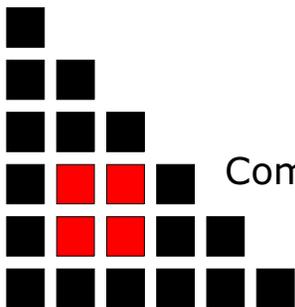


Canton HOUSING STUDY DRAFT

February 2014

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



Community Partners Research, Inc.

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List of Sections

	<u>Page</u>
Introduction	2
Demographic and Projection Data	4
Existing Housing Data	27
Rental Housing Inventory	34
Employment and Local Economic Trends Analysis	43
Findings and Recommendations	47
Agencies and Resources	84

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

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

Goals

The multiple goals of the study include:

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

Methodology

A variety of resources were utilized to obtain information for the Housing Study. Community Partners Research, Inc., collected and analyzed data from August, 2013 to December, 2013. Data sources included:

- U.S. Census Bureau
- American Community Survey
- Records and data from the City
- Records and data maintained by Lincoln County
- South Dakota State Data Center
- Interviews with City officials, community leaders, housing stakeholders, etc.
- Area housing agencies
- State and Federal housing agencies
- Rental property owner surveys
- Housing condition and mobile home survey

Limitations

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

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Section Table of Contents

	<u>Page</u>
Demographic Data Overview	5
Population Data and Trends	6
Population by Age Trends: 2000 to 2010	7
Population Projections	9
Household Data and Trends	10
Household by Age Trends: 2000 to 2010	11
Average Household Size	13
Household Projections	14
Household Projections by Age	15
Households by Type	17
Housing Tenure	18
Tenure by Age	19
Tenure by Household Size	20
2011 Income Data	21
Household Income Distribution	22
Income Distribution by Tenure	23
2011 Estimated Income and Housing Costs - Renters	25
2011 Estimated Income and Housing Costs - Owners	26

Demographic Data Overview

Sources of Data

The following pages contain demographic data obtained from a variety of local, state and national sources for the City of Canton and Lincoln County. At the time that research was completed for this Study, the 2010 Census information was available. However, the 2010 Census was more limited in scope than in the past. As a result, some of the demographic variables, such as income and housing cost information, were not available.

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

The frequency of American Community Survey estimates vary depending on the size of the jurisdiction. For most jurisdictions in South Dakota, the 2011 estimates were derived from sampling that was done over a five-year period, between 2007 and 2011. Unless otherwise noted, the American Community Survey estimates are based on the five-year survey data.

Population Data and Trends

Table 1 Population Trends - 1980 to 2012							
	1980 Census	1990 Census	2000 Census	% Change 1990-2000	2010 Census	% Change 2000-2010	2012 Estimates
Canton	2,886	2,787	3,110	11.6%	3,057	-1.7%	3,224
Lincoln Co.	13,942	15,427	24,131	56.4%	44,828	85.8%	48,296

Source: U.S. Census

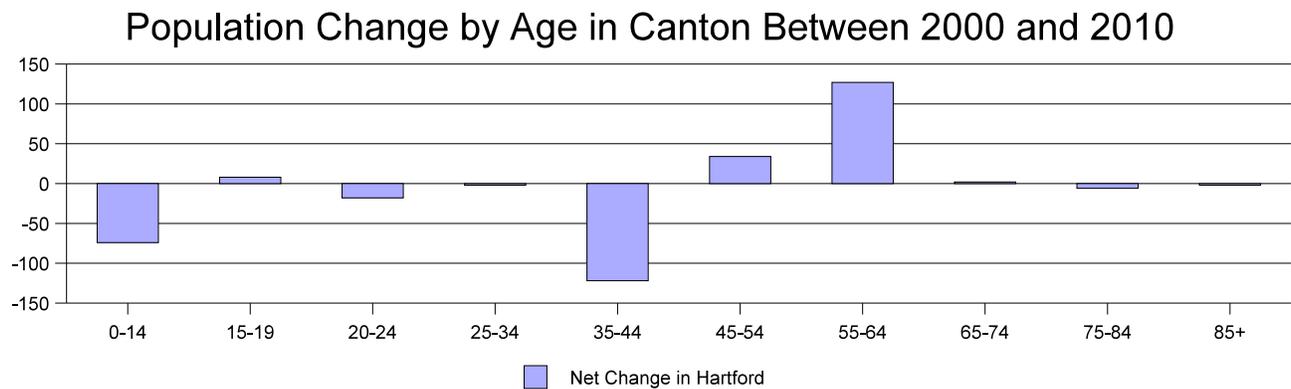
- ▶ According to the 2010 U.S. Census, the City of Canton had a population loss of 53 people from 2000 to 2010. Canton’s population was 3,057 in 2010. The 53-person decrease from 2000 was a population loss of 1.7%.
- ▶ Lincoln County’s population was 44,828 in 2010. This was a substantial increase of 20,697 people from 2000, for a population gain of 85.8%.
- ▶ Canton and Lincoln County experienced population increases in the 1990s. Canton’s population increased by 323 people and Lincoln County increased by 8,704 people from 1990 to 2000.
- ▶ The Census Bureau has released more recent information through its population estimates program. The most recent estimate for Canton is effective July 1, 2012, and shows the City adding 167 people from 2010 to 2012. The most recent estimate for Lincoln County is also effective July 1, 2012, and shows the County adding 3,468 people after the 2010 Census. The net growth in the County has been attributed to a combination of “natural increase” as births exceeded deaths, and in-migration.
- ▶ Canton’s population is primarily White and non-Hispanic/Latino. At the time of the 2010 Census, approximately 95.8% of the City’s residents were White, 0.3% were Black or African American, 1.3% were American Indian and 0.8% were Asian. Approximately 1.7% of the City’s population was identified as Hispanic/Latino.

Population by Age Trends: 2000 to 2010

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

Table 2 Population by Age - 2000 to 2010						
Age	Canton			Lincoln County		
	2000	2010	Change	2000	2010	Change
0-14	720	646	-74	5,948	11,543	5,595
15-19	214	222	8	1,755	2,503	748
20-24	189	171	-18	1,294	2,326	1,032
25-34	377	375	-2	3,466	7,781	4,315
35-44	480	358	-122	4,238	6,481	2,243
45-54	381	415	34	3,248	5,808	2,560
55-64	228	355	127	1,666	4,354	2,688
65-74	212	214	2	1,204	2,139	935
75-84	197	191	-6	903	1,257	354
85+	112	110	-2	409	636	227
Total	3,110	3,057	-53	24,131	44,828	20,697

Source: U.S. Census



For many years, demographic analysts have been talking about the impact that is occurring as the large “baby boom” generation moves through the aging cycle. This trend has been evident in Canton and Lincoln County. Between 2000 and 2010, Canton had a gain of 161 people and Lincoln County had a gain of 5,248 people in the age ranges between 45 and 64 years old. In 2010, nearly all of the baby boomers were within these age ranges.

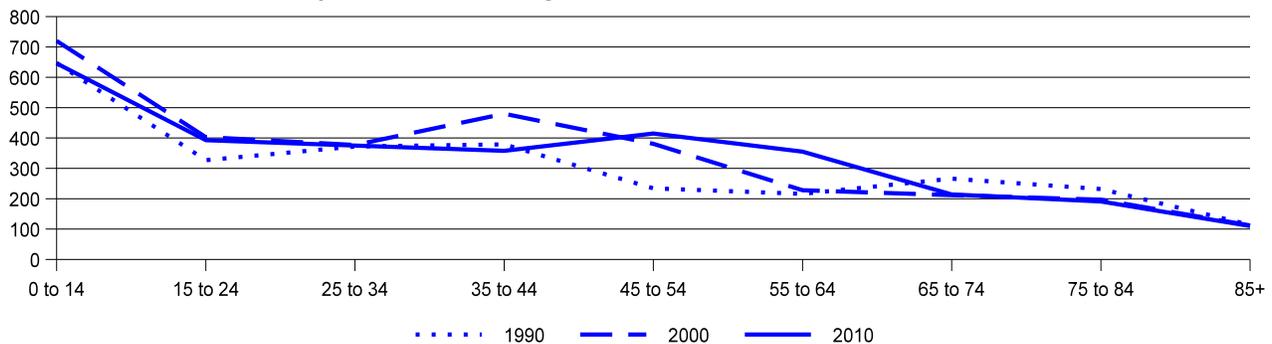
Lincoln County also had growth in all the other age ranges, with strong growth of 5,595 children in the 0 to 14 age range and 4,315 people in the 25 to 34 age range.

Canton also had slight population growth in the 15 to 19 age ranges, which increased by eight people.

Canton experienced a population loss of 74 children in the 0 to 14 age range, a loss of 20 people in the 20 to 34 age ranges and a loss of eight people in the 75 and older age ranges.

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

City of Canton Age Distribution: 1990 to 2010



Population Projections

The following table presents population projections using two different sources. The South Dakota State Data Center has issued population projections to the year 2030 for Lincoln County. The other set of projections has been calculated by Community Partners Research, Inc., and these are based on past patterns of population change.

Table 3 Population Projections Through 2015				
	2012 Census Estimate	2015 Projection Community Partners Research, Inc.	2020 Projection Community Partners Research, Inc.	2015 Projection State Data Center
Canton	3,224	3,254	3,303	N/A
Lincoln County	48,296	53,500	62,200	53,631

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

- ▶ The growth projections based on growth trends show population gains from 2010 to 2020 for the City of Canton and Lincoln County. The State Data Center also projects population gains for Lincoln County.
- ▶ The growth trend population projections for Canton forecast an increase of 30 people from 2012 to 2015 and the increase of another 49 people from 2015 to 2020.
- ▶ Lincoln County’s population, based on growth trends, is projected to gain approximately 5,200 people from 2012 to 2015 and an additional 8,700 people from 2015 to 2020. The State Data Center projects that the County’s population will be 53,631 in 2015, very similar to the Community Partners Research, Inc., projection.

Household Data and Trends

Table 4 Household Trends - 1980 to 2010						
	1980 Households	1990 Households	2000 Households	% Change 1990-2000	2010 Households	% Change 2000-2010
Canton	1,092	1,107	1,209	9.2%	1,248	3.2%
Lincoln County	4,785	5,461	8,782	60.8%	16,649	89.6%

Source: U.S. Census

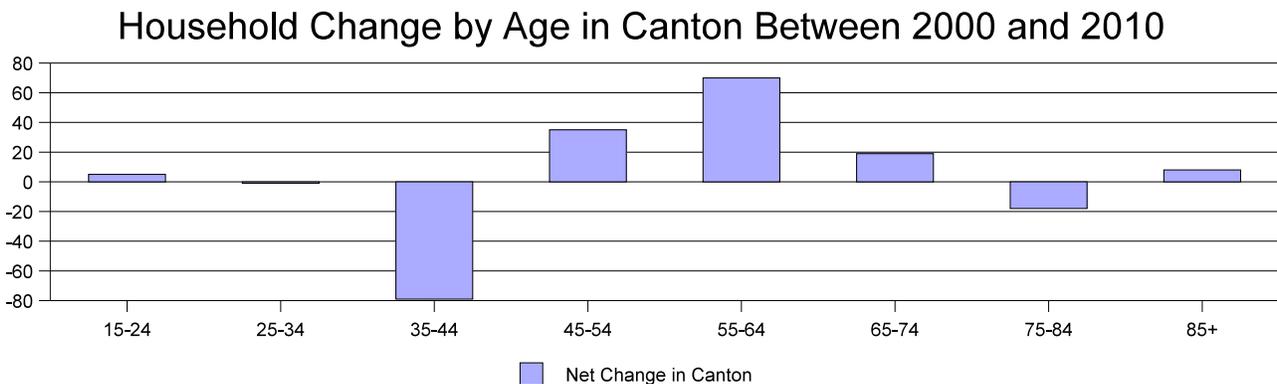
- ▶ According to the 2010 U.S. Census, Canton and Lincoln County gained households from 2000 to 2010. Canton had 1,248 households in 2010. This was an increase of 39 households from 2000, or a household gain of 3.2%.
- ▶ Lincoln County had 16,649 households in 2010. This was an increase of 7,867 households, or a household gain of 89.6%.
- ▶ Canton gained 102 households and Lincoln County gained 3,321 households during the 1990s.

Household by Age Trends: 2000 to 2010

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

Table 5 Households by Age - 2000 to 2010						
Age	Canton			Lincoln County		
	2000	2010	Change	2000	2010	Change
15-24	63	68	5	441	840	399
25-34	197	196	-1	1,738	3,977	2,239
35-44	268	189	-79	2,277	3,539	1,262
45-54	210	245	35	1,793	3,259	1,466
55-64	142	212	70	967	2,492	1,525
65-74	126	145	19	705	1,303	598
75-84	143	125	-18	628	821	193
85+	60	68	8	233	418	185
Total	1,209	1,248	39	8,782	16,649	7,867

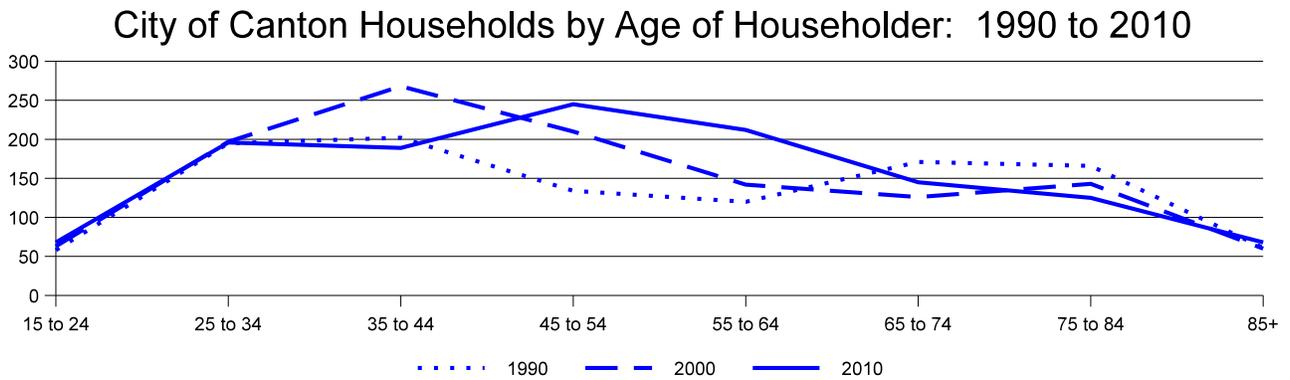
Source: U.S. Census



Canton added 124 households in the 45 to 74 year old age ranges, five households in the 15 to 24 age range and eight households in the age 85 and older age range.

Canton had a decrease of 80 households in the 25 to 44 age ranges, and a loss of 18 households in the 75 to 84 age range.

Lincoln County experienced household gains in all age ranges. The age ranges age 54 and younger added 5,366 households and the 55 and older age ranges increased by 2,501 households.



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

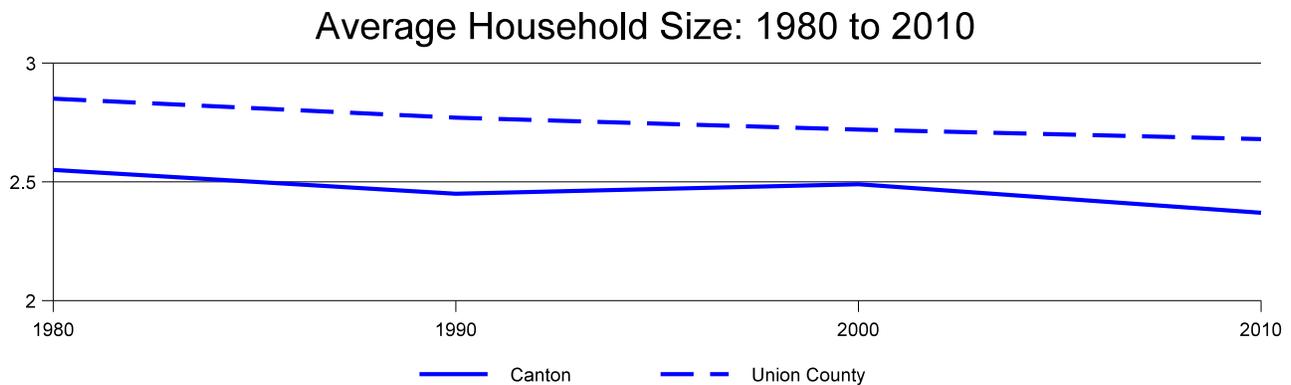
Average Household Size

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

Table 6 Average Number of Persons Per Household: 1990 to 2010				
	1980 Census	1990 Census	2000 Census	2010 Census
Canton	2.55	2.45	2.49	2.37
Lincoln County	2.85	2.77	2.72	2.68
South Dakota	2.74	2.59	2.50	2.42

Source: U.S. Census

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



The average household size in Lincoln County has decreased over the past three decades. Canton’s average household size decreased between 1980 and 2010, although there was a slight increase from 1990 to 2000. In Canton, the average household size decreased from 2.55 persons per household in 1980 to 2.37 in 2010. Lincoln County’s average household size decreased from 2.85 in 1980 to 2.68 in 2010.

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

Household Projections

The following table presents household projections for Canton and Lincoln County. The projections are for the five-year time periods between 2010 and 2015, and from 2015 to 2020. Both sets of projections have been generated by Community Partners Research, Inc., and are based on the average annual rate of change that was present between 2000 and 2010.

Table 7 Household Projections Through 2015 and 2020			
	2010 Census	2015 Projection Community Partners Research, Inc.	2020 Projection Community Partners Research, Inc.
Canton	1,248	1,310	1,393
Lincoln County	16,649	20,010	23,450

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

- ▶ The growth projections calculated from past trends both show expected household gains for Canton and Lincoln County from 2010 to 2020, consistent with past trends.
- ▶ Canton is expected to increase by 62 households from 2010 to 2015 and increase by an additional 83 households from 2015 to 2020. These projections assume a relatively consistent annual numeric level of growth for the City over the next several years.
- ▶ Lincoln County is projected to increase by approximately 3,361 households from 2010 to 2015 and is projected to add an additional 3,440 households from 2015 to 2020.

Canton Household by Age Projections: 2010 to 2015

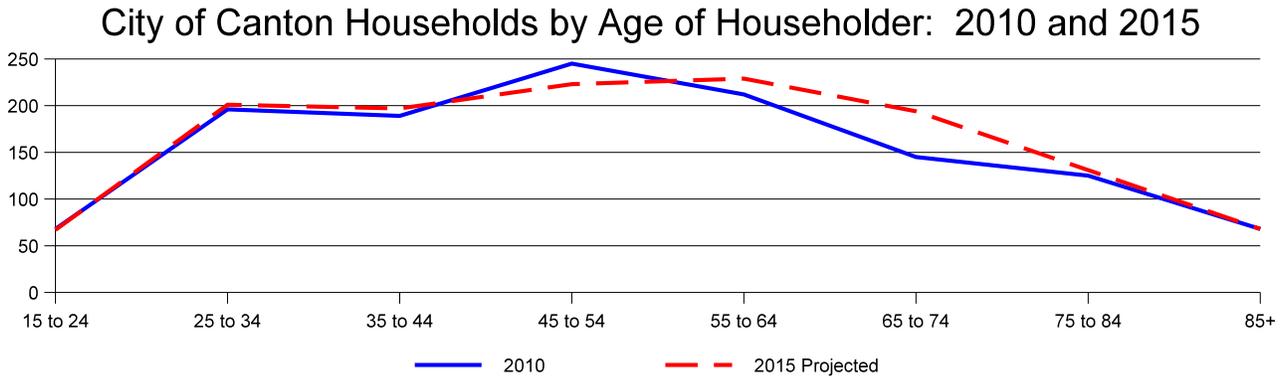
With the release of the 2010 Census, a new benchmark has been established for Canton’s age-related statistics. In the following table, Community Partners Research, Inc., has generated age-based household projections for Canton to the year 2015.

The projections were created by trending forward past retention rates within defined age cohorts, and assuming that these past patterns are reasonable predictors of future changes.

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 Canton adds population at a rate that is faster or slower than past patterns would suggest, traditional age-based forecasts would be altered.

Table 8 Canton Projected Households by Age - 2010 to 2015			
Age Range	2010 Census	Community Partner Research	
		2015 Projection	Change from 2010
15-24	68	67	-1
25-34	196	201	5
35-44	189	197	8
45-54	245	223	-22
55-64	212	229	17
65-74	145	194	49
75-84	125	131	6
85+	68	68	0
Total	1,248	1,310	62

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



Consistent with the age distribution data presented earlier, the movement of the “baby boom” generation through the aging cycle should generate most of the City’s growth in households in the age ranges between 55 and 74 years old. Community Partners Research, Inc., projections indicate a gain of 66 households in Canton from 2010 to 2015.

Community Partners Research, Inc., is also projecting an increase of 13 households in the 25 to 44 age ranges and a six-household gain in the 75 and older age ranges.

Community Partners Research, Inc., is projecting a loss of one household in the 15 to 24 age range and a loss of 22 households in the 45 to 54 age range.

Households by Type

The 2010 Census can be compared to statistics from 2000 to examine changes in household composition. The following table looks at household trends within the City of Canton.

Table 9 Canton Household Composition - 2000 to 2010			
	2000 Census	2010 Census	Change
Family Households			
Married Couple with own children	334	252	-82
Single Parent with own children	100	118	8
Married Couple without own children	342	375	33
Family Householder without spouse	49	44	-5
Total Families	825	789	-36
Non-Family Households			
Single Person	350	403	53
Two or more persons	34	56	22
Total Non-Families	384	459	75

Source: U.S. Census

Between 2000 and 2010, Canton experienced an overall net decrease of 36 “family” households. There was a decrease of 82 married couple families that had their own children in the household. The City had an increase of eight single parent households with children and a gain of 33 married couples without children.

The City of Canton had an increase of 75 “non-family” households. There was an increase of 53 one-person households. There was an increase of 22 households that had unrelated individuals living together.

Housing Tenure

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

Table 10 Household Tenure - 2010				
	Number of Owners	Percent of all Households	Number of Renters	Percent of all Households
Canton	894	71.6%	354	28.4%
Lincoln County	13,042	78.3%	3,607	21.7%
State	-	68.1%	-	31.9%

Source: U.S. Census

According to the 2010 Census, the ownership tenure rate in Canton was 71.6% and Lincoln County’s ownership rate was 78.3% in 2010. Canton’s rental tenure rate of 28.4% was below the Statewide rate of 31.9% renter households.

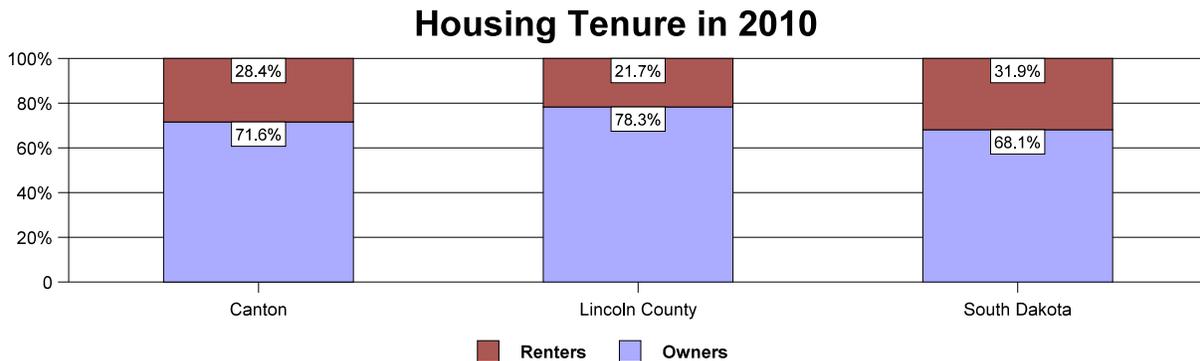


Table 11 Households by Housing Tenure - 2000 to 2010						
Tenure	Canton			Lincoln County		
	2000	2010	Change	2000	2010	Change
Owners	866/71.6%	894/71.6%	28	6,995/79.7%	13,042/78.3%	6,047
Renters	343/28.4%	354/28.4%	11	1,787/20.3%	3,607/21.7%	1,820
Total	1,209	1,248	39	8,782	16,649	7,867

Source: U.S. Census

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

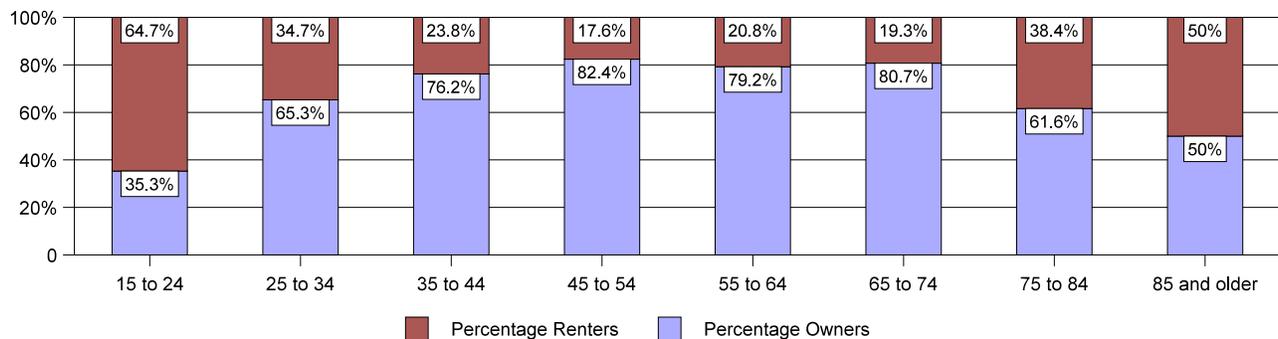
Tenure by Age of Householder

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

Table 12 Canton Tenure by Age of Householder - 2010				
Age	Owners		Renters	
	Number	Percent within age	Number	Percent within age
15-24	24	35.3%	44	64.7%
25-34	128	65.3%	68	34.7%
35-44	144	76.2%	45	23.8%
45-54	202	82.4%	43	17.6%
55-64	168	79.2%	44	20.8%
65-74	117	80.7%	28	19.3%
75-84	77	61.6%	48	38.4%
85+	34	50.0%	34	50.0%
Total	894	100%	354	100%

Source: U.S. Census

City of Canton Housing Tenure Patterns by Age in 2010



Within the defined age ranges, typical tenure patterns were present. Households at the lowest and highest ends of the age spectrum showed greater preference for rented housing, while middle-aged adult households were primarily homeowners. Approximately 65% of households age 24 and younger rented their unit, and 50% of households age 85 and older were renters. Home ownership rates for each of the 10-year age cohorts between 35 and 74 years old were above 76%.

Tenure by Household Size

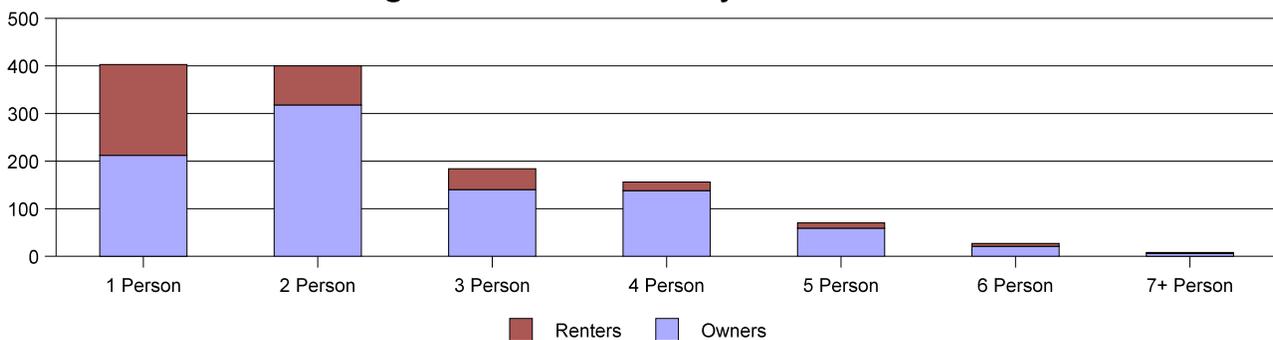
The 2010 Census provided information on housing tenure by household size. This can be compared to 2000 Census information to better understand trends for housing unit needs. The following table provides information for Canton.

Table 13 Canton Tenure by Household Size - 2000 to 2010						
Household Size	Owners			Renters		
	2000	2010	Change	2000	2010	Change
1-Person	175	212	37	175	191	16
2-Person	299	318	19	74	82	8
3-Person	152	140	-12	43	44	1
4-Person	146	138	-8	32	18	-14
5-Person	62	59	-3	12	11	-1
6-Person	25	21	-4	7	6	-1
7-Persons+	7	6	-1	0	2	2
Total	866	894	28	343	354	11

Source: U.S. Census

From 2000 to 2010, there were increases in the number of owner and renter households in Canton. There was an increase of 56 owner households with one or two household members. There was a decrease of 28 households with three or more household members. There was an increase of 24 renter households with one or two household members. There was a net loss of 13 households with three or more household members. Approximately 77% of the renter households in Canton were one or two person households in 2010.

Canton Housing Tenure Patterns by Household Size in 2010



2011 Income Data

The 2010 Census did not collect information on household income. However, estimates are available at the city and county level through the 2011 American Community Survey.

Household income represents all independent households, including people living alone and unrelated individuals together in a housing unit. Families are two or more related individuals living in a household.

Table 14 Median Household Income - 2000 to 2011			
	2000 Median	2011 Median	% Change
Canton	\$38,654	\$45,000	16.4%
Lincoln County	\$48,338	\$70,043	44.9%
South Dakota	\$35,271	\$46,369	31.5%

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

Table 15 Median Family Income - 2000 to 2011			
	2000 Median	2011 Median	% Change
Canton	\$46,058	\$65,425	42.0%
Lincoln County	\$55,401	\$78,131	41.0%
South Dakota	\$43,237	\$58,958	36.4%

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

Information contained in the 2011 American Community Survey shows that the median household and family incomes have increased substantially from 2000 to 2011 in Canton and Lincoln County. Canton and Lincoln County's median family incomes and Lincoln County's median household income are all above the statewide medians.

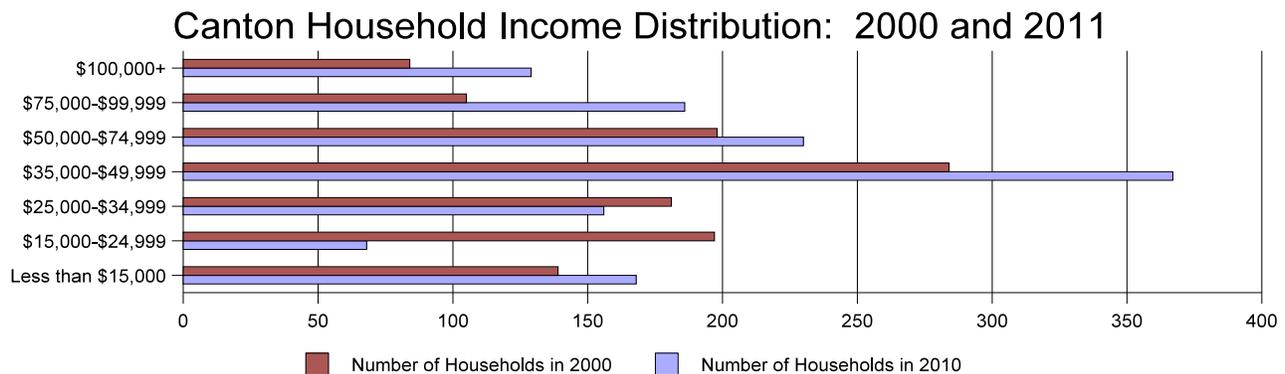
Generally, family household incomes tend to be much higher than the overall household median, as families have at least two household members, and potentially more income-earners. Using the commonly accepted standard that up to 30% of gross income can be applied to housing expenses without experiencing a cost burden, a median income household in Canton could afford approximately \$1,125 per month and a median income family household could afford \$1,636 per month for ownership or rental housing in 2011.

Canton Household Income Distribution

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

Table 16 Canton Household Income Distribution - 2000 to 2011			
Household Income	Number of Households 2000	Number of Households in 2011	Change 2000 to 2011
\$0 - \$14,999	139	168	29
\$15,000 - \$24,999	197	68	-129
\$25,000 - \$34,999	181	156	-25
\$35,000 - \$49,999	284	367	83
\$50,000 - \$74,999	198	230	32
\$75,000 - \$99,999	105	186	81
\$100,000+	84	129	45
Total	1,188	1,304	116

Source: 2000 Census; 2011 ACS



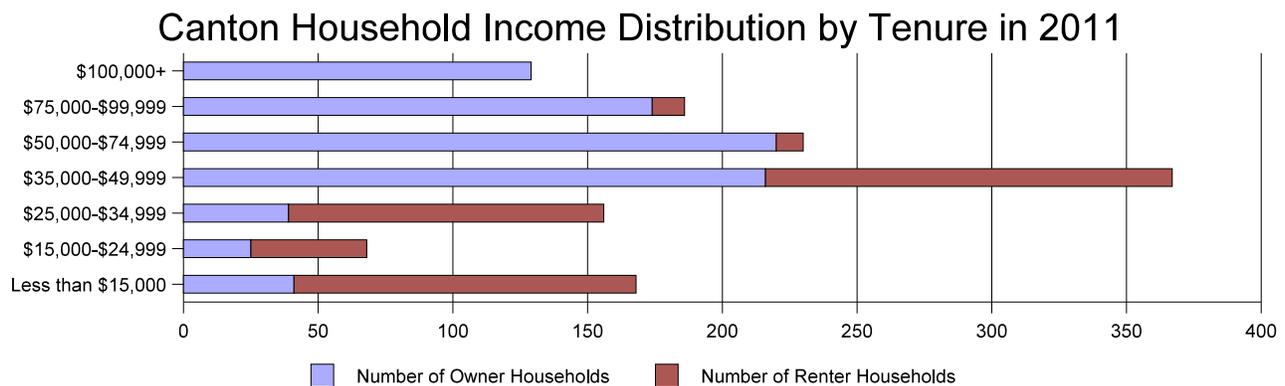
According to income estimates contained in the 2011 American Community Survey, household incomes have improved in Canton in the highest income ranges. When compared to the 2000 Census (1999 income), the number of households with an income of \$50,000, or more, increased by 158 households. Conversely, there was a net decrease of 125 households with annual incomes under \$35,000. Although there was a net decrease in the number of households in the lower income ranges, there were still 236 households with an annual income below \$25,000 in 2011, which represented 18.1% of all households in Canton.

Canton Income Distribution by Housing Tenure

The 2011 American Community Survey provides income data by owner and renter status. The following table examines income distribution in Canton. The American Community Survey is an estimate, based on limited sampling data, and there are some differences when compared to the 2010 Census. The American Community Survey reported income information on 1,304 households and the U.S. 2010 Census reported that there are 1,248 households in Canton.

Household Income	Number of Owner Households	Number of Renter Households	Total Households
\$0 - \$14,999	41 / 24.4%	127 / 75.6%	168
\$15,000 - \$24,999	25 / 36.8%	43 / 63.2%	68
\$25,000 - \$34,999	39 / 25.0%	117 / 75.0%	156
\$35,000 - \$49,999	216 / 58.9%	151 / 41.1%	367
\$50,000 - \$74,999	220 / 95.7%	10 / 4.3%	230
\$75,000 - \$99,999	174 / 93.5%	12 / 6.5%	186
\$100,000+	129 / 100.0%	0 / 0%	129
Total	844	460	1,304

Source: 2011 American Community Survey



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

In 2011, approximately 62% of all renter households in Canton had an annual income below \$35,000. At 30% of income, these households would have \$875, or less, that could be applied to monthly housing costs. The median income for all renter households was approximately \$29,000 in 2011. At 30% of income, a renter at the median level could afford approximately \$725 per month or less for housing costs.

Most owner households had a higher income level than rental households. Approximately 62% of all owner households had an annual income of \$50,000 or more. The estimated median household income for owners in 2011 was approximately \$58,000. At 30% of income, an owner at the median income level could afford approximately \$1,450 per month for housing costs.

2011 Estimated Income and Housing Costs - Renters

The American Community Survey also collected information on housing costs. The following table provides data on the number of renter households that are paying different percentages of their gross household income for housing in Canton.

Table 18 Gross Rent as a Percentage of Household Income - Canton		
Percentage of Household Income for Housing Costs	Number of Renter Households 2011	Percent of All Renter Households 2011
0% to 19.9%	167	36.3%
20% to 29.9%	138	30.0%
30% to 34.9%	19	4.1%
35% or more	119	25.9%
Not Computed	17	3.7%
Total	460	100%

Source: 2011 American Community Survey

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

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

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

2011 Estimated Income and Housing Costs - Owners

The American Community Survey also provided housing cost estimates for owner-occupants. The following table provides estimates of the number of households in Canton County that are paying different percentages of their gross household income for housing costs.

Table 19 Ownership Costs as a Percentage of Income - Canton		
Percentage of Household Income for Housing Costs	Number of Owner Households 2010	Percent of All Owner Households 2010
0% to 19.9%	423	50.1%
20% to 29.9%	239	28.3%
30% to 34.9%	83	9.8%
35% or more	99	11.8%
Not Computed	0	0%
Total	844	100%

Source: 2011 ACS

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

Most owner-occupants, which would include households with and without a mortgage, reported paying less than 30% of their income for housing. However, approximately 22% of all home owners reported that they paid more than 30% of their income for housing. A majority of these households were paying more than 35% of income for housing costs.

Occupancy Status of Housing Units - 2010

Table 20 Occupancy Status of Housing Units - 2010						
	Occupied Units		Vacant Units			
	Owner	Renter	For Rent	For Sale	Seasonal Use	Other Vacant
Canton	894	354	49	17	2	35
Lincoln Co.	13,042	3,607	572	297	82	275

Source: U.S. Census

- ▶ In 2010, according to the U.S. Census, there were 82 seasonal housing units in Lincoln County including two units in Canton.
- ▶ In addition to the seasonal units in 2010, there were 1,144 vacant housing units in Lincoln County, including 101 units in Canton. Most of the vacant units in Canton were identified as rental units.

Existing Home Sales

This section examines houses that have been sold in Canton in 2010, 2011, 2012 and 2013 (through October). It is important to note that the number of houses each year is limited and may not be an accurate indicator of overall home values in the City. However, this sample does provide some insight into those units that have turned-over during this time period.

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

Table 21 Median Value of Recent Residential Sales - 2010 to 2013		
	Number of Good Sales	Median Sale Price
2013 through Oct.	37	\$93,000
2012	44	\$112,500
2011	34	\$86,750
2010	42	\$94,950

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

- ▶ From 2010 to 2013, there were 157 residential sales of single family houses in Canton that were considered to be "arms length" transactions, according to the Lincoln County Director of Equalization. Sales that are not "arms length" include, but are not limited to, sales between relatives, forced sales and foreclosures, and estate transfers that are not available on the open market. Only the "arms length" transactions have been reviewed for this study.
- ▶ The median sales price for the 37 residential sales in Canton in 2013 through October was \$93,000. The highest valued sale was for \$259,000 and the lowest valued sale was for \$23,800.
- ▶ The median sales price for the 44 residential sales in Canton in 2012 was \$112,500. The highest valued sale was for \$270,000 and the lowest valued sale was for \$15,000.
- ▶ The median sales price for the 34 residential sales in Canton in 2011 was \$86,750. The highest valued sale was for \$215,000 and the lowest valued sale was for \$15,000.
- ▶ The median sales price for the 42 residential sales in Canton in 2010 was \$94,950. The highest valued sale was for \$277,000 and the lowest valued sale was for \$13,000.

Home Sales by Price Range

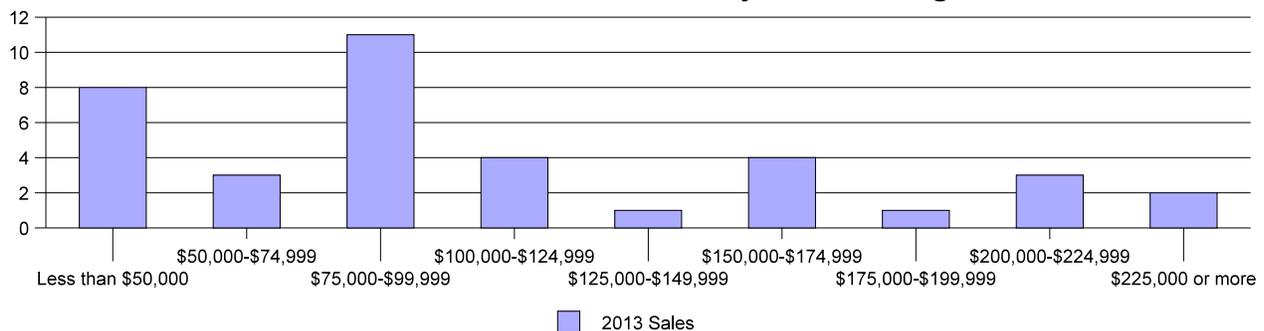
The following table looks at single family houses that sold within defined price ranges in 2013, using the unaudited information that was available from the County Equalization Office. The County's sales year differs from the calendar year, and ends on October 31st of each year, so the sales sample that was available ended in October.

Table 22 Canton Home Sales by Price Range in 2013		
Sale Price	Number of Sales	Percent of Sales
Less than \$49,999	8	21.6%
\$50,000 - \$74,999	3	8.1%
\$75,000 - \$99,999	11	29.7%
\$100,000 - \$124,999	4	10.8%
\$125,000 - \$149,999	1	2.7%
\$150,000 - \$174,999	4	10.8%
\$175,000 - \$199,999	1	2.7%
\$200,000 - \$224,999	3	8.1%
\$225,000 or more	2	5.4%
Total	37	100%

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

Recent home sales in Canton have been widely distributed in different price ranges, but more than 59% of 2013 sales were priced below \$100,000. Fewer than 14% of existing homes sold for \$200,000 or more.

2013 Canton Home Sales by Price Range



Canton Housing Condition

Community Partners Research, Inc. representatives conducted a visual 'windshield' survey of 586 single family/duplex houses in four of Canton's oldest neighborhoods.

The boundaries of the two neighborhoods are as follows:

- ▶ Neighborhood #1: North - Hwy 18
South - City limits
East - Milton and Martin Streets
West - Howard Street
- ▶ Neighborhood #2: North - City limits
South - Hwy 18
East - Railroad tracks
West - Bridge Street
- ▶ Neighborhood #3: North - West Elder Street
South - Hwy 18
East - Cedar Street
West - Pleasant Street
- ▶ Neighborhood #4: North - 2nd Street
South - Hwy 18
East - Lawler Street
West - Cedar Street

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

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

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

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

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

Table 23 Windshield Survey Condition Estimate - 2013					
	Sound	Minor Repair	Major Repair	Dilapidated	Total
Neighborhood #1	88/35.8%	82/33.3%	56/22.8%	20/8.1%	246
Neighborhood #2	29/44.6%	19/29.2%	13/20.0%	4/6.2%	65
Neighborhood #3	43/43.9%	35/35.7%	18/18.4%	2/2.0%	98
Neighborhood #4	85/48.0%	58/32.8%	31/17.5%	3/1.7%	177
Total	245/41.8%	194/33.1%	118/20.1%	29/5.0%	586

Source: Community Partners Research, Inc.

- ▶ Approximately 33% of the houses in the City's four oldest neighborhoods need minor repair and 20% need major repair. Approximately 42% are sound, with no required improvements. Twenty-nine houses are dilapidated and possibly beyond repair.

Canton Mobile Home Housing Condition

Community Partners Research, Inc. representatives conducted a visual 'windshield' survey of the 39 mobile homes located in Canton's two mobile home parks.

Mobile homes were categorized in one of four levels of physical condition, Sound, Minor Repair, Major Repair, and Dilapidated as defined below. The visual survey analyzed only the physical condition of the visible exterior of each structure. Exterior condition is assumed to be a reasonable indicator of the structure's interior quality.

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

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

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

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

Table 24 Windshield Survey Condition Estimate - 2013					
	Sound	Minor Repair	Major Repair	Dilapidated	Total
Mobile homes	7/17.9%	12/30.8%	16/41.0%	4/10.3%	39

Source: Community Partners Research, Inc.

- ▶ The mobile homes in Canton are in fair condition. Approximately 31% of the mobile homes in the two mobile home parks need minor repair and 41% need major repair. Approximately 18% are sound, with no required improvements.
- ▶ Four mobile homes are dilapidated and possibly beyond repair.

Building Permit Trends

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

Table 25 Canton Housing Unit Construction Activity: 2000 to 2013*			
Year	Single Family	Two or More Units	Total Units Constructed
2013	1	0	1
2012	4	0	4
2011	4	0	4
2010	1	0	1
2009	2	0	2
2008	4	0	4
2007	3	0	3
2006	0	0	0
2005	10	0	10
2004	10	0	10
2003	8	7	15
2002	16	0	16
2001	12	0	12
2000	13	5	18
TOTAL	88	12	100

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

*2013 is not a full year

Over the past 14 years, 100 new housing units have been constructed in Canton, based on building permit issuance and U.S. Census information. Eighty-eight of these units are single family homes and 12 units are in three duplexes and two triplexes. The duplexes and triplexes include both rental and owner-occupied units.

Much of the new single family construction occurred between 2000 and 2005. During this six-year period, the City averaged approximately 14 new housing units per year. After 2006, housing construction activity slowed, and the City has averaged two to three new units per year from 2006 to 2013.

Rental Housing Data

Census Bureau Rental Inventory

According to the 2010 U.S. Census, there were 354 occupied rental units and 51 unoccupied rental units in Canton, for a total estimated rental inventory of 405 units. The City's rental tenure rate in 2010 was 28.4%, below the Statewide rental rate of 31.9%.

At the time of the 2000 Census, Canton had 343 occupied rental units, and 35 vacant rental units, for a total estimated rental inventory of 378 units. The rental tenure rate in 2000 was also 28.4%.

Based on a Census comparison, the City gained 11 renter-occupancy households, and approximately 27 rental units during the last decade.

Rental Housing Survey

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

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

There were 226 housing units of all types that were contacted in the survey. In addition to the 226 rental units, the nursing home, which has 54 beds, was surveyed.

The units that were successfully contacted include:

- ▶ 171 market rate units
- ▶ 36 federally subsidized units
- ▶ 19 senior independent/assisted living units
- ▶ 54 beds in the nursing home

The findings of the survey are provided below.

Market Rate Summary

Information was obtained on 139 rental units in 15 multifamily projects. We also obtained information on 32 units in duplexes and single family homes.

Unit Mix

We obtained the bedroom mix on 163 market rate units. The bedroom mix of the units is:

- ▶ efficiency - 11 (6.7%)
- ▶ one-bedroom - 49 (30.1%)
- ▶ two-bedroom - 95 (58.3%)
- ▶ three-bedroom - 8 (4.9%)

Occupancy / Vacancy

At the time of the survey, there were 12 vacancies in the 171 market rate units that were surveyed. This is a vacancy rate of 7.0%. The majority of the vacancies were in older apartments. Ten of the 15 rental projects surveyed had no vacancies. Also, the single family homes surveyed had very high occupancy rates.

Rental Rates

Rental units may include the primary utility payments within the contract rent, or the tenant may be required to pay some utilities separately, in addition to the contract rent.

In the following summary, Community Partners Research, Inc., has attempted to estimate the gross rents being charged, inclusive of an estimate for tenant-paid utilities.

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

<u>Unit Type</u>	<u>Lowest/Highest Gross Rents</u>
Efficiency	\$345
One-bedroom	\$365-\$575
Two-bedroom	\$550-\$850
Three-bedroom	\$750-\$1,050

It is important to recognize that the rental units include units in single family homes, duplexes and multi-family buildings.

Tax Credit Summary

There are no tax credit units in Canton.

Subsidized Summary

The research completed for this Study identified two subsidized projects providing rental opportunities for lower income households. These projects have a combined 36 units. Both projects are general occupancy rental housing, although one project was originally a senior/disabled project.

The two subsidized rental projects in Canton include:

- ▶ **Colonial Village** - Colonial Village is a 20-unit HUD-subsidized project. The project includes five four-unit buildings. The 20 units are all one-bedroom units. The project was constructed in 1972, however, the buildings have been renovated over the years.
- ▶ **Villa Apartments** - Villa Apartments is a 16-unit USDA Rural Development General Occupancy project. The 16 units include two one-bedroom and 14 two-bedroom units.

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

Unit Mix

The bedroom mix breakdown for the 36 subsidized housing units in Canton is as follows:

- ▶ 22 one-bedroom (61.1%)
- ▶ 14 two-bedroom (38.9%)

Occupancy / Vacancy

No vacancies were identified in the subsidized projects and the managers of both projects reported an ongoing high rate of occupancy.

Subsidized Housing Gains/Losses

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

In Canton, Elms Apartments, a 24-unit project with 11 efficiency and 13 one-bedroom units, has converted from subsidized to market rate. Also, Old Main Apartments, a 26-unit project with 21 one-bedroom and five two-bedroom units, has recently opted out of its subsidy contract and converted to market rate. Therefore, the City of Canton's subsidized inventory has decreased by 50 units due to the conversions.

Senior Housing with Services

Unit Inventory

Canton has two senior with services projects including Hiawatha Heights Assisted Living and Good Samaritan, which has both assisted living and skilled nursing home beds.

Hiawatha Heights Assisted Living - Hiawatha Heights Assisted Living has 12 units with a capacity of 24 residents, however, the facility is licensed for 16 residents. The facility provides all assisted living services, including meals, medication distribution, bathing assistance, housekeeping, laundry, etc. The facility offers three levels of services based on the resident's needs. Rent and fees are based on the level of services. At the time of the survey there was one vacant unit.

Good Samaritan Assisted Living - Good Samaritan Assisted Living includes seven beds in the Good Samaritan Nursing Facility. The seven beds are set aside for individuals needing assisted living services, but not the skilled nursing care offered by the Nursing Home. At the time of the survey, that was one vacant bed.

Good Samaritan Nursing Home - The Good Samaritan Nursing Home is licensed as a 54-bed skilled nursing facility. The facility has a very high occupancy rate. Fees are based on the level of services.

Table 26 Canton Multifamily Rental Housing Inventory

Name	Number of Units / Bedroom Mix	Rent	Vacancy/ Wait List	Tenant Mix	Comments
Market Rate					
The Elms Apartments	11 - Efficiencies <u>13 - 1 bedroom</u> 24 total units	\$345 \$365	3 vacancies, 2 - effic. 1 - 1 bdrm	General occupancy	The Elms Apartments was a HUD Subsidized project that has converted to market rate. The project has 11 efficiency and 13 one-bedroom units. Rents are \$345 for an efficiency and \$365 for a one-bedroom. Rent includes utilities. Manager reports three vacancies, two efficiencies and 1 one-bedroom.
Cedar Manor Apartments	3 - 1 bedroom <u>3 - 2 bedroom</u> 6 total units	\$500	No vacancies	General occupancy	Six-unit apartment building with three one-bedroom and three two-bedroom units. The building was constructed in 1974. Rent for all six units is \$500. Rent includes heat, water and garbage. Tenants pay electricity. Owner reports no vacancies. Tenants pay an additional \$40 for a garage.
Main Street Apartments	1 - 1 bedroom <u>2 - 2 bedroom</u> 3 total units	\$400 to \$600	1 vacancy, 1 - 1 bdrm	General occupancy	Main St. Apartments is a converted house with two units and a second building with one unit. Rents are \$400, \$500 and \$600 for the three units. Tenants pay rent and electricity. Owner reports that the one-bedroom unit is currently vacant.
Hillcrest Apartments & 1 single family home	1 house <u>4 - 2 bedroom</u> 5 total units	\$450 \$650 + utilities	No vacancies	General occupancy	Hillcrest Apartments is a four-plex with four two-bedroom units. Units were constructed in 1996. Units are 1,200 square feet with attached double garages. Rent is \$650 plus utilities. Owner of Hillcrest Apartments also rents a single family home. The home has two bedrooms and the rent is \$450 plus utilities. Owner reports no vacancies in any of the units.
Holman Apartments	7 - 1 bedroom <u>5 - 2 bedroom</u> 12 total units	\$300-\$385 \$400-\$450	2 vacancies, 2 - 2 bdrm	General occupancy	Holman Apartments is a 12-unit building with seven one-bedroom and five two-bedroom units. The building was constructed in the 1930s. Tenants pay heat and electricity. The owner reports two vacant two-bedroom units. Currently, four tenants are Adams employees.

Table 26 Canton Multifamily Rental Housing Inventory

Name	Number of Units / Bedroom Mix	Rent	Vacancy/ Wait List	Tenant Mix	Comments
Market Rate					
Elder Apartments	<u>16 - 2 bedroom</u> 16 total units	\$625-\$650	No vacancies	Mostly seniors	Elder Apartments include 16 two-bedroom units in 4 four-plexes. The four-plexes were constructed in 1996 and 1997. Rent is \$625 and \$650 plus utilities. Owner reports no vacancies. The project is general occupancy, however, the tenants are mostly seniors.
Old Main Apartments	21 - 1 bedroom <u>5 - 2 bedroom</u> 26 total units	\$525 \$650	1 one-bedroom vacancy	General occupancy	Old Main is an older building that was constructed in the early 1900s and converted into apartments in the late 1990s. Old Main was a Tax Credit Project with income requirements, but the project has met its compliance requirements and has recently converted to a market rate project. There are 21 one-bedroom and five two-bedroom apartments. Tenants pay electricity. Currently, 1 one-bedroom units is vacant.
Doyle Properties 3 four-plexes and 4 single family homes	15 - 2 bedroom <u>1 - 3 bedroom</u> 16 total units	\$480 apts. +electric \$450-\$650 +utilities for homes	No vacancies	General occupancy	Doyle Properties include three four-plexes and four single family homes. The four-plexes are all two-bedroom units. The three single family homes are two-bedroom and one is three-bedroom. The four-plexes were constructed in the 1970s. Rents are \$480 and electricity for the four-plex units. The rents for the single family homes are \$450 to \$650 plus utilities. Owner reports that there are two vacancies due to renovations. The other units are occupied.
Molstad Properties	1 - 1 bedroom 28 - 2 bedroom <u>1 - 3 bedroom</u> 30 total units	Range of \$400 to \$800	Averages three to four vacancies	General occupancy	Molstad Properties includes approximately 30 rental units. All but two of the units are two-bedroom. The units are in a variety of complexes and projects including 4 four-plexes, twin homes and townhomes. Rents range from \$400 to \$800. The utilities that are included in the rent vary from project to project. The occupancy rate varies, but the owner reports that there are typically three to four vacancies.

Table 26 Canton Multifamily Rental Housing Inventory

Name	Number of Units / Bedroom Mix	Rent	Vacancy/ Wait List	Tenant Mix	Comments
Market Rate					
Schutte single family homes	1 - 2 bedroom <u>1 - 3 bedroom</u> 2 total units	\$725 \$950	No vacancies	General occupancy	Two single family homes including a two-bedroom and a three-bedroom. Both homes are occupied. Tenants pay utilities. Owner is in the process of selling one of the homes to the current tenant.
Scholle single family homes	1 -1 bedroom 3 -2 bedroom <u>2 - 3 bedroom</u> 6 total units	Approx. \$350	No vacancies	General occupancy	Six single family homes including 1 one-bedroom, three two-bedroom and two three-bedroom. Owner reports no vacancies. Rents are in the \$350 range. Tenants pay all utilities.
Ballinger single family home	<u>1 - 3 bedroom</u> 1 total unit	\$625	No vacancy	General occupancy	Single family home with a double garage. Home is occupied. Rent is \$625 plus utilities.
Beachler single family home	<u>1 - 3 bedroom</u> 1 total unit	\$650	No vacancy	General occupancy	Single family home with three bedrooms. Home is occupied. Rent is \$650 plus utilities.
Skiles Four-plex	1 - 1 bedroom <u>3 - 2 bedroom</u> 4 total units	\$350 \$450	No vacancies	General occupancy	Four-plex with 1 one-bedroom unit and three two-bedroom units. Owner reports no vacancies and the units are almost always fully occupied. Tenants pay utilities.
Esche Duplexes	<u>6 - 2 bedroom</u> 6 total units	\$650 to \$850	No vacancies	General occupancy	Three duplexes, all six units are two-bedroom. Two duplexes were constructed in 2003 and one in 1997. Owner reports no vacancies and a waiting list. Tenants pay utilities.
Everhart Duplex	<u>2 -2 bedroom</u> 2 total units	\$400 to \$450	No vacancies	General occupancy	Home converted into two-bedroom units in 1957. Owner reports no vacancies. Tenants pay heat and electricity.

Table 26 Canton Multifamily Rental Housing Inventory

Name	Number of Units / Bedroom Mix	Rent	Vacancy/ Wait List	Tenant Mix	Comments
Market Rate					
Thormodsgard Rentals	6 - houses <u>1 - duplex</u> 8 total units	Varies	1 vacancy, 1 - 3 bdrm in duplex	General occupancy	Thormodsgard Rentals include six single family homes and one duplex. Rent and number of bedrooms vary. Currently, one three-bedroom unit is available in the duplex. Rent for the vacant unit is \$450 plus utilities.
215 W. Main	1 - 1 bedroom <u>2 - 2 bedroom</u> 3 total units	\$425 \$425	1 vacancy	General occupancy	House with 1 one-bedroom unit and two two-bedroom units. Rent is \$425. Tenants pay heat and electricity. Currently, there is one vacancy.
Subsidized					
Colonial Village	<u>20 - 1 bedroom</u> 20 total units	\$420 max. 30% of income	No vacancies with a shorting waiting list	General occupancy	Colonial Village is a 20-unit HUD Public Housing General Occupancy Project that was constructed in 1972. The units are all one-bedroom. The units are in five four-plexes. The units have had improvements and renovations over the years. The manager reports full occupancy with a short waiting list. Preference is given to households that live, work or go to school in Canton. Tenants pay 30% of their income up to a ceiling rent of \$420.
Villa Apartments	2 - 1 bedroom <u>14 - 2 bedroom</u> 16 total units	\$490 max. \$525 max. 30% of income	No vacancies	General Occupancy	The Villas is a 16-unit Rural Development Project. The 16 units include two one-bedroom and 14 two-bedroom units. Manager reports no vacancies and the units are usually fully occupied. Rent includes water, sewer and garbage. Thirteen of the 16 units have rent assistance.

Table 26 Canton Multifamily Rental Housing Inventory

Name	Number of Units /Bedroom Mix	Rent	Vacancy/ Wait List	Tenant Mix	Comments
Senior Housing with Services					
Good Samaritan Nursing Home and Assisted Living	54 - nursing home beds 7 - assisted living <u>beds</u> 61 total units	Varies based on level of services	Nursing home beds at full capacity, 1 vacant assisted living bed	Seniors	Good Samaritan has 54 nursing home beds and seven assisted living beds. The nursing home beds are at full capacity and there is one vacant assisted living bed. Staff reports that there is usually an assisted living bed vacant. The nursing home does not have dementia designated beds, however, the nursing home accommodates many residents with dementia.
Sanford Hiawatha Heights	12 units, capacity of 24 residents, but licensed for 16 <u>residents</u> 12 total units	Varies based on level of services	1 vacant unit	Seniors	Hiawatha Heights is a 12-unit assisted living facility. Each unit has capacity double occupancy, however, facility is licensed for 16 residents, thus, only four units can have double occupancy. Facility provides all assisted living services including meals, medication distribution, bathing assistance, housekeeping, laundry, etc. Currently, there is one vacant unit.

Source: Community Partners Research, Inc.

Employment and Local Economic Trends

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

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

The largest employers in Canton include:

- ▶ Adams Thermal
- ▶ Canton School District
- ▶ Fastek Products
- ▶ Good Samaritan Center
- ▶ Keystone Treatment Center
- ▶ Sanford Canton-Inwood Hospital
- ▶ Legacy Electronics
- ▶ Terex Bid-Well
- ▶ Lincoln County Courthouse
- ▶ Johnson Feed
- ▶ Eastern Farmers Cooperative

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

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

Source: Governor's Office of Economic Development

Work Force and Unemployment Rates

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

Table 27 Sioux Falls MSA Annual Labor Statistics: 2000 to 2013*						
Year	Labor Force	Employed	Unemployed	Unemployment Rate - MSA	Unemployment Rate - SD	Unemployment Rate - US
2000	111,195	108,865	2,330	2.1%	2.7%	4.0%
2001	112,945	110,135	2,810	2.5%	3.1%	4.7%
2002	114,480	111,305	3,175	2.8%	3.3%	5.8%
2003	116,510	112,955	3,555	3.1%	3.5%	6.0%
2004	118,790	114,790	4,000	3.4%	3.7%	5.6%
2005	120,280	116,370	3,910	3.3%	3.7%	5.1%
2006	123,175	119,810	3,365	2.7%	3.1%	4.6%
2007	126,810	123,600	3,210	2.5%	2.9%	4.6%
2008	129,030	125,490	3,540	2.7%	3.0%	5.8%
2009	128,820	122,185	6,635	5.1%	5.2%	9.3%
2010	128,420	121,920	6,500	5.1%	5.0%	9.6%
2011	130,245	124,465	5,780	4.4%	4.7%	8.9%
2012	130,895	125,595	5,300	4.0%	4.4%	8.1%
2013*	134,865	130,020	4,845	3.6%	4.0%	7.5%

Source: South Dakota Department of Labor; Community Partners Research, Inc.

* 2013 is through October Not seasonally adjusted

After experiencing very low rates of unemployment for most of the last decade, the rate for the Sioux Falls MSA increased rapidly between 2008 and 2009. However, in comparison to national patterns, the unemployment rate in the area was still very low. After 2010, the unemployment rate began to decrease, and through the first 10 months of 2013 was down to only 3.6%, less than half of the national rate.

In terms of the employment level, 2012 (last full year of data) represented the highest employment count of the 13 years reviewed. The size of the available labor force also reached a peak in 2012. Based on the first 10 months, 2013 will exceed the levels achieved in 2010.

Employment and Wages by Industry

The following table shows the annual employment and average annual wages by major employment sector in 2012, the last full year of data. It is important to note that the major employment sectors listed do not represent all employment, as some classifications, such as self-employed workers, are not included. This information is for all of the Sioux Falls MSA.

Table 28 MSA Average Annual Wages by Industry Detail - 2012		
Industry	2012 Employment	Average Annual Wage
Total All Industry	135,897	\$41,010
Natural Resources, Mining	444	\$36,359
Construction	6,569	\$43,040
Manufacturing	12,969	\$44,239
Trade, Transportation, Utilities	29,301	\$36,790
Information	2,725	\$49,515
Financial Activities	15,468	\$50,881
Professional and Business Services	12,608	\$48,190
Education and Health Services	26,561	\$48,066
Leisure and Hospitality	13,241	\$14,342
Other Services	3,399	\$28,136
Government	12,613	\$42,087

Source: South Dakota Department of Labor

The average annual wage for all industry in 2012 was \$41,010 for the Sioux Falls MSA. The highest wage sector was Financial Activities, with an annual wage of \$50,881. The lowest average wage was paid in the Leisure and Hospitality sector, at \$14,342.

In terms of actual employment, the largest single sector was Trade, Transportation and Utilities, with 29,301 people. This is a broad sector, with a wide variation in annual wages for sub-sectors. The Retail Trade sub-sector, which accounted for nearly 59% of all employment within this sector, had an average annual wage of only \$26,568.

Commuting Patterns of Area Workers

Only limited information is available on workers that commute for employment. The best information is from the 2011 American Community Survey, and has been examined for the City of Canton. This table only examines travel time for Canton residents, and excludes people that work at home.

Table 28 Commuting Times for Canton Residents - 2011		
Travel Time	Number	Percent
Less than 10 minutes	550	33.0%
10 to 19 minutes	274	16.4%
20 to 29 minutes	174	10.4%
30 minutes +	668	40.1%
Total	1,666	100%

Source: 2011 American Community Survey 5-year estimates

Approximately half of Canton’s residents were commuting 20 minutes or more to work in 2011, including 40% that were traveling 30 minutes or more. This would imply that many City residents are working in or near Sioux Falls. Approximately one-third of the City’s residents had a drive time that was less than 10 minutes and were presumably working in Canton.

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

Table 29 Commuting Times for Canton Employees - 2011		
Travel Time	Number	Percent
Less than 10 minutes	451	38.3%
10 to 19 minutes	354	30.1%
20 to 29 minutes	168	14.3%
30 minutes +	204	17.3%
Total	1,177	100%

Source: 2011 American Community Survey 5-year estimates

For people that worked in Canton, nearly 32% traveled 20 minutes or more. Overall, approximately 370 people traveled to Canton from these greater distances, including more than 200 people that traveled 30 minutes or more.

Findings on Growth Trends

As part of this Study, Community Partners Research, Inc., has examined growth patterns for Canton and Lincoln County over the past few decades. These historic growth trends have then been used as a basis for projecting future demographic changes in the area.

Canton's population increased by 11.6% from 1990 to 2000. The population increased from 2,787 in 1990 to 3,110 in 2000. From 2000 to 2010, Canton's population decreased by 53 people, which was a population loss of 1.7%.

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

Household levels have increased from 1990 to 2010 in Canton and Lincoln County. Canton experienced a gain of 102 households from 1990 to 2000 and a gain of 39 households from 2000 to 2010. Lincoln County added 3,321 households from 1990 to 2000 and 7,867 households from 2000 to 2010.

Findings on Projected Growth

The projections for Canton and Lincoln and Lincoln County calculated by Community Partners Research, Inc., from past growth trends reflect the patterns of recent decades. Using the past trends, Community Partners Research, Inc., projects that Canton's population will increase by 30 people from 2012 and 2015, and by another 49 people between 2015 and 2020. The household projections expect a gain of 62 households from 2010 to 2015 and a gain of an additional 83 households from 2015 to 2020.

Lincoln County is expected to gain approximately 5,200 people from 2012 to 2015 and an additional 8,700 people from 2015 to 2020. Lincoln County's household projections expect a gain of 3,361 households from 2010 to 2015 and a gain of an additional 3,440 households from 2015 to 2020.

Summary of Canton’s Growth Projections by Age Group

The Demographic section of this Study presented Canton projection information on anticipated changes by age group from 2010 to 2015. This information can be informative in determining the housing that may be needed due to age patterns of the City’s population.

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

Consistent with the age distribution data presented earlier, the movement of the “baby boom” generation through the aging cycle should generate most of the City’s growth in households in the age ranges between 55 and 74 years old. Community Partners Research, Inc., projections indicate a gain of 66 households in the 55 to m74 year old age ranges in Canton from 2010 to 2015.

Community Partners Research, Inc., is also projecting an increase of 13 households in the 25 to 44 age ranges and a six-household gain in the 75 and older age ranges.

Community Partners Research, Inc., is also projecting a loss of one household in the 15 to 20 age range and a loss of 22 households in the 45 to 54 age range.

<u>Age Range</u>	<u>Projected Change in Households</u>
	<u>2010 to 2015</u>
15 to 24	-1
25 to 34	5
35 to 44	8
45 to 54	-22
55 to 64	17
65 to 74	49
75 to 84	6
85 and Older	0
Total	62

Findings on Housing Unit Demand and Tenure

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

Demand from Growth - The household projections used for this Study expect Canton to gain 145 households from 2010 to 2020. Significant household gains of approximately 6,801 households are projected for Lincoln County. Anticipated household growth will yield demand for new housing production in Canton.

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 Canton, 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. Although there has not been any significant growth in the number of households, shifting age patterns have created demand for certain types of age-appropriate housing in Canton. We have included our estimates of pent-up demand into the specific recommendations that follow later in this section.

Findings on Unit Demand by Type of Housing

Based on the household by age projections presented earlier, the changing age composition of Canton'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 loss of one household in the 15 to 24 age range through the year 2015. Past tenure patterns indicate that approximately 65% of these households in Canton will rent their housing. A stable 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 gain of five households in this age range by 2015. Within this age range households often move from rental to ownership housing. The ownership rate among these households in Canton was approximately 65% in 2010. A gain of households within this age range indicates more demand for both first-time home buyer and rental opportunities.

35 to 44 Years Old - The projections for this 10-year age cohort expect a range of a gain of eight households between 2010 and 2015 in Canton. In the past, this age group has had a high rate of home ownership in Canton, at more than 76%. Households within this range often represent both first-time buyers and households looking to trade-up in housing, selling their starter home for a more expensive house.

45 to 54 Years Old - By 2015, this age cohort will represent the front-end of the "baby bust" generation that followed behind the baby boomers. This age group represents a much smaller segment of the population than the baby boom age group. For Canton, the projections show a loss of 22 households in this range. This age group historically has had a high rate of home ownership, approximately 82% in Canton in 2010, and 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 during the projection period.

55 to 64 Years Old - This age range is part of the baby boom generation. The projections show an expected increase of 17 households in this 10-year age range by the year 2015 in the City. This age range has traditionally a high rate of home ownership in Canton, at approximately 79% in 2010. Age-appropriate housing, such as town house or twin home units, is often well suited to the life-cycle preferences of this age group, as no maintenance/low maintenance housing has become a popular option for empty-nesters.

65 to 74 Years Old - Community Partners Research, Inc., expect a strong gain of 49 households by the year 2015 in the 65 to 74 age range. While this group will begin moving to life-cycle housing options as they age, the younger seniors are still predominantly home owners. At the time of the 2010 Census, approximately 81% of the households in this age range owned their housing in Canton. Once again, preferences for age-appropriate units would increase from household growth within this age cohort.

75 to 84 Years Old - There is a projected gain of six households in Canton in this age range between 2010 and 2015. In the past, households within this 10-year age range have had a relatively high rate of home ownership, at approximately 62% in Canton. While this is likely to continue, an expansion of other housing options for seniors, including high quality rental housing, should appeal to this age group. In most cases, income levels for senior households have been improving, as people have done better retirement planning. As a result, households in this age range may have fewer cost limitations for housing choices than previous generations of seniors.

85 Years and Older - No change is projected in this age range from 2010 to 2015. Historic home ownership rates in this age group in Canton have been relatively low, at approximately 50% in 2010. Seniors in this age range often seek senior housing with services options.

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

Strengths for Housing Development

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

- ▶ **Canton serves as a small regional center** - Canton provides employment opportunities, retail/service options, health and professional services, governmental services and recreational facilities for a geographical area that surrounds the City.
- ▶ **Affordable priced housing stock** - The City of Canton has a stock of affordable, existing houses. Our analysis shows that the City's median home value based on 2013 sales is approximately \$93,000. This existing stock, when available for sale, provides an affordable option for home ownership.
- ▶ **Adequate land for development** - Canton has adequate land available for both residential and commercial/industrial development. However, some of this land needs to be serviced with infrastructure improvements and/or annexed into the City limits.
- ▶ **Educational system** - Canton has an excellent public K-12 school system.
- ▶ **Health facilities** - Canton has excellent health facilities including a hospital, medical clinic, a nursing home and assisted living.
- ▶ **Infrastructure** - Canton's water and sewer infrastructure can accommodate future expansion.
- ▶ **Commercial development** - Canton's commercial district is adequate to meet most daily needs.
- ▶ **Canton Housing and Redevelopment Commission** - The Canton Housing and Redevelopment Commission owns and manages rental housing and administers HUD's Housing Voucher Program in Canton.
- ▶ **Canton Economic Development Corporation** - The Canton EDC has been very active in promoting economic development in Canton.
- ▶ **Available lots** - Canton currently has approximately 15 lots with City utilities that are available for new home construction and an additional 15 lots that are in the development phase.

- ▶ **Canton is located near Sioux Falls** - Canton is located 20 miles from Sioux Falls. Sioux Falls provides employment opportunities, retail/service options, educational opportunities, health care facilities and cultural amenities. Some households prefer to live near, but not in a regional center.
- ▶ **Employers** - Canton has several large employers that provide job opportunities for local residents.
- ▶ **County Seat** - Canton is the county seat for Lincoln County.
- ▶ **Sioux Falls market** - On average, over the past 10 years, more than 1,800 housing units were constructed in Sioux Falls annually. Canton has the opportunity to capture a portion of this market.
- ▶ **Housing developers** - There are developers that are willing to invest in housing projects in the City of Canton. Developers have been active in subdivision development, rental housing, attached ownership housing and single family development.

Barriers or Limitations to Housing Activities

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

- ▶ **Age and condition of the housing stock** - While the existing stock is affordable, some of the housing is in need of improvements to meet expectations of potential buyers.
- ▶ **Low rent structure** - The area's rent structure is relatively low, which makes it difficult to construct new rental housing.
- ▶ **Value gap deters new owner-occupied construction** - Based on market values for 2013 residential sales, we estimate that the median priced home in Canton is valued at approximately \$93,000. This is below the comparable cost for new housing construction, which will generally be above \$150,000 for a stick built home with commonly expected amenities. This creates a value gap between new construction and existing homes. This can be a disincentive for any type of speculative building and can also deter customized construction, unless the owner is willing to accept a potential loss on their investment.
- ▶ **Population and household growth** - Historical data indicates that Canton is not expected to add a significant number of people or households from 2010 to 2020. The City has to use realistic expectations when planning for the future.
- ▶ **Close Proximity to Sioux Falls** - Sioux Falls is located 20 miles from Canton. Many households desire or need to be near a regional center for employment, health care, entertainment, retail, etc.
- ▶ **Lower paying jobs** - Although Canton has several large employers, some jobs are at the lower end of the pay scale and employees with these jobs have limited housing choices.

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 Canton. 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 Canton 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 Canton 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** - Canton has many assets including a K-12 school, employment opportunities, a Downtown Commercial District, health facilities, etc. These are strong assets that make Canton a desirable community to live in, and are key components to the City's long-term success and viability. These assets must be protected and improved.
- ▶ **Develop a realistic action plan with goals and time lines** - In the past the City has been involved in housing issues. The City should prioritize its housing issues and establish goals and time lines to achieve success in addressing its housing needs.
- ▶ **Access all available resources for housing** - In addition to the local efforts, the City has other resources to draw on including USDA Rural Development, the South Dakota Housing Development Authority, the South Eastern Council of Governments, the South Eastern Development Foundation, Inter-Lakes Community Action Agency, the Rural Office of Community Services and Grow South Dakota. These resources should be accessed as needed to assist with housing activities.

Summary of Findings/Recommendations

The findings/recommendations for the City of Canton have been formulated through the analysis of the information provided in the previous sections and include 21 recommendations. The findings/recommendations have been developed in the following five categories:

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

The findings/recommendations for each category are as follows:

Rental Housing Development

1. Develop 20 to 24 general occupancy market rate rental units
2. Consider the development of 16 to 20 tax credit/moderate rent general occupancy rental units
3. Promote the development of 12 to 14 general occupancy subsidized rental housing units
4. Consider the development of 10 to 12 senior independent/light services units
5. Develop a downtown mixed-use commercial/housing project
6. Utilize the Housing Choice Voucher Program

Home Ownership

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

Single Family Housing Development

9. Support Lot/Subdivision Development
10. Consider the development of City of Canton Housing Incentive Programs
11. Coordinate with economic development agencies, housing agencies and nonprofit groups to construct affordable housing
12. Promote twin home/townhome 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. Promote commercial rehabilitation and development
19. Develop mobile home park improvement programs
20. Develop home ownership and new construction marketing programs
21. Competition with other jurisdictions

Rental Housing Development

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

Our projections indicate that the City of Canton and Lincoln County will add households from 2014 to 2019. Also, there is pent-up demand for quality rental units, the ongoing loss of rental units from the housing stock due to dilapidation and redevelopment, and low vacancy rates in existing market rate units, thus, we are recommending the development of the following units from 2014 to 2019:

▶	General Occupancy Market Rate	- 20 to 24
▶	Tax Credit	- 16 to 20
▶	Subsidized	- 12 to 14
▶	Independent/Senior with Services	- 10 to 12
	Total	58 to 70

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

Findings: Canton has a limited number of quality market rate units. The most recently constructed rental units in Canton have been small projects including duplexes, triplexes and four-plexes.

These units typically have been high quality with 'state of the art' amenities. Some of these units have attached garages, two bathrooms, washer and dryer, etc. The rents typically are in the \$650 to \$800 range plus utilities.

Rents in City's older rental buildings, with fewer amenities, range from \$350 to \$600.

In addition to multifamily rental projects, there are also single family homes being rented in Canton. Based on our interviews, single family homes have a very low vacancy rate.

Also, our survey identified only a few three-bedroom and four-bedroom market rate units in the City of Canton.

Our interviews and rental survey identified demand and a need for additional market rate rental housing. We found 12 vacancies in the 171 rental units that we surveyed, however, the majority of these vacancies were in older and smaller units with few amenities. The newer units were usually fully occupied, some of which had waiting lists.

There is a projected gain of approximately 75 households in Canton from 2014 to 2019. There is also a projected increase of approximately 3,400 households during this timeframe in Lincoln County. While this projection is for the overall growth in Lincoln County, Canton has the potential to capture a share of this growth.

Additionally, we are expecting the loss of some rental units in Canton due to deterioration and demolition. We have identified 29 single family homes in four older Canton neighborhoods that are dilapidated and beyond repair. We also identified 118 single family homes that need major rehabilitation. Some of these dwellings are rentals and may be demolished or no longer rented because of their condition. Also, redevelopment projects and conversions from rental to owner-occupied units will result in the loss of rental units.

Recommendation: We recommend the development of 20 to 24 market rate rental housing units over the next five years. A town home unit or twin home style similar to the City's newest rental units would be the preferred style, to cater to active renter households, although, a high quality apartment building or buildings with 'state of the art' amenities is an option.

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

Also, the Canton Housing and Redevelopment Commission or the Canton Economic Development Corporation could partner with private developers to construct additional units. The City could assist with land donations, tax increment financing, reduced water and sewer hook up fees, etc. It may also be possible to utilize Housing Choice Vouchers if some of the new units meet income requirements and the rents are at or below Fair Market Rents (FMRs). The 2013 FMRs are \$700 for a two-bedroom and \$865 for a three-bedroom unit.

The units could be added in several phases, as demand dictates the need for additional units. In this way they have expanded the supply without saturating the market. Additionally, some of the units should be three-bedroom units as there is a shortage of three-bedroom units in Canton. The most recent rental units constructed in Canton have been constructed in small phases.

We recommend the development of 20 to 24 units and the unit mix and rents should be as follows:

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

<u>Unit Type</u>	<u>No. of Units</u>	<u>Size/Sq. Ft.</u>	<u>Rent</u>
One Bedroom	3-4	650-750	\$675-\$750
Two Bedroom	12-14	850-950	\$875-\$925
Three Bedroom	5-6	1,050-1,150	\$975-\$1,025
Total	20-24		

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

2. Consider the development of 16 to 20 tax credit/moderate rent housing units

Findings: The Federal low income housing tax credit program is the most available development financing resource for more affordable rental housing development. Over the past two decades, a number of the most affordable projects in the Sioux Falls MSA have utilized tax credits. Currently, there are no tax credit rental units in Canton.

Tax credit rental housing cannot serve all renter households. There are occupancy restrictions concerning household composition. There are also income limits that apply to all tax credit-assisted units. Households earning more than 60% of the HUD median income level, as adjusted by family size, cannot reside in a tax credit unit.

Since nearly all tax credit units have a more moderate gross rent, there is also a lower effective income limit, as households below 30% of the HUD median may not be able to afford the monthly rent. This lower limit can be eliminated if the household has a rent assistance Voucher or some form of project-based rent assistance. When research was completed in Sioux Falls in 2010, approximately 25% of the tax credit units in that community were being occupied by a household that also had a tenant-based rent assistance Voucher.

Tax credit assistance has been widely used to construct new rental units in Sioux Falls. Tax credit units have also been constructed in cities surrounding Sioux Falls. The research completed in Sioux Falls in 2010 had found that an annual average of nearly 90 new construction tax credit units had been built since the year 2000. There had also been units constructed outside Sioux Falls, including projects in Brandon, Harrisburg, Tea, and Hartford.

Recommendation: We recommend the development of 16 to 20 tax credit units in Canton during the next five years based on the following:

- ▶ The City of Canton currently has no tax credit units and only 36 subsidized units.
- ▶ The City's subsidized rental housing stock has decreased by 50 units due to two subsidized projects opting out of their subsidies and converting to market rate rental housing.
- ▶ Canton is projected to add 62 households from 2012 to 2015 and an additional 83 households from 2015 to 2020.
- ▶ Approximately 30% of the renter households in Canton are paying more than 30% of their income for rent. A significant majority of these households are actually paying more than 35% of their income for rent.
- ▶ Canton has experienced substantial job growth and additional job creation is projected over the next several years.
- ▶ Canton is located within 20 miles of Sioux Falls, thus, Sioux Falls households seeking a small town atmosphere could live in Canton, some of which are already commuting to Canton to work.

The 16 to 20 tax credit units should be primarily two and three-bedroom units and serve families.

It should be noted that the State of South Dakota awards tax credits based on a point system. For Canton to score highly enough to receive tax credits, it may be necessary for the City of Canton, local employers or the Canton Economic Development Corporation, to financially participate through waiving permit fees, land donations, tax increment financing or some other form of financial participation.

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

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

The research completed for this Study found only two subsidized projects, Colonial Village and Villa Apartments, which have a combined 36 units. Both projects are general occupancy rental housing, although one project was originally a senior/disabled project.

Colonial Village is a 20-unit HUD-subsidized project. The project includes five four-unit buildings. The 20 units are all one-bedroom units. The project was constructed in 1972, however, the buildings have been renovated over the years.

Villa Apartments is a 16-unit USDA Rural Development General Occupancy project. The 16 units include two one-bedroom and 14 two-bedroom units.

The City has lost 50 subsidized units in recent years due to two projects that converted to market rate housing. These projects, Elms Apartments with 24 units and Old Main Apartments with 26 units, both completed their contracts to provide subsidized housing.

There are additional “deep subsidy” resources available to Canton residents through the tenant-based Housing Choice Voucher Program. The Vouchers allow tenants to pay 30% of income for housing in suitable private-market rental units. The Voucher Program for Canton is administered by the Canton Housing and Redevelopment Commission. Twenty-one Canton households were using a Voucher in September, 2013.

The 2011 American Community survey estimated that approximately 30% of all renters in the City of Canton were paying 30% or more of their income for rent. The large majority of these households were actually paying 35% or more of their income for housing. Most of the households with a severe rent burden had low annual incomes, and would be under the income limits for subsidized housing. Older adult households, age 65 and above, accounted for a small percentage of the households with a rental cost burden, and working-age households were experiencing the greatest housing cost burden.

Recommendation: Based on the cost burden data contained in the American Community Survey, the limited number of subsidized units in Canton and the loss of 50 subsidized units due to conversions to market rate, we would recommend that the City look to expand the supply of deep subsidy rental housing for lower income renters. Over the next five years, we would recommend that the City attempt to construct 12 to 14 units that achieve a rent level that would be affordable to very low income households earning less than \$20,000 per year.

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

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

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

4. Consider the development of 10 to 12 senior independent/light services units

Findings: The City of Canton currently has two senior with services facilities. Good Samaritan has seven assisted living beds and 54 nursing home beds. Hiawatha Heights is an assisted living facility with 12 units with a capacity of 24 residents. However, the facility is licensed for 16 residents. Currently, there are two vacant assisted living units/beds.

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

Recommendation: Currently, the capacity of 23 assisted living beds in Canton’s two senior with services facilities are adequate to address Canton’s current assisted living needs. However, there are no independent, senior-designated housing options or senior with light services projects in Canton, thus, we are a 10 to 12-unit independent/senior with light services project in Canton. The project should be designed to allow seniors to live in a unit

independently or to rent a unit and utilize a low level of senior services such as noon meal and housekeeping.

The project's amenities and features should include:

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

Apartment features should include:

- ▶ seven to nine units
 - ▶ two to three one-bedroom
 - ▶ five to six two-bedroom
- ▶ Fully equipped kitchen
- ▶ Large storage room
- ▶ Ample closet space
- ▶ Laundry hookups
- ▶ Open floor plan
- ▶ Private patio
- ▶ Individually controlled heat and AC
- ▶ Raised outlets, lever door handles, lowered kitchen cabinets
- ▶ Expansive windows

Optional services should include:

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

It may be advantageous to attach this project to one of Canton's existing senior with services facilities, which allow would allow the project to utilize existing staffing and services.

The recommended rents are \$900 to \$950 for a one-bedroom unit and \$1,050 to \$1,150 for a two-bedroom unit. Subsidies and/or incentives could be utilized to lower rents, expand the available senior market and to make the project possible.

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

For the 10 to 12 units, we recommend the following unit type, number of units, size and rent structure:

Senior Market Rate Units:

<u>Unit Type</u>	<u>No. of Units</u>	<u>Size/Sq. Ft.</u>	<u>Rent</u>
One Bedroom	3-4	650-750	\$900-\$950
Two Bedroom	7-8	850-950	\$1,050-\$1,150
Total	10-12		

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

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

Findings: A mixed-use rental housing/commercial project in the Downtown area could complement the City’s ongoing efforts to redevelop the downtown. There should be sensitivity to the timing of the project and type of commercial tenants the project will have, to assure the project is an asset to the downtown.

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

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

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

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

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

6. 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 east of Interstate 29 by the Canton Housing and Redevelopment Commission. There currently is a waiting list of 18 months to obtain a Housing Choice Voucher. The Canton Housing and Redevelopment Commission has the ability to issue approximately 68 Vouchers. At the time of the research for this Study, 21 Canton renter households were utilizing the Housing Choice Voucher Program.

Recommendation: Canton rental property owners should work with the Canton Housing and Redevelopment Commission to assure that renter households are aware of the Housing Choice Voucher Program and have to the opportunity to apply for a Voucher.

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 Canton is estimated to be approximately \$93,000 based on 2013 sales activity. The home values in Canton provide a good opportunity for first time buyers and households seeking moderately priced homes.

Our analysis of Lincoln County demographic trends shows an increasing number of households in the traditionally strong home ownership age ranges between 55 and 74 years old. Also, the first time home buyer age ranges 25 to 44 are projected to add households in Canton. Some households in these age ranges as well as other age ranges that have not been able to achieve the goal of home ownership may need the assistance of special programs to help them purchase their first home.

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

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

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

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

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

8. Develop a Purchase/Rehabilitation Program

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

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

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

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

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

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

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

Single Family Housing Development

Findings: Based on City information, Canton has experienced a limited amount of single family housing development from 2000 to 2013. Over the past 14 years, approximately 88 single family owner-occupied units have been constructed in Canton. This is an average of approximately six owner-occupied units constructed annually in Canton.

Much of the new single family construction occurred between 2000 and 2005. During this six-year period, the City averaged approximately 14 new housing units per year. After 2006, housing construction activity slowed, and the City has averaged two to three new units per year from 2006 to 2013.

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

Growth projections estimate that households in the 25 to 44 age ranges. Some households in these age ranges are first-time home buyers and may be in the market for new affordable homes.

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

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

▶ Higher and Median priced homes	2-3
▶ Affordable Homes	3-4
▶ Twin homes/Townhomes	<u>4-5</u>
Total	9-12

9. Support Lot/Subdivision Support Lot Development

Findings: As part of this Study, we attempted to identify the inventory of available residential lots for single family housing construction in Canton. Buildable lots are defined as having sewer and water available to the lots. It appears that there are approximately 15 available lots in Canton's two newest subdivisions. Also, Nielson Construction is developing a subdivision, North Blair Estates, that will have 15 residential lots.

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

Recommendation: We use a standard that a 2.5-year supply of lots should be available in the marketplace, based on annual lot usage. Using our projections that nine to 12 houses will be constructed or moved in annually, an adequate supply of lots would be 23 to 30 lots. With approximately 30 lots available or in the development phase in Canton, there is currently an adequate number of lots.

However, the City of Canton and private developers should assure that there are adequate lots available for all types of ownership housing. There are sufficient lots available for higher, median and lower priced homes, however, there may be a need to develop lots for cluster twin home/town home development. Also, Habitat for Humanity will be seeking in fill lots on an ongoing basis.

Also, the City, the Canton Economic Development Corporation and private developers should plan for future subdivision and lot development. If new construction projections come to fruition, there will be a need for 45 to 60 lots over the next five years.

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

10. Consider the development of City of Canton Housing Incentive Programs

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

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

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

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

The City of Canton currently owns several lots that could be available at a nominal price for residential construction.

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

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

Habitat for Humanity is partnering with Adams Thermal Systems, Inc., and the Community to construct one home annually in Canton for 20 years. To date four homes have been constructed.

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

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

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

Habitat for Humanity's one house per year plan should continue to be supported. Also, households should be encouraged to utilize the Governor's Program and the development of a Mutual Self Help Program should be considered. The South Eastern Development Foundation provides loans to purchase and set up Governors Homes. The development of two affordable homes annually over the next five years would be a realistic goal.

12. Promote twin home/townhome development

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

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

In 2010, Canton had 357 households and Lincoln County had 1,802 households in the 55 to 74 age ranges. These age ranges are expected to increase by 66 households in Canton and by approximately 391 households in Lincoln County from 2010 to 2015. Minnehaha County, a potential market for Canton, will also have significant household gains in these age ranges. 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 four to six new owner-occupied twin homes or townhomes could be constructed in Canton annually over the next five years. Our projection is based on the availability of an ideal location for twin home development as well as high quality design and workmanship.

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

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

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

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

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

Housing Rehabilitation

Findings: Canton 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 Canton and area housing agencies will need to make housing rehabilitation a priority in the future. New housing construction that has occurred is often in a price range that is beyond the affordability level for many Canton 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: Based on the U.S. Census data, the City of Canton had approximately 405 rental units in 2010. These rental buildings are in multi-family projects, small rental buildings, duplexes, single family homes, mixed-use buildings and mobile homes. Many of these rental structures could benefit from rehabilitation as many of these rental structures are more than 25 years old and some rental units are in poor condition.

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

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

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

14. Promote owner-occupied housing rehabilitation efforts

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

Our housing condition survey of 586 homes in four of Canton's older neighborhoods found 194 homes that need minor repairs and 118 homes that need major repairs. Without rehabilitation assistance, the affordable housing stock will shrink in Canton.

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

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

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

Other Housing Initiatives

15. Continue to acquire and demolish dilapidated structures

Findings: Our housing condition survey identified 29 single family houses in four of the City's oldest neighborhoods that are dilapidated and too deteriorated to rehabilitate. We also identified 118 single family houses in Canton as needing major repair and some of these homes may be too dilapidated to rehabilitate. To improve the quality of the housing stock and to maintain the appearance of the City, these structures should be demolished.

Recommendation: Canton is working with property owners on an ongoing basis to demolish dilapidated homes. The appearance of the City is enhanced when blighted and dilapidated structures are removed. Also, some of the cleared lots can be utilized for the construction of new affordable housing units. Habitat for Humanity has utilized several of these lots for new home construction and will need infill lots for future homes.

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

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

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

Recommendation: Canton has access to multiple agencies that can assist with addressing housing needs. It is our recommendation that the City prioritize the recommendations of this Study and develop a plan to address the identified housing needs. The Plan should include strategies, time lines and the responsibilities of each agency. While there has traditionally been a degree of staff interaction between agencies, it will be important that a coordinated approach be used to prioritize and assign responsibility for housing programs.

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

17. Encourage employer involvement in housing

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

Housing for new employees is a concern for employers, thus, it may be advantageous for employers to become involved in housing. Adams Thermal Systems, Inc., is partnering with Habitat for Humanity to construct one new home in Canton annually for the next 20 years.

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

Recommendation: We recommend an ongoing effort to involve employers as partners in addressing Canton'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.

18. Promote Commercial Rehabilitation and Development

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

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

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

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

19. Develop mobile home park improvement programs

Findings: Based on our mobile home condition survey, Canton has an inventory of 39 mobile homes in two mobile home parks. This is approximately 3% of the total housing unit inventory in Canton. Our condition survey identified 16 mobile homes that need repairs and four mobile homes that are dilapidated and beyond repair.

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

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

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

- ▶ **Operation Safe Mobile Home Park** - Owners of substandard mobile homes are given the option of voluntarily selling their substandard mobile home to the City or a local housing agency for a fixed minimum price. The mobile homes are then removed from the park and demolished/salvaged. The owner can then use the funds from the sale to help purchase a new home. Mobile home dealerships have sometimes participated by buying the salvaged homes.
- ▶ **Time of Sale Inspection Program** - This inspection program is designed to provide safe living conditions through the identification and elimination of basic life/safety hazards in older mobile homes. Mobile homes are subject to inspection prior to their sale. All identified safety hazards must be corrected before the unit is sold and/or occupied.
- ▶ **Cooperative/Land Trust** - Some mobile home parks have created a cooperative or a land trust which enables the home owners to own the mobile home park land and facilities. This ownership often creates pride which results in a clean, safe park atmosphere.

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

20. Develop home ownership and new construction marketing programs

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

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

Recommendation: The City of Canton, the Canton Economic Development Corporation and the Canton Chamber of Commerce have been active in promoting and marketing housing. We recommend the following:

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

21. Competition with Other Jurisdictions

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

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

- ▶ Review the City’s policies to assure that the City’s process for working with developers and builders is user friendly, fair and receptive.
- ▶ Continue to work on the creation of jobs and the development of retail, service and recreational opportunities that make the City a “full service” community
- ▶ Continue to provide attractive lots at an affordable price for a variety of home sizes, styles and price ranges
- ▶ Provide financing mechanisms for households to build new homes, purchase existing homes and to rehabilitate older homes

- ▶ Preserve the quality of existing neighborhoods through the rehabilitation of substandard housing and the demolition of dilapidated structures that are beyond repair
- ▶ Continue to develop new housing choices that serve life-cycle housing needs, such as new rental housing, twin homes, senior housing, etc.
- ▶ Publicize and market Canton throughout the Region and among the employers and employees in Canton and the Region
- ▶ Develop a coordinated housing plan with area housing agencies

Agencies and Resources

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

InterLakes Community Action Partnership

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

South Eastern Development Foundation

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

South Eastern Council of Governments

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

South Dakota Housing Development Authority

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

USDA Rural Development

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

Rural Office of Community Services, Inc.

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