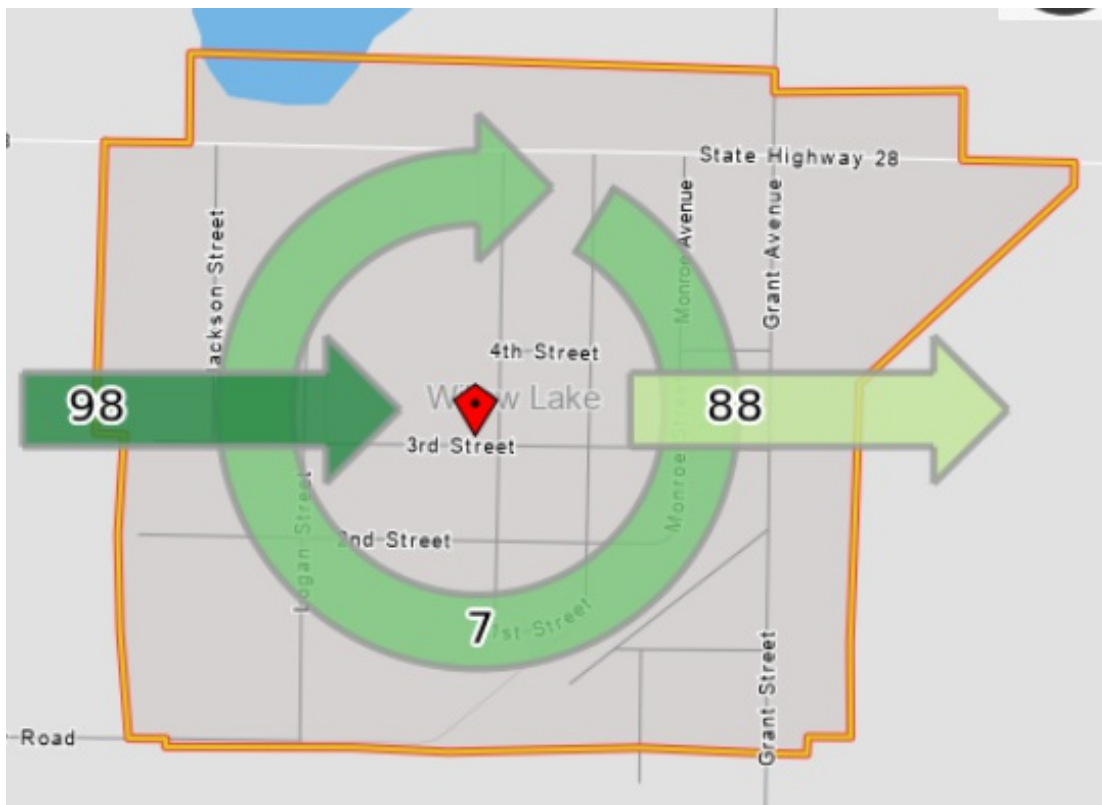
The ACS did not provide travel time information for people that worked in Willow Lake.

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 2018, but provides a further breakdown of worker movement patterns.

According to the report for Willow Lake, there were 105 people that were employed within the city limits in 2018. Nearly all of these jobs were filled by people that did not live in the City. The primary identified home locations for people working in Willow Lake were Clark, Watertown and Collins Township.

Nearly all of the employed residents of Willow Lake were working outside of the City in 2018. For outbound City residents, the primary destinations were Clark and Watertown.



Findings on Growth Trends

As part of this Study, Community Partners Research, Inc., has examined growth patterns for Willow Lake and Clark County over the past few decades. These historic growth trends assist in projecting future demographic changes in the area.

Applied Geographic Solutions estimates that Willow Lake had a loss of 23 people from 2010 to 2020. The Census Bureau estimates that from 2010 to 2019, Willow County had a loss of 20 people. Esri contradicts the AGS and Census Bureau population losses and estimates that from 2010 to 2020 Willow Lake gained two people.

Clark County's population decreased from 4,403 in 1990 to 4,143 in 2000, which was a decrease of 5.9%. The population continued to decline in the 2000s from 4,143 in 2000 to 3,691 in 2010, which was a loss of 10.9%.

AGS estimates that from 2010 to 2020, Clark County added 53 people, an increase of 1.4%. The U.S. Census estimate shows a gain of 45 people from 2010 to 2019. Esri's estimate is more optimistic than the AGS and U.S. Census estimates and reports that Clark County had a gain of 100 people from 2010 to 2020.

Household levels also decreased from 1990 to 2000 in Willow Lake and Clark County. Willow Lake experienced a loss of 18 households from 1990 to 2000 followed by a loss of 11 households from 2000 to 2010. AGS estimates that from 2010 to 2020, Willow Lake had a decrease of 29 households. The Esri estimate contradicts the AGS estimate and shows a five-household gain in Willow Lake from 2010 to 2020.

Clark County had a loss of 102 households from 1990 to 2000, and a decrease of 153 households from 2000 to 2010. AGS estimates that from 2010 to 2020, Clark County decreased by only two households, and Esri estimates that Clark County had a gain of 87 households.

Findings on Projected Growth

This Study has utilized AGS and Esri projections for Willow Lake and Clark County. AGS projects that Willow Lake will gain 20 people, but lose seven households from 2020 to 2025. Esri forecasts that Willow Lake will lose two people, but gain one household from 2020 to 2025.

AGS forecasts that from 2020 to 2025, Clark County will gain 185 people, but lose 180 households. Esri forecasts that Clark County's population will decrease by 19 people, but will gain 19 households from 2020 to 2025.

Summary of Willow Lake’s Growth Projections by Age Group

The Demographic section of this Study presented Willow Lake projection information on anticipated changes by age group from 2020 to 2025. This information can be informative in determining the housing that may be needed due to age patterns of the City’s population.

Overall, Esri projects a gain of one household in Willow Lake from 2020 to 2025. 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 household growth in the 65 and older age ranges. Age projections expect the City to add approximately eight households in the 65 and older age ranges.

Esri projects that from 2020 to 2025, Willow Lake will lose one household in the 25 to 34 age range and will lose seven households in the 45 to 64 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 Willow Lake 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 2020 to 2025</u>
15 to 24	1
25 to 34	-1
35 to 44	0
45 to 54	-4
55 to 64	-3
65 to 74	2
75 and Older	<u>6</u>
Total	1

Findings on Unit Demand by Type of Housing

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

Age 24 and Younger - The projections used for this Study expect a gain of one household in the 15 to 24 age range through the year 2025. Past tenure patterns indicate that a majority of these households will rent their housing. A slight change in the number of households in this age range should mean that rental demand from younger households will remain stable during the projection period.

25 to 34 Years Old - The projections show a one-household loss in this age range by 2025. Within this age range households often move from rental to ownership housing. A slight loss of households indicates no change in the demand for both first-time home buyer and rental opportunities within this age range.

35 to 44 Years Old - The projections for this 10-year age cohort expect no change in the number of households between 2020 and 2025 in the City. In the past, this age group has had a high rate of home ownership. Households within this range often represent both first-time buyers and households looking for trade-up housing, selling their starter home for a more expensive house.

45 to 54 Years Old - For Willow Lake, the projections show a loss of four households in this age range. These households will often look for trade-up housing opportunities. A loss in the number of households in this age group indicates that the demand for trade-up housing will decrease slightly from this age range during the projection period.

55 to 64 Years Old - Esri's projections show a decrease of three households in this 10-year age range by the year 2025 in the City. This age range has traditionally a high rate of home ownership in Willow Lake. 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. Households in this age range will also look for trade-up housing opportunities.

65 to 74 Years Old - A gain of two households is expected by the year 2025 in the 65 to 74 age range, as all of the households in this age range are part of the baby boom generation. While this group will begin moving to life-cycle housing options as they age, the younger seniors are still predominantly home owners. Once again, preferences for age-appropriate units will increase from household growth within this age cohort.

75 Years and Older - There is a projected increase of six households in the County in this age range between 2020 and 2025. An expansion of other housing options for seniors, including high quality rental housing and senior housing with services, should appeal to this age group. In most cases, income levels for senior households have been improving, as people have done better retirement planning. As a result, households in this age range may have fewer cost limitations for housing choices than previous generations of seniors.

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

Findings on Housing Unit Demand and Tenure

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

Demand from Growth - Esri's household projections used for this Study expect Willow Lake to gain one household and Clark County to gain 19 households from 2020 to 2025. These household gains will yield limited demand for new housing production from 2020 to 2025.

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 Willow Lake, 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 Willow Lake. We have included our estimates of pent-up demand into the specific recommendations that follow later in this section.

Strengths for Housing Development

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

- ▶ **Willow Lake serves as a small regional center** - Willow Lake 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 Willow Lake has a stock of affordable, existing houses. Our analysis based on recent residential sales shows that the City's median home value is approximately \$49,800. This existing stock, when available for sale, provides an affordable option for home ownership.
- ▶ **Adequate land for development** - Willow Lake has some limited 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** - Willow Lake has an excellent public K-12 school system.
- ▶ **Infrastructure** - Willow Lake's water and sewer infrastructure is in good condition and can accommodate future expansion.
- ▶ **Commercial development** - Willow Lake's commercial district is adequate to meet most daily needs.
- ▶ **Willow Lake Area Advancement and Choose Clark County** - Willow Lake Area Advancement and Choose Clark County have been active in promoting economic development, industrial development, commercial development and housing in Willow Lake.
- ▶ **Willow Lake is located near larger communities** - Willow Lake is located 22 miles from Clark, 21 miles from DeSmet, 44 miles from Watertown and 48 miles from Huron. These cities provide employment opportunities, retail/service options, educational opportunities, health care facilities and cultural amenities. Some households prefer to live within commuting distance, but not in a regional center.

- ▶ **Employers** - There are several employers in the Willow Lake area that provide job opportunities for local residents.
- ▶ **Commuters** - Approximately 100 employees are commuting into Willow Lake daily for work. These commuters are a potential market for future housing construction.
- ▶ **Small town atmosphere** - Willow Lake has the real and perceived amenities of a small city. Small city living is attractive for some households.
- ▶ **Available lots** - There are several residential lots available in Willow Lake at an affordable price. Also, Willow Lake Area Advancement is working on developing approximately five new lots in the Logan Subdivision.
- ▶ **Recreational opportunities** - There are tourism and recreational opportunities in the Willow Lake area including a museum, hunting, fishing, etc.
- ▶ **Dairy and hog farms** - Dairy and hog farms are locating in the Willow Lake Area which creates employment and strengthens the local economy.
- ▶ **Governors Homes/DakotaPlex Program** - Willow Lake may have the opportunity to utilize South Dakota Housing Development Authority (SDHDA) programs such as the Governors Home and DakotaPlex Programs.
- ▶ **City amenities** - The City of Willow Lake has several amenities including a community pool, daycare, a community center, park, etc.

Barriers or Limitations to Housing Activities

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

- ▶ **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 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 Willow Lake is valued at approximately \$49,800. This is below the comparable cost for new housing construction, which will generally be above \$200,000 for a stick built home with commonly expected amenities. This creates a value gap between new construction and existing homes.
- ▶ **Lower paying jobs** - Although the Willow Lake area has several employers, some jobs are at the lower end of the pay scale and employees with these jobs have limited housing choices.
- ▶ **Limited commercial options** - Willow Lake has commercial and retail options to meet daily needs, however, it has limited other retail and commercial opportunities.
- ▶ **Staff capacity limitations** - Although the City has access to several housing and economic development agencies, it is difficult to develop and implement housing initiatives with limited resources.
- ▶ **Medical facilities** - Willow Lake does not have a clinic, hospital or senior housing with services options.
- ▶ **Distance from a large regional center** - Although it is a strength to be within commuting distance of large cities, many households desire to be in very close proximity to a large regional center for health care, recreation, job opportunities, etc.

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 Willow Lake. 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 Willow Lake 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 Willow Lake 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** - Willow Lake has many assets including a K-12 school, employers, a downtown commercial district, a daycare facility, recreational opportunities, a Community Center, etc. These are strong assets that make Willow Lake 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 local efforts, the City has other resources to draw on including USDA Rural Development, the South Dakota Housing Development Authority, the First District Association of Governments, Inter-Lakes Community Action Partnership, Grow South Dakota, Dakota Resources and the Watertown 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 Willow Lake have been formulated through the analysis of the information provided in the previous sections and include 19 recommendations. The findings/recommendations have been developed in the following five categories:

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

The findings/recommendations for each category are as follows:

Rental Housing Development

1. Develop four to six general occupancy market rate rental units
2. Consider the development of four to six senior independent/light services units
3. Monitor the opportunity to develop additional general occupancy moderate rent/income restricted or subsidized rental housing units
4. Promote the development/conversion of one to two affordable market rate rental housing units
5. Develop a downtown mixed-use commercial/housing project
6. Utilize the Housing Choice Voucher Program

Home Ownership

7. Continue to utilize and promote all programs that assist with home ownership
8. Consider the development and implementation of a purchase/rehabilitation program

Single Family Housing Development

9. Lot availability and lot development
10. Strategies to encourage continued residential lot sales and new home construction in Willow Lake
11. Coordinate with economic development agencies, housing agencies and the private sector to construct affordable housing
12. Promote twin home development

Housing Rehabilitation

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

Other Housing Issues

15. Continue to acquire and demolish dilapidated structures
16. Create a plan and a coordinated effort among housing agencies
17. Encourage employer involvement in housing
18. Strategies for Downtown Redevelopment/Development
19. Develop home ownership and new construction marketing programs

Willow Lake - Recommendations 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 2020, we are not aware of any rental units that were constructed in Willow Lake. However, some single family homes may have converted from owner-occupied to rental use over the past two decades.

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

Esri forecasts that Willow Lake will gain one household and Clark County will gain 19 households from 2020 to 2025. Also, Esri is projecting that there will be an eight-household gain in Willow Lake and a 59-household increase in Clark County in the senior age ranges 65 and older. With overall household growth in Willow Lake and Clark County, including growth from the 65 and older age ranges, we are expecting a demand of approximately three to five additional rental units due to household growth over the next five years in Willow Lake and Clark County.

Demand created by replacement of lost rental units is more difficult to determine, but the best available evidence suggests that the City will lose approximately five units over the next five years. As a result, approximately five 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. 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 may also be lost due to rental units converting to owner occupancy.

As part of this study, a rental survey was conducted. The survey found that there are no multi-family market rate rental projects or senior with services projects in Willow Lake. However, there is one subsidized rental project in Willow Lake. Willow Lake Apartments has 12 units. At the time of the survey, the project had no vacancies and a waiting list.

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

New rental housing can achieve several goals which include:

- ▶ Addresses pent-up demand for certain housing types
- ▶ Upgrades the overall quality of the rental stock
- ▶ Increases the City’s rental rate and quality
- ▶ Addresses gaps in the City’s rental stock
- ▶ Attracts new households to the City

Based on the factors stated above, we recommend the development of 9 to 14 new rental units over the next five years from 2021 to 2026.

▶ General Occupancy Market Rate	4-6 units
▶ Affordable/Conversions	1-2 units
▶ Senior Independent/Light Services	<u>4-6 units</u>
Total	9-14 units

1. Develop four to six general occupancy market rate rental units

Findings: Market rate 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.

There are no market rate rental projects in Willow Lake. However, there are single family houses that are rentals in Willow Lake.

Although Willow Lake is a small community, it provides, or has the potential to provide, services and housing for a significant geographic area. Additionally, there are large employers in the Willow Lake area, including the Willow Lake School District and Agtegra Cooperative. Also, dairy and hog farms are locating or expanding in the Willow Lake area and creating jobs.

Several individuals interviewed during the housing study research stated the need for additional rental housing.

The one rental project in Willow Lake, Willow Lake Apartments, is always fully occupied and has a waiting list. Willow Lake Apartments is a USDA Rural Development subsidized project. However, it is still an indicator of the need for rental housing in the Willow Lake area.

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 four to six market rate rental units over the next five years from 2021 to 2026.

Based on our research, there is a 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 a high quality apartment building are both options in addressing the need for market rate units. The projects, to be successful, should have 'state of the art' amenities.

There are two market rate rental segments in the Willow Lake area. 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. If private developers do not proceed, Willow Lake Area Advancement could potentially utilize essential function bonds, or similar funding sources, to construct market rate units.

Also, the City of Willow Lake or Willow Lake Area Advancement could potentially partner with a private developer to construct additional units. The City could assist with land donations, tax increment financing, tax abatement, reduced water and sewer hookup fees, etc. The DakotaPlex Program may be available to the City, Willow Lake Area Advancement or a private developer to assist with the development of market rate rental housing.

Additionally, in the following recommendation, we are recommending the development of four to six senior independent/light services units. Potentially, the market rate units and the senior independent/light services units could be combined into one project on one site.

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

<u>Unit Type</u>	<u>No. of Units</u>	<u>Size/Sq. Ft.</u>	<u>Rent</u>
Two Bedroom	3-4	850 - 1,000	\$700 - \$850
Three Bedroom	1-2	1,100 - 1,200	\$875 - \$975
Total	4-6		

Note: The recommended rents are gross rents including all utilities. The rents are quoted in 2020 dollars.

It may also be possible to utilize Housing Choice Vouchers if some of the tenants meet income requirements and the rents are at or below Fair Market Rents (FMRs). The 2021 FMRs for Clark County are \$719 for a two-bedroom unit and \$894 for a three-bedroom unit.

2. Monitor the opportunity to develop additional general occupancy moderate rent/income restricted or subsidized rental units

Findings: Over the past few decades, resources have not generally been available for new subsidized housing construction. Instead, the primary federal incentive program has been low income housing tax credits, which typically generates moderate rent housing that is income restricted. There are no tax credit projects that currently exist in Willow Lake.

Subsidized housing utilizes 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 identified one subsidized project in Willow Lake, Willow Lake Apartments. Willow Lake Apartments is a USDA Rural Development 12-unit general occupancy project. There are six one-bedroom and six two-bedroom units. At the time of the survey, Willow Lake Apartments had no vacancies and a waiting list.

There are additional “deep subsidy” resources available to Willow Lake residents through the tenant-based Housing Choice Voucher Program. The Vouchers allow tenants to pay 30% to 40% of their income for housing in suitable private-market rental units. The Voucher Program for Willow Lake and Clark County is administered by the Watertown Housing Authority. Currently, the Voucher Program has a three-to-five month waiting list.

The 2019 American Community survey estimated that approximately seven renter households in the City of Willow Lake were paying 30% or more of their income for rent.

Recommendation: Over the past few decades, very few federal subsidy sources have been available for the construction of “deep subsidy” rental housing, especially in small cities. Although Willow Lake Apartments is fully occupied with a waiting list and there are households in Willow Lake paying more than 30% of their income, it is not feasible to construct subsidized housing units at this time due to a lack of financial resources. We recommend that the City of Willow Lake and Willow Lake Area Advancement monitor the opportunity to construct subsidized housing in the future.

3. Consider the development of four to six senior independent/light services units

Findings: The City of Willow Lake currently has no senior with services projects such as independent/light services, assisted living or nursing homes.

It is our opinion that Willow Lake does not have an adequate population or services to support an assisted living project or a nursing home. However, Willow Lake could support a small senior independent living/light services housing project.

An independent/light services housing project would enable people with minimal needs to remain in the community for a longer period, prior to needing more extensive services in a nursing home or assisted living in a neighboring community.

In 2020, Willow Lake had approximately 48 households over the age of 65, and Clark County has approximately 512 households over the age of 65.

Recommendation: We are recommending a four to six-unit independent/light services senior project in Willow Lake. The project should be designed to allow seniors to live in a unit independently. The senior project could be a one-level apartment building or townhome style project. The project will attract tenants from the City of Willow Lake and the area surrounding Willow Lake.

The project's amenities and features should include:

- ▶ 24-hour call system
- ▶ A limited access security system
- ▶ Smoke alarms
- ▶ Enclosed parking

Apartment features should include:

- ▶ 4 to 6 units
 - ▶ 1-2 one-bedroom
 - ▶ 3-4 two-bedroom
- ▶ Floor plans that promote accessibility
- ▶ Fully equipped kitchen
- ▶ Large storage area
- ▶ Ample closet space
- ▶ Laundry hookups
- ▶ Open floor plan
- ▶ Private patio
- ▶ Individually controlled heat and AC
- ▶ Raised outlets, lever door handles, lowered kitchen cabinets
- ▶ Expansive windows

Optional services that could be provided by community organizations or agencies could include:

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

Tax increment financing, tax abatement, land donations, low interest loans and/or other subsidies and incentives could be utilized to make the project financially feasible.

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

In the previous recommendation, we recommended the development of four to six general occupancy market rate units. Potentially these two projects could be combined into one project on one site.

The location of the project should be close to services as the project will be occupied by seniors. A high amenity location would be ideal for a senior project. If possible, the project should have land available for future project phases.

4. Promote the development/conversion of one to two affordable market rate rental housing units

Findings: The prior recommendations addressed the market potential to develop high quality rental units in Willow Lake. Unfortunately, these units would tend to be beyond the financial capability of many area renters. A majority of Willow Lake'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 Willow Lake has lost some limited rental housing over the years due to redevelopment, conversion to home ownership or due to deterioration and demolition. Part of the need for additional rental units in Willow Lake 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.

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

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

Creating some additional units with contract rents below \$650 per month would help to expand the choices available to a majority of the City's renter households.

It is probable that a low 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, or from financial resources from other funding agencies such as the South Dakota Housing Development Authority.

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 maintain a vibrant downtown.

New mixed use projects have been developed in several small cities. Some of these projects were developed because of market demand while others were developed to enhance the downtown and to introduce a new product to the market.

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

We recommend commercial space on the first floor and two or three 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.

The rental units should be primarily market rate units, but could be mixed income with some moderate income units. The units should be 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. 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 Willow Lake and Clark County by the Watertown Housing Agency. There currently is a three to five-month waiting list to obtain a Voucher.

Recommendation: The City of Willow Lake and Willow Lake Area Advancement should work with the Watertown Housing Authority to assure that rental property owners/managers and the City's renter households are aware of the Housing Choice Voucher Program and have the opportunity to apply for assistance.

Willow Lake - Home Ownership Recommendations

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 Willow Lake is estimated to be approximately \$49,800 based on residential sales activity over the past five years. The home values in Willow Lake provide a good opportunity for first time buyers and households seeking moderately priced homes.

Some households in all age ranges that have not been able to achieve the goal of home ownership may need the assistance of housing programs to help them purchase a 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 Willow Lake 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 Willow Lake 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: Willow Lake should work with area housing and economic development agencies, the South Dakota Housing Development Authority, USDA Rural Development and area 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 Willow Lake and Willow Lake Area Advancement 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. Grow South Dakota utilizes several funding sources to provide home ownership programs.

8. Consider the development and implementation of a Purchase/Rehabilitation Program

Findings: Willow Lake has a stock of older, lower valued homes, some of which need repairs. Our analysis of recent sales activity indicates that there are a significant number of homes in Willow Lake that are valued at 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, a low interest rate and a monthly payment that is affordable for the family.

In some 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 the City of Willow Lake or Willow Lake Area Advancement work with the South Dakota Housing Development Authority and area housing agencies to consider the development and implementation of a Purchase/Rehabilitation Program. Attitudinal surveys that we have conducted in other cities have found that purchase/rehabilitation programs are appealing to people who are currently renting their housing. In some similar sized communities, a large majority of survey respondents who were renters indicated an interest in buying a home in need of repair if rehabilitation assistance was also available.

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

Also, some private individuals on a limited basis have purchased homes in Willow Lake, rehabbed the homes and sold the homes. There may be an opportunity for housing agencies to financially assist the private sector with purchasing, rehabilitating and selling the homes. This may increase the inventory of substandard homes that can economically be rehabilitated and sold.

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.

Willow Lake - New Housing Construction

New Housing Construction

Findings: Willow Lake has experienced limited single family owner-occupied housing construction from 2010 to 2020. According to City records, over the past 11 years two single family owner-occupancy units were constructed in Willow Lake.

The City's amenities, employment opportunities in the area and the potential for attractive residential lot options, should result in the construction of several new homes over the next five years.

Overall household projections for Willow Lake indicate some demand for owner-occupancy housing construction. Willow Lake is projected to add eight households in the 65 and older range from 2020 to 2025. Households in these age ranges tend to be predominantly home owners, and form a market for higher priced, trade-up housing and low maintenance housing such as twin homes.

The households in the 25 to 64 age ranges are expected to remain relatively stable from 2020 to 2025. Some of the households in these age ranges are first time home buyers or are looking for trade-up housing. It is our opinion that if the City, Willow Lake Area Advancement, housing agencies, employers and builders are proactive, four to eight owner-occupancy homes can be constructed in Willow Lake from 2021 to 2026.

This projection is based on the development of the Logan Subdivision and the ongoing availability of lots for single family homes and twin homes.

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

▶ Higher & medium price homes	1-2 homes
▶ Affordable homes	1-2 homes
▶ Twin homes	<u>2-4 units</u>
Total	4-8 homes/units

9. Lot Availability and Lot Development

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

Willow Lake Area Advancement is developing the Logan Subdivision, which will provide five lots for single family homes and twin homes. The lots will be available at no cost to the household. There are also infill lots that may be available in the City. Additionally, there are dilapidated houses in the City that could be demolished and the cleared lots could potentially be suitable for new construction.

Recommendation: We use a standard that a 3-year supply of lots should be available in the marketplace, based on annual lot usage. Using our projections that one to two houses will be constructed annually, an adequate supply of lots would be six lots. With approximately five lots available in the Logan Subdivision when development of the subdivision is completed and the availability of a few infill lots, there will be an adequate number of lots in Willow Lake.

However, the City of Willow Lake, Willow Lake Area Advancement and private developers should continue to plan for future subdivision and lot development.

10. Strategies to encourage residential lot sales and new home construction in Willow Lake

Findings: From 2010 to 2020, two owner-occupancy single family houses have been constructed in Willow Lake. We are projecting that an additional four to eight homes will be constructed over the next five years.

Recommendation: We recommend that the City of Willow Lake, Willow Lake Area Advancement, Choose Clark County, builders, and other housing stakeholders coordinate efforts to promote lot development, lot sales and housing development.

Our recommendations to continue to promote lots sales and housing development include:

- ▶ ***Competitive pricing*** - There are lots available in communities throughout the region. To attract new home construction in Willow Lake, lots should continue to be available and competitively-priced compared to other options in the region. The lots in the Logan Subdivision will be available at no cost.
- ▶ ***User-Friendly*** - The lot purchase and home building process must be 'user friendly.' This includes an inventory of available lots, the potential construction of spec homes, builders that are readily available to build custom homes and city regulations that are fair and reasonable. The entire process must be as 'user friendly' as possible to encourage home construction.
- ▶ ***Long-term planning*** - The City of Willow Lake and Willow Lake Area Advancement should continue long-term development planning to assure lots are available on an ongoing basis to meet demand for all types of new housing.
- ▶ ***Incentives*** - Some cities and counties throughout South Dakota are offering incentives to construct new homes, including reduced lot prices, reduced water and sewer hookup fees, cash incentives, etc. Willow Lake Advancement will provide a \$7,500 cash incentive to households that construct a home in the Logan Subdivision.
- ▶ ***Lot availability for twin home development*** - It is our opinion that there will be a demand for twin homes over the next five years. Lots should be available for a twin home development.
- ▶ ***Range of house prices*** - Lots should be available to as wide a range of home sizes and prices as possible. This broadens the lot buyer market. Also, smaller infill lots should be marketed for affordable homes.
- ▶ ***Marketing*** - The City of Willow Lake, Willow Lake Area Advancement, Choose Clark County and all housing stakeholders will need to continue marketing the sale of available lots and new home construction. Developers, builders, employers, should all be involved in developing marketing strategies. In addition to marketing the lots, the City of Willow Lake and its amenities should continue to be marketed.
- ▶ ***Governors Homes*** - Governors Homes are an affordable option and SDHDA has initiated a program that enables developers to participate in the 'Governor's Home Program.'

- ▶ ***Manufactured/modular homes*** - Manufactured and modular homes can provide affordable housing opportunities for moderate income households.
- ▶ ***In-fill lot Home Development*** - In-fill lots in existing neighborhoods are often affordable and have existing City services. Some housing and economic development agencies and nonprofits develop affordable homes on in-fill lots.
- ▶ ***South Dakota Housing Development Authority (SDHDA)*** - SDHDA may have housing programs available to assist developers, builders and home buyers.

11. Coordinate with economic development agencies, housing agencies and the private sector to construct affordable housing

Findings: There are several housing agencies, nonprofit groups and private entities that may have the capacity to construct new housing in Willow Lake, including Willow Lake Area Advancement, Interlakes Community Action Partnership and area employers.

Recommendation: We encourage the City of Willow Lake to actively work with economic development and housing agencies and the private sector to develop affordable housing. Some of the affordable housing could be developed on in-fill lots.

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

Also, households should be encouraged to utilize the Governor’s Program.

12. Promote twin 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 2019, Willow Lake had approximately 48 households and Clark County had 512 households in the 65 and older age ranges. These age ranges are expected to increase in Willow Lake and in Clark County from 2020 to 2025. 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 four new owner-occupied twin home or townhome units could be constructed in Willow Lake over the next five years. Our projection is based on the availability of an ideal location for twin home development as well as high quality design and workmanship.

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

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

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

A corporation was developed in Arlington, MN, that included 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.

Willow Lake - Housing Rehabilitation

Housing Rehabilitation

Findings: Willow Lake 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 Willow Lake and area housing and economic development 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 Willow Lake households. Housing options for households at or below the median income level will largely be met by the existing, more affordable housing stock. As this existing stock ages, more maintenance and repair will be required. Without rehabilitation assistance, there is a chance that this affordable stock could shrink, creating an even more difficult affordability situation.

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

13. Promote rental housing rehabilitation

Findings: The City of Willow Lake has approximately 32 rental units in 2021. These rental buildings are primarily in a multi-family project and single family homes. Many of these rental structures are more than 40 years old and could benefit from rehabilitation as some of these rental structures are in need of renovation.

It is difficult for rental property owners to rehabilitate and maintain their rental properties while keeping the rents affordable for the tenants. However, 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 Willow Lake should work with rental property owners and 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, InterLakes Community Action Partnership, the South Dakota Housing Development Authority and the Federal Home Loan Bank.

14. Promote owner-occupied housing rehabilitation efforts

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

Our 2020 housing condition survey of the 117 homes in Willow Lake found 48 homes that need minor repairs and 24 homes that need major repairs. Without rehabilitation assistance, the affordable housing stock will shrink in Willow Lake.

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

Interlakes Community Action Partnership currently has several housing programs to assist households with the rehabilitation of their homes including the Self Help Rehabilitation Program, programs utilizing HOME funds and the Weatherization Program.

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 Willow Lake households to utilize these housing rehabilitation programs.

Willow Lake - Other Housing Initiatives

Other Housing Initiatives

15. Continue to acquire and demolish dilapidated structures

Findings: Our housing condition survey identified 10 single family houses in Willow Lake that are dilapidated and too deteriorated to rehabilitate. We also identified 24 single family houses in Willow Lake 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, dilapidated structures should be demolished. Over the past decade, several dilapidated homes have been demolished in Willow Lake.

Recommendation: The City of Willow Lake and Willow Lake Area Advancement should continue to work 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 housing units or for homes to be moved onto the cleared lots.

Additionally, we recommend that the City maintain an inventory of structures that may be candidates for future demolition. Also, an inventory of in-fill lots for future development should be maintained.

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

Findings: Willow Lake will continue to need staff resources in addition to existing City staff to plan and implement many of the housing recommendations advanced in this Study. The City of Willow Lake has access to the USDA Rural Development Office, the South Dakota Housing Development Authority, Interlakes Community Action Partnership, the First District Association of Governments, Grow South Dakota, Dakota Resources and the Watertown Housing Authority. These agencies all have experience with housing and community development programs.

Recommendation: Willow Lake 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 and projects.

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

17. Encourage employer involvement in housing

Findings: The Clark County area has several large employers. Also, on an ongoing basis, Willow Lake Area Advancement and Choose Clark County have been working with existing employers to expand and for new employers to locate in Clark. 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.

Although the jobs being created may have good wages for the area, many jobs do not pay wages sufficient for workers to buy or improve their housing. Housing for new employees is a concern for most employers. It may be advantageous for employers to become involved in housing.

Recommendation: We recommend an ongoing effort to involve employers as partners in addressing Willow Lake and Clark County'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 residential subdivision or an affordable rental project.

Additionally, employers can continue to support other city projects, such as parks, trails, ball fields, educational facilities, etc., that will have a positive impact on housing in Willow Lake.

18. Strategies for Downtown Redevelopment/Development

Findings: Willow Lake has a commercial district that addresses many of the daily retail/commercial needs of its residents. Willow Lake has buildings that have been renovated or newly constructed and have high quality commercial space. There are also buildings that have not been maintained and are substandard. Due to a fire in 2011, several buildings were demolished and new buildings were constructed.

This recommendation provides an outline of actions that could be taken to continue downtown redevelopment, to maximize the usage of downtown buildings, to promote new downtown businesses and to identify and implement building rehabilitation and renovations. The purpose of this recommendation is to continue to build on the City's successes.

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 are recommending the following actions for downtown Willow Lake:

- ▶ Interview all commercial district property owners to develop a database and to determine their future plans (expanding, selling, renovations, etc.)
- ▶ Develop an overall plan for the commercial district (potential new businesses, building additions, business expansions, development of an overall theme, etc.)

- ▶ Develop a mini-plan for each property in the commercial district. This may include:
 - ▶ Retention of existing businesses
 - ▶ Commercial building rehab and renovations
 - ▶ Facade work
 - ▶ Building demolition
 - ▶ New construction
 - ▶ Recruiting new businesses

- ▶ Identify funding sources
 - ▶ Property owner funds
 - ▶ City funds
 - ▶ Willow Lake Area Advancement
 - ▶ Federal Home Loan Bank
 - ▶ Special tax district
 - ▶ Funds from South Dakota State Agencies
 - ▶ Sales Tax Funds
 - ▶ Choose Clark County

- ▶ Work with stakeholders to identify roles, to secure funding, to develop and implement programs and projects
 - ▶ Property owners
 - ▶ City of Willow Lake
 - ▶ Willow Lake Area Advancement
 - ▶ First District Association of Governments
 - ▶ Choose Clark County

19. Develop home ownership and new construction marketing programs

Findings: 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 Willow Lake, Willow Lake Area Advancement and Choose Clark County, have all been active in promoting and marketing housing and we recommend the continuation or initiation 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 to provide employees (especially new employees) with housing opportunities in Willow Lake and the Clark County area
- ▶ Work with housing agencies to provide down payment assistance, low interest loans, home owner education and home owner counseling programs
- ▶ Work with developers and builders to make lot development and the construction of new homes a very user-friendly process
- ▶ 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
- ▶ Preserve the quality of the City's 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 and twin homes, senior with services housing, etc.
- ▶ Review the City's policies and fees to assure that they are user-friendly, fair and receptive for developers, builders and households
- ▶ Develop a coordinated housing plan with the private sector and area housing agencies

Agencies and Resources

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

InterLakes Community Action Partnership

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

First District Association of Governments

121 1st Ave. NW
Watertown, SD 57201
(605) 882-5115

Dakota Resources

25795 475th Ave.
Renner, SD 57055
(605) 978-2804

South Dakota Housing Development Authority

1720 4th St. NE Suite 2
Watertown, SD 57201
(605) 886-8202

USDA Rural Development

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

Watertown Housing Authority

24 W. Kemp Ave.
P.O. Box 220
Watertown, SD 57201
(605) 886-7731

Grow South Dakota

414 3rd Avenue
Sisseton, SD 57262
(605) 698-7654
Contact: Marcia Erickson, Executive Director