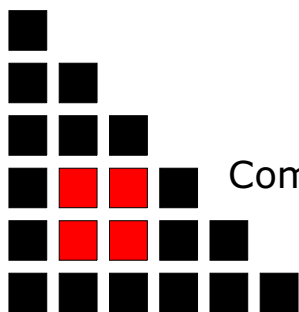# Webster
HOUSING STUDY UPDATE

August 2020

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

Community Partners Research, Inc.
Faribault, MN

List of Sections

Introduction

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

Community Partners Research, Inc., was hired initially by Day County Housing Development in 2014 to conduct a study of the housing needs and conditions in the City of Webster. In 2019, Community Partners Research, Inc. was hired to update the earlier document.

Goals

The multiple goals of the study include:
▸	Provide updated demographic data since the 2015 Study
▸	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 November 2019 to May 2020. Data sources included:

-	U.S. Census Bureau
-	American Community Survey
-	ESRI, a private data company
-	Records and data from the City of Webster
-	Records and data maintained by Day County
-	South Dakota State Data Center
-	Interviews with City officials, community leaders, housing stakeholders, etc.

- Area housing agencies
- State and Federal housing agencies
- Rental property owner surveys
- Housing condition and mobile home surveys

Limitations

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

This study was prepared by:

Community Partners Research, Inc.
Faribault, MN
(507) 838-5992
cpartners@charter.net

Section Table of Contents

Demographic Data Overview

Sources of Data

The following pages contain demographic data obtained from a variety of local, state and national sources for the City of Webster and Day County. At the time that research was completed for this Study, the 2020 decennial Census was being completed. However, even the preliminary information from this Census will not be released until March of 2021. As a result, intercensal estimates are still the best source for basic demographic variables.

To supplement the decennial Census, the Census Bureau has created the American Community Survey, an annual sampling of households. The American Community Survey provides detailed demographic characteristics. However, 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 American Community Survey data when it is viewed as reliable.

The frequency of American Community Survey estimates vary depending on the size of the jurisdiction. For most jurisdictions in South Dakota, the 2018 estimates were derived from sampling that was done over a five-year period, between 2014 and 2018. Unless otherwise noted, the American Community Survey estimates are based on the five-year survey data.

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

The Governor's Office of Economic Development provides demographic profile information for cities and counties supplied by Applied Geographic Solutions (AGS), a private company. Prior to using AGS, the State had utilized a similar provider, Esri, Inc., for demographic data. The analysts have examined both of these sources in some of the tables that follow for current-year (2019) estimates and future projections.

Population Data and Trends

Table 1 Population Trends - 1990 to 2019						
	1990 Census	2000 Census	% Change 1990-2000	2010 Census	% Change 2000-2010	2019 AGS Estimates
Webster	2,017	1,952	-3.2%	1,886	-3.4%	1,759
Day Co.	6,978	6,267	-10.2%	5,710	-8.9%	5,466

Source: U.S. Census; Applied Geographic Solutions

▸ Two estimates exist for population levels in 2019. Esri, a private data reporting service, showed a population level of 1,823 people in Webster, a decrease of 63 people from 2010 to 2019. Applied Geographic Solutions (AGS) estimates that Webster's population was 1,759 in 2019, a loss of 127 people since 2010.

▸ The Census Bureau has also released population estimates. The most recent estimate for Webster is effective July 1, 2019, and showed the City with 1,726 residents, down by 160 people from 2010 to 2019.

▸ Esri's 2019 estimate for Day County is 5,716, a gain of six people since 2010. AGS contradicts Esri's population estimate for Day County and shows a loss of 244 people in Day County from 2010 to 2019.

▸ The Census Bureau's estimate for Day County is effective for 2019 and showed the County with 5,424 residents, down by 286 people after the 2010 Census.

▸ Although there are some differences between the available estimates for Day County, two of the sources, AGS and the Census Bureau, both show the County losing residents over the past decade. There is little supporting evidence to indicate that Esri's estimate of slight population growth is accurate, especially if this growth is attributed to people living outside of the City of Webster.

▸ According to the 2010 U.S. Census, Webster's population was 1,886 people. When compared to the 2000 Census, the City had a population loss of 66 people from 2000 to 2010. The 66-person decrease from 2000 was a population loss of 3.4%.

▸ Day County's population was 5,710 in 2010. This was a decrease of 557 people from 2000, for a population loss of 8.9%.

‣ Webster and Day County also experienced population decreases in the 1990s. Webster's population decreased by 65 people and Day County decreased by 711 people from 1990 to 2000.

‣ Webster's population is primarily White and not of Hispanic/Latino ethnicity. At the time of the 2010 Census, approximately 95.1% of the City's residents were White, 0.2% were Black or African American, 2.3% were American Indian and 0.2% were Asian. Additionally, 0.3% of the population identified themselves as some other race and 1.9% of the population identified themselves as two or more races.

‣ Approximately 0.7% of the City's population was identified as Hispanic/Latino.

‣ The most reliable information on group quarters residents comes from the 2010 Census. There were 61 people residing in group quarters housing in Webster, with 50 in skilled nursing homes and 11 in adult correctional facilities.

Population by Age Trends: 2010 to 2019

The following table compares population by age from the 2010 Census to recent estimates provided by Applied Geographic Solutions.

	Webster			Day County		
Table 2 Population by Age - 2010 to 2019						
Age	2010	2019	Change	2010	2019	Change
0-9	231	220	-11	692	670	-22
10-19	228	231	3	646	676	30
20-29	183	179	-4	507	513	6
30-39	168	174	6	498	542	44
40-49	239	170	-69	702	519	-183
50-59	230	175	-55	940	697	-243
60-64	126	139	13	416	444	28
65+	481	471	-10	1,309	1,405	96
Total	1,886	1,759	-127	5,710	5,466	-244

Source: U.S. Census; AGS

Population Change by Age Between 2010 and 2019
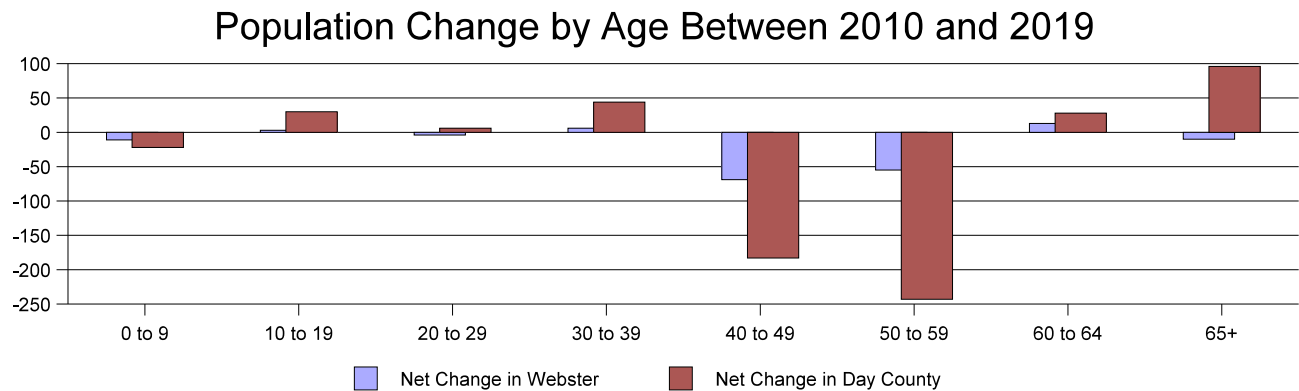
Day County had a gain of 80 people in the 10 to 39 age ranges and a gain of 124 people in the 60 and older age ranges. Day County had a loss of 22 people in the 0 to 9 age range and a loss of 426 people in the 40 to 59 age ranges.

Webster had a gain of three people in the 10 to 19 age range, an increase of six people in the 30 to 39 age range and a gain of 13 people in the 60 to 64 age range.

Webster experienced a population loss of 11 children in the 0 to 9 age range, a loss of four people in the 20 to 29 age range, a loss of 124 people in the 40 to 59 age ranges and a loss of 10 people in the 65 and older age range.

Population Projections

The following table presents population projections to the year 2024. Projections for Webster and Day County exist from both Applied Geographic Solutions and Esri, and span the five-year period from 2019 to 2024.

Table 3 Population Projections Through 2024						
	Applied Geographic Solutions			Esri		
	2019 Estimate	2024 Projection	Change 2019-2024	2019 Estimate	2024 Projection	Change 2019-2024
Webster	1,759	1,743	-16	1,823	1,786	-37
Day County	5,466	5,570	104	5,716	5,678	-38

Source: Applied Geographic Solutions; Esri

▸ AGS and Esri forecast a population loss from 2019 to 2024 for the City of Webster. AGS projects a loss of 16 people in Webster from 2019 to 2024, or an average decrease of approximately three people annually. Esri expects that the City of Webster will lose 37 residents over this five-year period, or an annual average of approximately seven to eight people per year.

▸ AGS expects all of Day County to gain 104 people between 2019 and 2024, or approximately 20 people in an average year. Esri is less optimistic and forecasts that Day County will lose 38 people from 2019 to 2024, which is an annual average of seven to eight people.

▸ Although Esri's population forecasts for 2019 to 2024 are more pessimistic than AGS's population projections, Esri's actual 2024 Webster and Day County's population projection counts are higher than AGS's. This is because Esri's 2019 population estimates were higher than AGS's.

Household Data and Trends

Table 4 Household Trends - 1990 to 2019						
	1990 Households	2000 Households	% Change 1990-2000	2010 Households	% Change 2000-2010	2019 AGS Estimate
Webster	898	866	-3.6%	878	1.4%	862
Day Co.	2,732	2,586	-5.3%	2,504	-3.2%	2,551

Source: U.S. Census; AGS

▸ AGS estimates that Webster had a loss of 16 households and Esri estimates that Webster had a decrease of 20 households from 2010 to 2019.

▸ AGS estimates that Day County has gained 47 households and Esri estimates that Day County gained 33 households from 2010 to 2019.

▸ According to the 2010 U.S. Census, Webster gained households from 2000 to 2010. Webster had 878 households in 2010, an increase of 12 households from 2000, for a household gain of 1.4%.

▸ Day County lost households from 2000 to 2010. Day County had 2,504 households in 2010. This was a decrease of 82 households from 2000, or a household loss of 3.2%.

▸ Webster had a loss of 32 households and Day County had a loss of 146 households during the 1990s.

Household by Age Trends: 2010 to 2019

The demographic data profile that is available from AGS does not provide information on households by age. However, age-based estimates are available from Esri. The following table compares households by age of householder in 2010 and 2019, along with the numeric changes.

Table 5 Households by Age - 2010 to 2019					
Age	Webster			Day County		
	2010	2019	Change	2010	2019	Change
15-24	35	30	-5	68	59	-9
25-34	113	108	-5	276	279	3
35-44	110	93	-17	294	279	-15
45-54	153	124	-29	495	375	-120
55-64	150	155	5	532	572	40
65-74	119	157	38	373	494	121
75+	198	191	-7	466	479	13
Total	878	858	-20	2,504	2,537	33

Source: U.S. Census; Esri

Household Change by Age Between 2010 and 2019
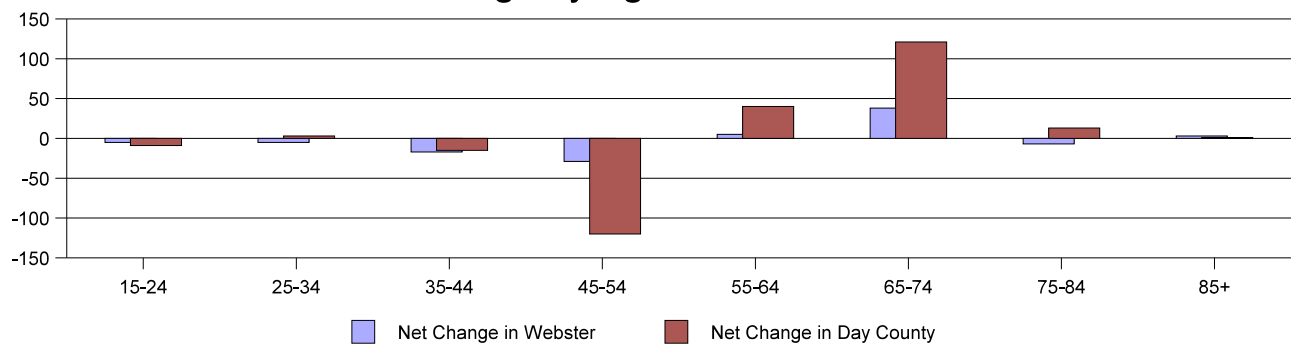
Between 2010 and 2019, Webster added 43 households in the 55 to 74 year old age ranges. Webster had a decrease of 56 households in the 15 to 54 age range and a loss of seven households in the 75 and older age ranges.

Day County experienced a gain of three households in the 25 to 34 age range and a gain of 174 households in the 55 and older age ranges. Day County had a loss of nine households in the 15 to 24 age range and a loss of 135 households in the 35 to 54 age ranges.

It is possible to track the "wave" progression of the baby boomer households over the past 30 years in Day County using information for households by the age of householder.

Day County Households by Age of Householder: 1990 to 2019
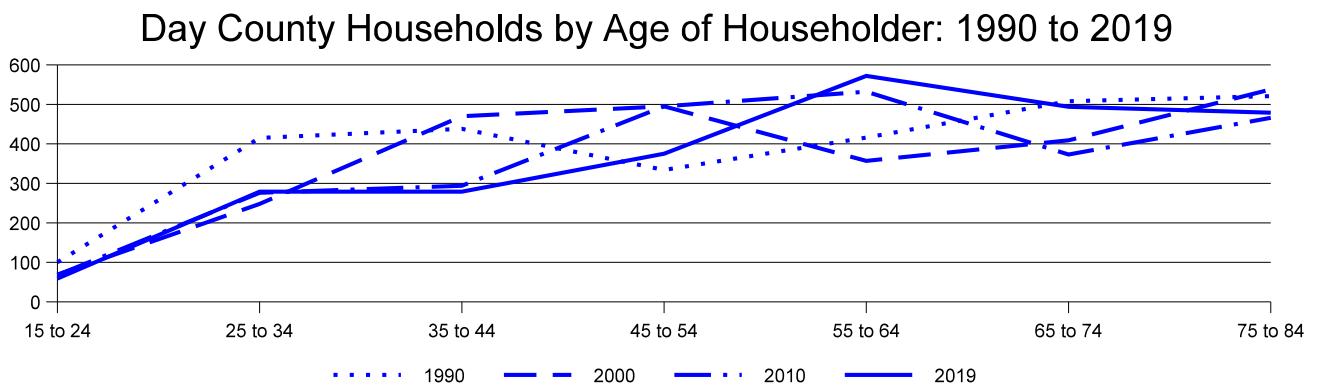
Average Household Size

The following table provides decennial Census information on average household size. The 2019 estimates from Esri are also provided.

Table 6 Average Number of Persons Per Household: 1990 to 2019				
	1990 Census	2000 Census	2010 Census	2019 Esri Estimate
Webster	2.18	2.18	2.08	2.06
Day County	2.50	2.36	2.22	2.20
South Dakota	2.59	2.50	2.42	N/A

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

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

Average Household Size: 1990 to 2019
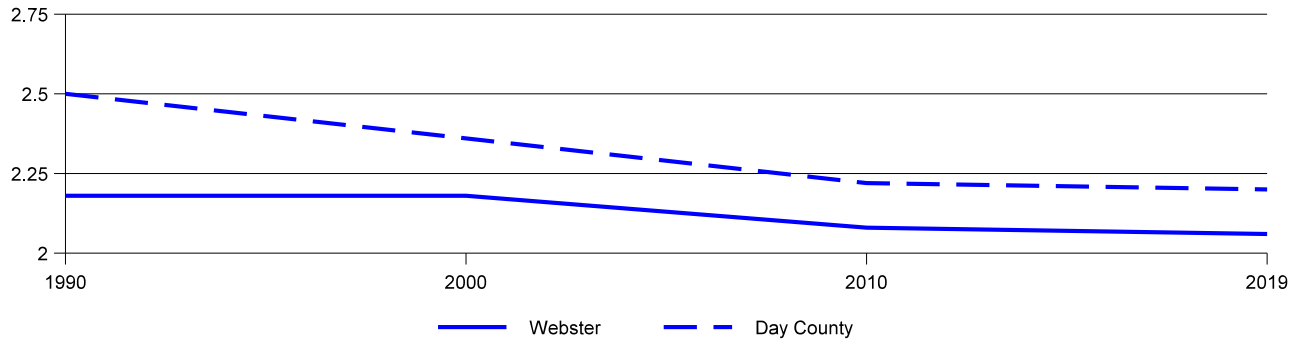
The average household size in Webster and Day County has decreased over the past three decades. In Webster, the average household size decreased from 2.18 persons per household in 1990 to 2.06 in 2019. Day County's average household size decreased from 2.50 in 1990 to 2.20 in 2019.

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

Household Projections

Household projections for the five-year time period spanning the years 2019 through 2024 are available from AGS and Esri. Household projections directly impact the demand for housing.

Table 7 Household Projections Through 2024						
	AGS			Esri		
	2019 Estimate	2024 Projection	Change	2019 Estimate	2024 Projection	Change
Webster	862	837	-25	858	846	-12
Day Co.	2,551	2,536	-15	2,537	2,540	3

Source: AGS, Esri

▸ The available projections expect household losses for Webster from 2019 to 2024.

▸ AGS projects that Webster will lose 25 households from 2019 to 2024. Esri forecasts that Webster will decrease by 12 households from 2019 to 2024.

▸ Based on AGS data, Day County is projected to lose 15 households from 2019 to 2024. This is an average of approximately three households per year.

▸ Esri projects that Day County will gain three households from 2019 to 2024.

Household by Age Projections: 2019 to 2024

Esri has also generated age-based projections for households to the year 2024. These projections can be compared to the data contained in the 2019 Esri estimate to examine the change projected over the next few years.

Age	Webster			Day County		
	2019	2024	Change	2019	2024	Change
15-24	30	29	-1	59	55	-4
25-34	108	108	0	279	268	-11
35-44	93	97	4	279	296	17
45-54	124	107	-17	375	328	-47
55-64	155	152	-3	572	522	-50
65-74	157	162	5	494	553	59
75+	191	191	0	479	518	39
Total	858	846	-12	2,537	2,540	3

Table 8 Households by Age - 2019 to 2024

Source: Esri

According to Esri, Webster will add four households in the 35 to 44 age range and five households in the 65 and older age ranges from 2019 to 2024. Esri is projecting that Webster will lose one household in the 15 to 24 age range and 20 households in the 45 to 64 age ranges. Esri is forecasting that Day County will add 17 households in the 35 to 44 age range and will gain 98 households in the 65 and older age ranges from 2019 to 2024. Esri projects that Day County will lose 15 households in the 15 to 34 age ranges and 97 households in the 45 to 64 age ranges.

Household Change by Age Between 2019 and 2024
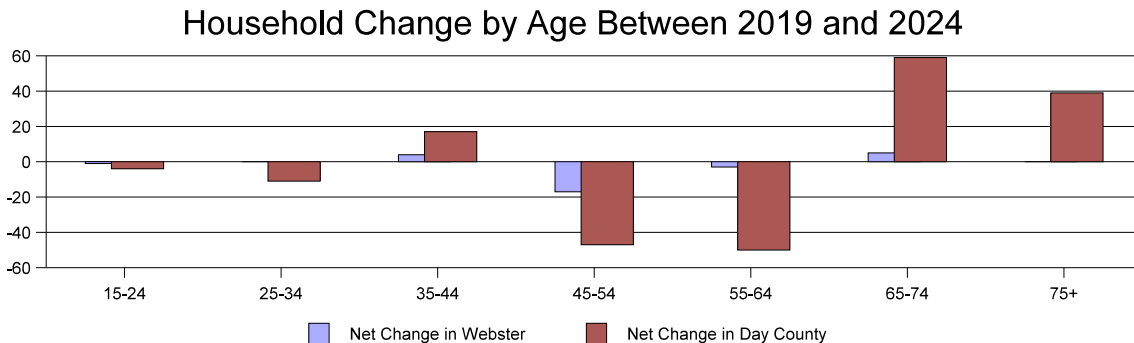
Households by Type

The estimates contained in the 2018 American Community Survey can be compared to the 2010 Census to examine recent changes in household composition. The following table looks at household trends within Webster.

Table 9 Webster Household Composition - 2010 to 2018			
	2010 Census	2018 ACS	Change
Family Households			
Married Couple with own children	130	131	1
Single Parent with own children	85	88	3
Married Couple without own children	237	211	-26
Family Householder without spouse	29	48	19
Total Families	481	478	-3
Non-Family Households			
Single Person	360	382	22
Two or more persons	37	31	-6
Total Non-Families	397	413	16

Source: U.S. Census; American Community Survey

Between 2010 and 2018, Webster experienced an overall net decrease of three "family" households. There was a decrease of 26 married couple families without children in the household. The City had an increase of four households with children, including both single parent households and married couples. The City also added 19 family households without spouse or children.

The City of Webster had an increase of 16 "non-family" households. There was an increase of 22 one-person households, but a decrease of six households that had unrelated individuals living together.

Housing Tenure

The 2018 American Community Survey provided data on housing tenure patterns. The following table examines tenure rates in Webster, Day County and the State of South Dakota.

Table 10 Household Tenure - 2018				
	Number of Owners	Percent of all Households	Number of Renters	Percent of all Households
Webster	560	62.9%	331	37.1%
Day County	1,907	73.4%	692	26.6%
State	-	68.1%	-	31.9%

Source: U.S. Census

According to the 2018 American Community Survey, the ownership tenure rate in Webster was 62.9% in 2018. If accurate, the home ownership rate in Webster has dropped over the past decade. At the time of the 2010 Census, nearly 68% of the City's households were home owners. In 2018, Webster's rental tenure rate of 37.1% was above the Statewide rate of 31.9% renter households.

The home ownership rate for all of Day County has also been decreasing, according to the American Community Survey, although Webster would have a direct impact on the countywide rate. In 2018, Day County's ownership rate was 73.4%, compared to 76.6% in 2010.

Housing Tenure in 2018
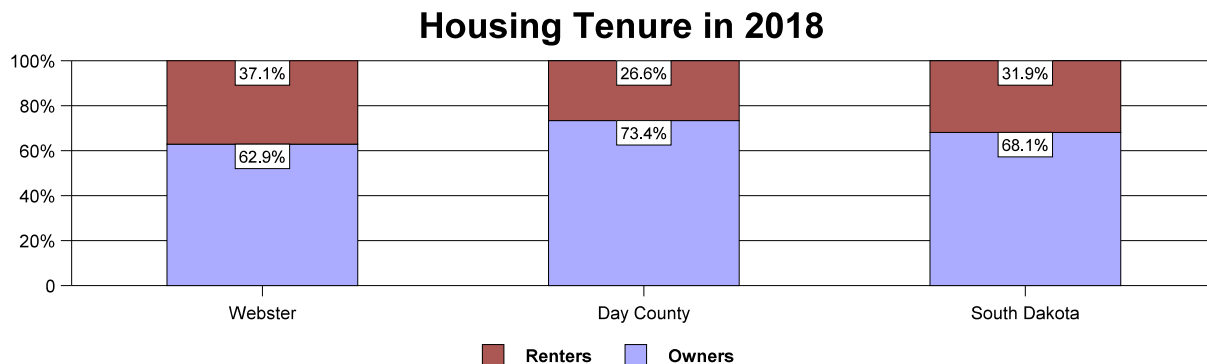
Tenure by Age of Householder

The 2018 American Community Survey provided information on the tenure distribution within each defined age range. The following table examines the number and percentage of renters and owners in each age group in Webster.

Table 11 Webster Tenure by Age of Householder - 2018				
Age	Owners		Renters	
	Number	Percent within age	Number	Percent within age
15-24	9	9.5%	86	90.5%
25-34	53	40.0%	81	60.0%
35-44	62	66.7%	31	33.3%
45-54	107	89.2%	13	10.8%
55-64	116	82.3%	25	17.7%
65-74	110	88.0%	15	12.0%
75-84	88	69.3%	39	30.7%
85+	15	26.8%	41	73.2%
Total	560	62.9%	331	37.1%

Source: American Community Survey

City of Webster Housing Tenure Patterns by Age in 2018
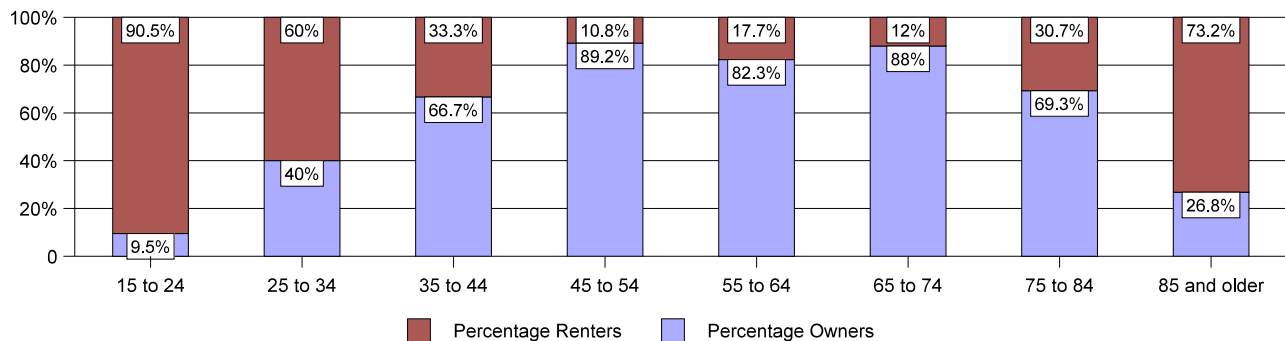
Within the defined age ranges, typical tenure patterns were present. Households at the lowest and highest ends of the age spectrum showed greater preference for rented housing, while middle-aged adult households were primarily homeowners. Approximately 91% of households age 24 and younger, 60% of the households in the 25 to 34 age range, and approximately 73% of households age 85 and older rented their unit. Home ownership rates for each of the 10-year age cohorts between 35 and 74 years old were above 66%.

2018 Median Income Data

Income estimates are available at the city and county level through the 2018 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 12 Median Household Income - 2012 to 2018			
	2012 Median	2018 Median	% Change
Webster	$34,013	$31,086	-6.5%
Day County	$40,095	$44,145	10.1%
South Dakota	$46,369	$56,499	21.8%

Source: ACS

Table 13 Median Family Income - 2012 to 2018			
	2012 Median	2018 Median	% Change
Webster	$47,308	$53,281	12.6%
Day County	$49,135	$58,606	19.3%
South Dakota	$58,958	$72,706	23.3%

Source: ACS

Information contained in the American Community Survey shows that the median household and family incomes have increased in Day County from 2012 to 2018. In Webster, the median family income increased, but the median household income decreased.

Generally, family household incomes tend to be much higher than the overall household median, as families have at least two household members, and potentially more income-earners.

Using the commonly accepted standard that up to 30% of gross income can be applied to housing expenses without experiencing a cost burden, a median income household in Webster could afford approximately $777 per month and a median income family household could afford $1,332 per month for ownership or rental housing in 2018.

Webster Household Income Distribution

The American Community Survey household income estimates for Webster can be compared to examine changes that have occurred between 2012 and 2018. The American Community Survey appears to have overestimated the number of households in Webster in 2018. However, it is still a good indicator of household income distribution in Webster.

Table 14 Webster Household Income Distribution - 2012 to 2018			
Household Income	Number of Households in 2012	Number of Households in 2018	Change
$0 - $14,999	193	154	-39
$15,000 - $24,999	130	173	43
$25,000 - $34,999	105	131	26
$35,000 - $49,999	143	111	-32
$50,000 - $74,999	166	156	-10
$75,000 - $99,999	39	73	34
$100,000+	65	93	28
Total	841	891	50

Source: ACS

Webster Household Income Distribution: 2012 and 2018
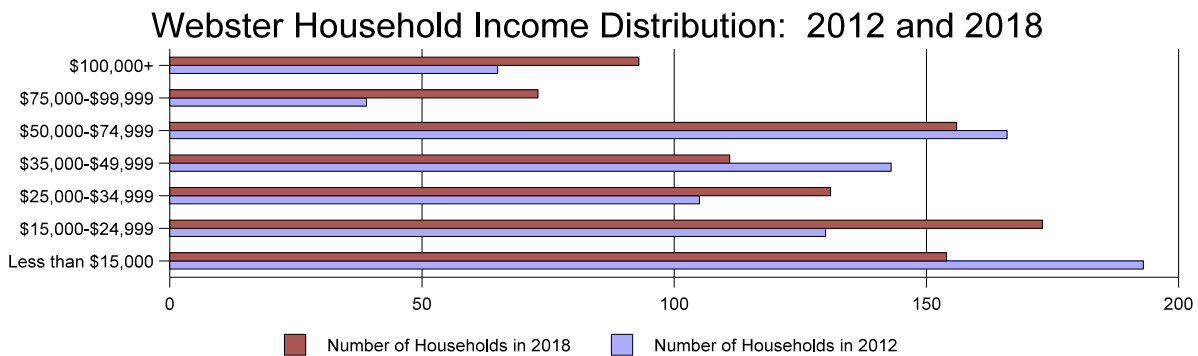
According to income estimates contained in the American Community Survey, household incomes have improved in Webster in the highest and lowest income ranges. When compared to 2012, the number of households with an income of $75,000, or more, increased by 62 households. Conversely, there was a net decrease of 39 households with annual incomes less than $75,000. Although there was a decrease in the number of households in the lowest income range, there were still 154 households with an annual income below $15,000 in 2018, which represented 17.3% of all households in Webster.

Webster Income Distribution by Housing Tenure

The American Community Survey provides income data by owner and renter status in 2018. The American Community Survey is an estimate, based on limited sampling data. The American Community Survey appears to have undercounted owner households and overcounted renter households. However, it is still a good indicator of income distribution by tenure in Webster.

Table 15 Webster Household Income Distribution by Tenure - 2018			
Household Income	Number of Owner Households	Number of Renter Households	Total Households
$0 - $14,999	61 / 39.6%	93 / 60.4%	154
$15,000 - $24,999	69 / 39.9%	104 / 60.1%	173
$25,000 - $34,999	66 / 50.4%	65 / 49.6%	131
$35,000 - $49,999	78 / 70.3%	33 / 29.7%	111
$50,000 - $74,999	125 / 80.1%	31 / 19.9%	156
$75,000 - $99,999	68 / 93.2%	5 / 6.8%	73
$100,000+	93 / 100%	0 / 0%	93
Total	560 / 62.9%	331 / 37.1%	891

Source: American Community Survey

Webster Household Income Distribution by Tenure in 2018
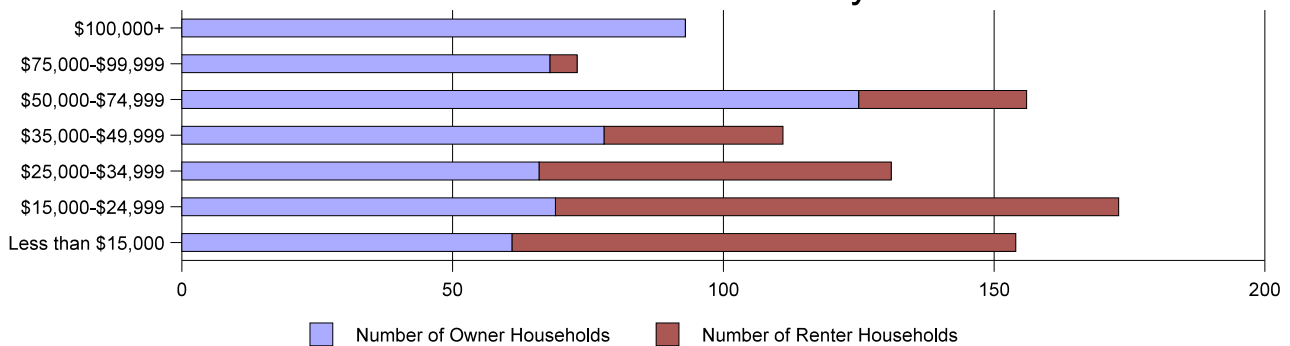
Income and housing tenure are often linked for most households, with home owners generally having higher annual income levels, and renters having lower incomes.

In 2018, approximately 79% of all renter households in Webster had an annual income below $35,000. At 30% of income, these households would have $875, or less, that could be applied to monthly housing costs. The median income for all renter households was approximately $20,580 in 2018. At 30% of income, a renter at the median level could afford approximately $515 per month or less for housing costs.

Most owner households had a higher income level than renter households. Approximately 51% of all owner households had an annual income of $50,000 or more. The estimated median household income for owners in 2018 was approximately $51,364. At 30% of income, an owner at the median income level could afford approximately $1,284 per month for housing costs.

2018 Estimated Income and Housing Costs - Renters

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

Table 16 Gross Rent as a Percentage of Household Income - 2018			
Percent of Income for Housing	Households Age 64 and Younger	Households Age 65 and Older	Total
Less than 20%	42/17.8%	11/11.6%	53/16.0%
20% to 29.9%	90/38.1%	26/27.3%	116/35.0%
30% to 34.9%	0/0%	11/11.6%	11/3.3%
35% or more	89/37.7%	32/33.7%	121/36.6%
Not Computed	15/6.4%	15/15.8%	30/9.1%
Total	236/100%	95/100%	331/100%

Source: American Community Survey

According to the American Community Survey, approximately 40% of all renters in the City were paying 30% or more of their income for rent. The large majority of these households were actually paying 35% or more of their income for housing. Federal standards for rent subsidy programs generally identify 30% of household income as the maximum household contribution. When more than 30% of income is required, this is often called a "rent burden". When more than 35% is required, this can be considered a "severe rent burden".

Although a housing cost burden could be caused by either high housing costs or low household income, in Webster it was primarily due to low income levels for renters. A majority of the renter households with a housing cost burden had an annual household income below $25,000. To avoid a cost burden, these lower income households would have needed a unit with a gross monthly rent of $625 or less.

Senior citizen renters (age 65 and older) represented approximately 33% of all households with a rental cost burden. Households in the age ranges between 15 and 64 years old represented approximately 67% of all households with a rental cost burden.

2018 Estimated Income and Housing Costs - Owners

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

Table 17 Ownership Costs as a Percentage of Income - Webster		
Percentage of Household Income for Housing Costs	Number of Owner Households	Percent of All Owner Households
0% to 19.9%	422	75.3%
20% to 29.9%	62	11.1%
30% to 34.9%	6	1.1%
35% or more	70	12.5%
Not Computed	0	0%
Total	560	100%

Source: ACS

Most owner-occupants, which would include households with and without a mortgage, reported paying less than 30% of their income for housing. However, approximately 14% of all home owners reported that they paid more than 30% of their income for housing. A significant majority of these households were paying more than 35% of income for housing costs.

Existing Home Sales

This section examines houses that were sold in Webster from 2012 through 2019, the last full year of data. The sales records were obtained from the SD Department of Revenue website, presenting information supplied by the Day County Equalization Office.

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

The County also attempts to sort the residential sales into different groupings, primarily based on whether or not the house was actively listed for sale in the open market. As a result, some transactions in the County's sample may have been sales that could be considered distressed, such as houses that were previously bank-owned, but were sold by the bank back into private ownership. While it can be argued that sales of bank-owned properties acquired through foreclosure are not fair market transactions, they may be included in the County data if the bank openly placed them for sale in the public market.

The County and State reject sales that show significant variation from the assessed value. Known as the "150% rule" these sales may be open market transactions but are not useful in the County's sales ratio analysis. However, these are open market sales and have been included in the analysis that follows.

The County's sales ratio year differs slightly from the calendar year. It begins on November 1st and ends the following October 31st.

Table 18 Median Value of Recent Residential Sales - 2012 to 2019				
	Number of Good Sales	Median Sale Price	Highest Sale	Lowest Sale
2019	26	$75,750	$162,000	$13,000
2018	22	$79,000	$179,000	$10,000
2017	38	$73,500	$189,500	$4,000
2016	40	$55,750	$320,000	$10,000
2015	23	$90,000	$155,000	$3,000
2014	33	$38,000	$200,000	$10,000
2013	29	$75,000	$120,000	$7,500
2012	21	$46,900	$242,500	$10,000

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

With a limited number of existing home sales occurring within any 12-month time period, there has been a wide variation in the annual median price. The lowest median was reached in 2014, at only $38,000. But in the following year, the median had reached $90,000.

In 2019, the last full year of data, there were 26 good sales in the City. The median sales price was $75,750. In each of the three years from 2017 to 2019, the annual median had been between $73,500 and $79,000.

Although at least one house has been sold annually for $120,000 or more, the number of higher-valued sales has been limited. Throughout the entire eight-year time period reviewed, only three homes have been sold for $200,000 or more.

In each year there have been some lower-valued sales. Since 2012, at least one house has been sold each year for less than $15,000.

Home Sales by Price Range

The following table looks at single family houses that sold within defined price ranges during the 24-month time period from November 1, 2017 to October 31, 2019.

Table 19 Webster Home Sales by Price Range in 2018/2019		
Sale Price	Number of Sales	Percent of Sales
Less than $49,999	13	27.1%
$50,000 - $74,999	10	20.8%
$75,000 - $99,999	12	25.0%
$100,000 - $124,999	4	8.3%
$125,000 - $149,999	4	8.3%
$150,000 - $199,999	5	10.4%
$200,000 or more	0	0%
Total	48	100%

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

Recent home sales in Webster have been distributed in different price ranges, but approximately 73% of sales over the past two years were priced below $100,000. Approximately 19% of existing homes sold for $125,000 or more. In the last two years no houses have been sold for $200,000 or more.

Recent Webster Home Sales by Price Range
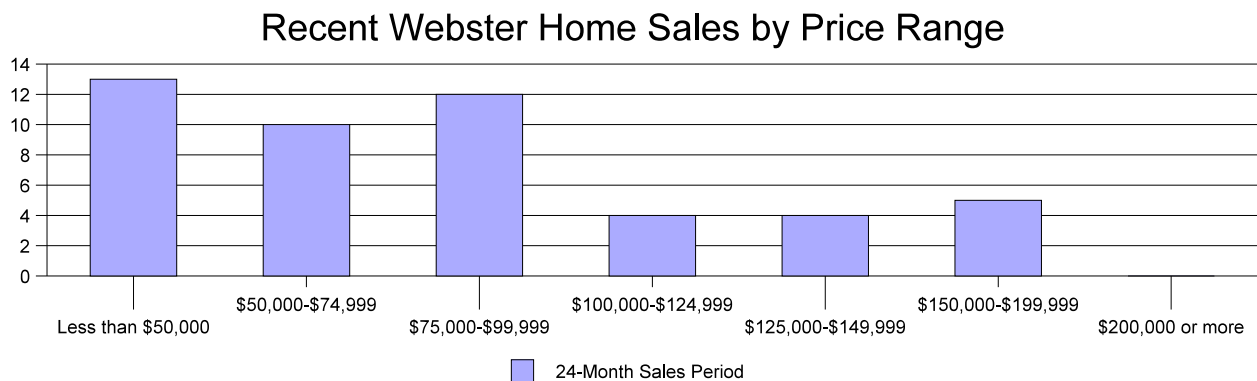
Webster Housing Condition

Community Partners Research, Inc. representatives conducted a visual 'windshield' survey of 608 single family/duplex houses in three of Webster's oldest neighborhoods.

The boundaries of the three neighborhoods are as follows:

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

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

▸ Neighborhood #3: North - 10th Avenue West
South - Railroad tracks
East - Main Street
West - 7th Street West

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

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

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

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

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

Table 20 Windshield Survey Condition Estimate - 2020					
	Sound	Minor Repair	Major Repair	Dilapidated	Total
Neighborhood #1	22/28.5%	28/36.4%	18/23.4%	9/11.7%	77
Neighborhood #2	107/40.5%	120/45.5%	31/11.7%	6/2.3%	264
Neighborhood #3	103/38.6%	132/49.4%	29/10.9%	3/1.1%	267
Total	232/38.2%	280/46.0%	78/12.8%	18/3.0%	608

Source: Community Partners Research, Inc.

▸ Approximately 46% of the houses in the City's three oldest neighborhoods need minor repair and 13% need major repair.

▸ Approximately 38% are sound, with no required improvements.

▸ Eighteen houses in the three neighborhoods are dilapidated and possibly beyond repair.

Webster Mobile Home Housing Condition

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

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

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

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

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

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

Table 21 Windshield Survey Condition Estimate - 2020					
	Sound	Minor Repair	Major Repair	Dilapidated	Total
Mobile homes	7/33.3%	6/28.6%	7/33.3%	1/4.8%	21

Source: Community Partners Research, Inc.

▸   The mobile homes in Webster are in fair condition. Approximately 29% of the mobile homes need minor repair and 33% need major repair. Approximately 33% are sound, with no required improvements.

▸   One mobile home was dilapidated and possibly beyond repair.

Webster Building Permit Trends

Webster has experienced a limited amount of new housing construction activity in recent years. The following table identifies the units that have been constructed from 2000 to 2019.

Table 22 Webster Housing Unit Construction Activity: 2000 to 2019			
Year	Single Family	Two or More Units	Total Units Constructed
2019	1	0	1
2018	1	0	1
2017	2	0	2
2016	2	0	2
2015	4	0	4
2014	2	0	2
2013	1	0	1
2012	0	0	0
2011	0	0	0
2010	3	4	7
2009	1	4	5
2008	0	0	0
2007	2	0	2
2006	5	0	5
2005	8	0	8
2004	0	0	0
2003	3	0	3
2002	1	0	1
2001	3	0	3
2000	4	0	4
TOTAL	43	8	51

Source: City of Webster; Census Bureau

Over the past 20 years, building permits have been issued for 51 new housing units in Webster, based on City of Webster and U.S. Census information. Forty-three of these units are single family homes and eight units are in a four-plex and two duplexes.

Much of the new single family construction occurred between 2000 and 2006. During this seven-year period, the City averaged three to four new housing units per year. After 2006, housing construction activity slowed and the City averaged one new unit per year from 2007 to 2013. From 2014 to 2019, new housing construction increased slightly and the City has averaged two new housing units annually.

Rental Housing Data

Census Bureau Rental Inventory

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

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

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

From 2011 to 2019, we are not aware of any new rental units that were constructed. However, some owner occupied homes have converted to rentals and vice versa. Also, four new rental units will be constructed in 2020. It is our estimate that there are approximately 330 rental units in Webster in 2020.

Rental Housing Survey

As part of this housing study, a telephone survey was conducted of multifamily projects in Webster. Emphasis was placed on contacting properties that have four or more units. For the purposes of planning additional projects in the future, multifamily properties represent the best comparison of market potential.

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

There were 162 market rate and subsidized housing units that were contacted in the survey. In addition to the 162 rental units, 160 senior independent/assisted living units and nursing home beds that are located in Webster, Roslyn and Bristol were surveyed.

The units that were successfully contacted include:

- ▸ 118 market rate units
- ▸ 44 federally subsidized units
- ▸ 39 senior independent/assisted living units
- ▸ 121 beds in nursing homes

The findings of the survey are provided below.

Market Rate Summary

Information was obtained on 118 market rate rental units in 14 multifamily projects.

Unit Mix

We obtained the bedroom mix on the 118 market rate units. The bedroom mix of the units is:
▸   efficiency   - 3 (2.5%)
▸   one-bedroom - 44 (37.3%)
▸   two-bedroom - 71 (60.2%)
▸   three-bedroom - 0 (0%)

No rental units with three or more bedrooms were surveyed in the multifamily projects. However, there are single family home rentals in Webster that have three or more bedrooms.

Occupancy / Vacancy

At the time of the survey, there were eight vacancies in the 110 market rate units that were included in the survey. This is a vacancy rate of 7.3%. Ten of the 14 market rate rental projects had no vacancies. Webster Apartments and Golf Park Apartments each reported three vacancies and Fiksdal House reported two vacancies. The Hanson-4 Developers eight-plex reported two vacancies, however, the units were renovated and only recently opened for occupancy and, thus, not included in the survey calculation. The majority of the rental property owners and managers reported ongoing high occupancy rates and high demand. In the 2014 Webster Housing Study, the vacancy rate was 5.0%.

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.

Unit Type	Lowest/Highest Gross Rents
Efficiency	$315
One-bedroom	$425-$625
Two-bedroom	$500-$875

Tax Credit Summary

There are no tax credit units in Webster.

Subsidized Summary

The research completed for this Study identified two subsidized projects providing rental opportunities for lower income households. These projects have a combined 44 units. Both projects are designated for senior/disabled tenant occupancy.

Since the 2014 Webster Housing Study, three subsidized projects with 15 units have opted out of the USDA Rural Development Program and have converted from subsidized to market rate.

The two subsidized rental projects in Webster include:

▸ **Pleasant View Apartments** - Pleasant View Apartments is a 32-unit HUD Public Housing subsidized senior/disabled project. The 32 units include 30 one-bedroom units and two two-bedroom units. The project was constructed in 1975, however, the buildings have been renovated over the years. Tenants must be 55 or older or disabled.

▸ **Downtown Manor** - Downtown Manor is a 12-unit HUD senior/disabled project. All 12 units are one-bedroom units.

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 44 subsidized housing units in Webster is as follows:

- ‣ 42 one-bedroom (95.5%)
- ‣ 2 two-bedroom (4.5%)

Occupancy / Vacancy

At the time of the survey there were two vacancies in the 44 subsidized units. This is a 4.5% vacancy rate. Pleasant View Apartments and Downtown Manor each reported one vacancy. At the time of the 2014 Webster Housing Study, the subsidized projects had a 15.5% vacancy rate.

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.

Since the 2014 Webster Housing Study, three subsidized projects with 15 units in Webster, Hansen-4 Developers 608 W. 3rd St., Hanson-4 Developers 213 E. 13th Ave. and Hanson-4 Developers 1400 E. 1st St., have opted out of the USDA Rural Development Program and converted from subsidized to market rate.

Senior Housing with Services

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

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

Heritage Village - Heritage Village is a 22-unit independent/light services project. The 22 units include eight one-bedroom and 14 two-bedroom units. Rent and fees range from $750 to $1,500, based on the size of the unit and the services that are purchased by the resident. The base rent includes a noon meal, continental breakfast and 24-hour emergency call system. Tenants can make arrangements to purchase additional services. The staff reported two vacancies at the time of the survey.

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

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

Strand Kjorsvig Community Rest Home - The Strand Kjorsvig Community Rest Home is a 36-bed nursing home located in Roslyn. The facility was constructed in 1957. One of the 36 beds have been designated for assisted living. Also, the facility has flexibility to convert additional nursing home beds to assisted living beds if there is a demand for additional assisted living. Rent and fees are based on the level of services. At the time of the survey the facility had three vacant beds.

Table 23 Webster Multifamily Rental Housing Inventory					
Name	**Number of Units /Bedroom Mix**	**Rent**	**Vacancy/ Wait List**	**Tenant Mix**	**Comments**
Market Rate					
Webster Apartments	3 - Efficiencies 6 - 1 Bedroom 6 - 2 Bedroom 15 total units	$225 $350 $425	3 vacancies	General occupancy	Webster Apartments is a 15-unit market rate project. The units include three efficiencies, six one-bedroom and six two-bedroom. Rents are $225 for an efficiency, $350 for a one-bedroom and $425 for a two-bedroom. Tenants also pay heat and electricity. The manager reported three vacancies at the time of the survey.
Golf Park Apartments	3 - 1 Bedroom 15 - 2 Bedroom 18 total units	$350 $425	3 vacancies	General occupancy	Golf Park Apartments is an 18-unit market rate project. The units include three one-bedroom and 15 two-bedroom. Rents are $350 for a one-bedroom and $425 for a two-bedroom unit. The manager reported three vacancies at the time of the survey.
25 Main St	8 - 2 Bedroom 8 total units	$450	No vacancies	General occupancy	Market rate eight-plex constructed in 1978. Project was a subsidized project, but converted to market rate many years ago. All units have two bedrooms. Rent is $450 and includes water, sewer and garbage. The tenant pays heat and electricity. The owner reported no vacancies.
Snaza Apartments	2 - 1 Bedroom 6 - 2 Bedroom 8 total units	$475 $490	No vacancies	General occupancy	Snaza Apartments includes two four-plexes. Two of the eight units are one-bedroom and six units are two-bedroom. Rent is $475 for a one-bedroom unit and $490 for a two-bedroom unit. Tenants also pay electricity. The owner reported no vacancies at the time of the survey, but the units are usually fully occupied.
916 Main St	1 - 1 Bedroom 7 - 2 Bedroom 8 total units	$475 $490	No vacancies	General occupancy	Eight-unit complex that includes one one-bedroom and seven two-bedroom units. Complex was constructed in 1972. Rent is $475 for the one-bedroom unit and $490 for the two-bedroom units. Rent includes electricity and heat. The owner reported no vacancies at the time of the survey.

Table 23 Webster Multifamily Rental Housing Inventory					
Name	**Number of Units /Bedroom Mix**	**Rent**	**Vacancy/ Wait List**	**Tenant Mix**	**Comments**
Market Rate					
Parkside Apartments	10 - 1 Bedroom 5 - 2 Bedroom 15 total units	$525 $575	No vacancies	General occupancy	Parkside Apartments includes 15 units in three buildings. There are 10 one-bedroom and five two-bedroom units. Rent is $525 for a one-bedroom unit and $575 for a two-bedroom unit. Tenants also pay heat and electricity. The manager reported no vacancies at the time of the survey.
Webster Housing Authority Townhomes	4 - 2 Bedroom 4 total units	$725 plus utilities	No vacancies	General occupancy	The Webster Housing Authority constructed four two-bedroom town homes approximately 17 years ago. The units are market rate with no age or income restrictions. The manager reported no vacancies at the time of the survey. Rent is $725 plus utilities.
Fiksdal House	6 - 1 Bedroom 6 total units	$375	Two vacancies	General occupancy	Fiksdal House is on the National Historic Register and was constructed in 1885. The Fiksdal House has six one-bedroom units. Rent is $375 and tenants pay electricity. The owner reported two vacancies at the time of the survey.
Holm Apartments	4 - 1 Bedroom 1 - 2 Bedroom 5 total units	$375 $400	No vacancies	General occupancy	Holm Apartments includes four one-bedroom and one two-bedroom unit. Rent is $375 for the one-bedroom units and $400 for the two-bedroom units. The tenants also pay electricity. The owner reported no vacancies at the time of the survey.
Larson Townhomes	8 - 2 Bedroom 8 total units	$650-$700 plus utilities	No vacancies & waiting list	General occupancy	Larson Townhomes includes two four-unit town home projects. The units are some of the newer units in Webster and have high quality amenities. Rent is $650 to $700, plus utilities. The owner reported no vacancies at the time of the survey and there is a waiting list.
Hofer Apartments	1 - 1 Bedroom 7 - 2 Bedroom 8 total units	$395	No vacancies	General occupancy	Hofer Apartments is an eight-unit general occupancy project. The project includes one one-bedroom and seven two-bedroom units. Rent is $395 plus heat and electricity. The owner reported no vacancies at the time of the survey.

Table 23 Webster Multifamily Rental Housing Inventory					
Name	**Number of Units /Bedroom Mix**	**Rent**	**Vacancy/ Wait List**	**Tenant Mix**	**Comments**
Market Rate					
Hansen - 4 Developers 608 W 3rd St	3 - 1 Bedroom 3 total units	$550	No vacancies	General occupancy	This project is a market rate general occupancy three-plex constructed in the late 1980s. The project was a USDA Rural Development Subsidized Project, but has converted to market rate. All three units are one-bedroom. Rent is $550 plus water, sewer and garbage. The owner reported no vacancies at the time of the survey.
Hansen - 4 Developers 213 E 13th Ave	6 - 1 Bedroom 2 - 2 Bedroom 8 total units	$550 $575	2 vacant units	General occupancy	This project is a market rate general occupancy eight-plex constructed in 1981. All eight units are one-bedroom. Rent is $550 for a one-bedroom unit and $575 for a two-bedroom unit plus water, sewer and garbage. At the time of the survey, there were two vacancies, however, the two units that converted from one-bedroom to two-bedroom and have only recently become available for occupancy.
Hansen - 4 Developers 1400 E 1st St	2 - 1 Bedroom 2 - 2 Bedroom 4 total units	$525 $550	No vacancies	General occupancy	The project is a market rate general occupancy four-plex constructed in the mid 1980s. The project was a USDA Rural Development subsidized project, but has converted to market rate. The project has two one-bedroom and two two-bedroom units. Tenants pay $525 for a one-bedroom unit and $550 for a two-bedroom unit plus water, sewer and garbage. At the time of the survey, there were no vacancies.

Table 23 Webster Multifamily Rental Housing Inventory					
Name	**Number of Units /Bedroom Mix**	**Rent**	**Vacancy/ Wait List**	**Tenant Mix**	**Comments**
Subsidized					
Pleasant View Apartments	30 - 1 Bedroom <u>2 - 2 Bedroom</u> 32 total units	$416 max. $516 max. 30% of income	1 vacant unit	Senior/ disabled occupancy	Pleasant View Apartments is a 32-unit HUD Public Housing Senior/Disabled Project. The project was constructed in 1975. The project includes 30 one-bedroom and two two-bedroom units. Tenants must be 55 or older or disabled and have a household income under the income limits. At the time of the survey, there was one vacant unit. Tenants pay 30% of income up to a maximum rent.
Downtown Manor	<u>12 - 1 Bedroom</u> 12 total units	$757 max. 30% of income	1 vacant unit	Senior/ disabled occupancy	Downtown Manor is a 12-unit senior/disabled HUD Project. All 12 units have one bedroom. Tenants pay 30% of income up to a maximum rent of $757. At the time of the survey, there was one vacancy.

Table 23 Webster Multifamily Rental Housing Inventory					
Name	**Number of Units /Bedroom Mix**	**Rent**	**Vacancy/ Wait List**	**Housing Type**	**Comments**
Senior Housing with Services					
Bethesda Home	50 beds <u>50 total units</u>	Based on level of services	1 vacant bed	Skilled nursing home	Bethesda Home is a 50-bed nursing home. At the time of the survey, there was one vacant bed. In addition to 24-hour care, the facility provides other services including physical, occupational and speech therapy, transportation, etc.
Heritage Village	8 - 1 Bedroom <u>14 - 2 Bedroom</u> 22 total units	Ranges from $750 to $1,500	2 vacancies	Senior housing with services	Heritage Village is a 24-unit independent living project. There are eight one-bedroom and 14 two-bedroom units. Rent ranges from $750 to $1,500 based on size of unit, meal plan, single or double occupancy, etc. A continental breakfast, noon meal, 24-hour emergency call system and other amenities are included in the base rent. Tenants do have the option to purchase additional services that are not part of the monthly rent. The administrator reported two vacant units at the time of the survey.
Strand Kjorsvig Community Rest Home ***Roslyn***	36 licensed beds	Based on level of services	3 vacant beds	Skilled nursing home	Strand Kjorsvig Community Rest Home is a 36-bed nursing home that was constructed in 1957. The Administrator reports three vacant beds at this time. The nursing home has one bed that is being utilized for assisted living and the facility has flexibility to convert additional nursing home beds to assisted living beds if there is a demand for additional assisted living.
Sun Dial Manor ***Bristol***	37 beds	Based on services	2 vacancies	Skilled nursing home	Sun Dial Manor is a 37-bed nursing home that was constructed in 1968. At the time of the survey, the facility currently had two vacancies. The staff reports that the facility operates at a high occupancy rate. Sun Dial Manor is not a licensed memory care facility, however, there are residents with memory loss.
Johnson Assisted Living Center ***Bristol***	10 - private rooms <u>3 - double rooms</u> 13 total	$2950 $3750/single $5600/couple	1 vacant bed	Assisted Living Center	The Johnson Assisted Living Center is part of the Sun Dial Manor Campus. The facility has 13 rooms, which includes 10 single and three double rooms. The facility provides all assisted living services including meals, laundry, medication assistance, 24-hour staffing, bathing, etc. The staff reported one vacant bed at the time of the survey.

Source: Community Partners Research, Inc.

Employment and Local Economic Trends Analysis

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

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

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

| Table 24 Day County Annual Labor Statistics: 2010 to 2019						
Year	Labor Force	Employed	Unemployed	Unemployment Rate - County	Unemployment Rate - SD	Unemployment Rate - US
2010	3,073	2,868	205	6.7%	5.0%	9.6%
2011	3,045	2,846	199	6.5%	4.7%	8.9%
2012	2,948	2,778	170	5.8%	4.3%	8.1%
2013	2,912	2,759	153	5.3%	3.8%	7.4%
2014	2,871	2,718	153	5.3%	3.4%	6.2%
2015	2,858	2,715	143	5.0%	3.1%	5.3%
2016	2,858	2,737	121	4.2%	3.0%	4.9%
2017	2,827	2,716	111	3.9%	3.2%	4.4%
2018	2,786	2,665	121	4.3%	3.1%	3.9%
2019	2,763	2,637	126	4.6%	3.3%	3.7%

Source: South Dakota Department of Labor

When viewed over a longer time period, there has been a gradual decrease in the County's labor force and employed work force. From 2010 and 2019, the size of the resident labor force decreased by 310 people, or 10.1%. The employed work force followed a similar pattern, decreasing by 231 people over that same time period.

Day County Labor Force and Employed Work Force
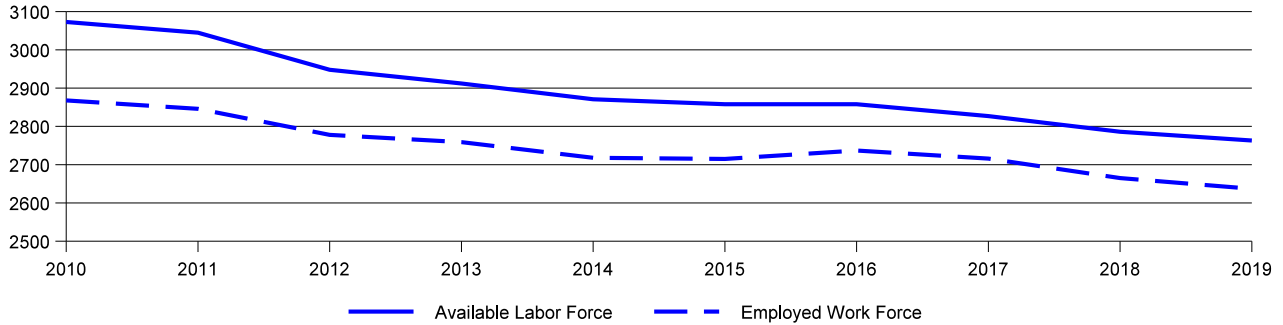
Since the available labor force has been dropping at a faster rate than the employed work force, the County's unemployment rate has generally decreased throughout the decade. Although the County's unemployment rate has remained above the Statewide rate since 2010, it has generally been below the national rate. However, for 2018 and 2019, the County's rate has been higher than the national rate.

Unemployment Rates
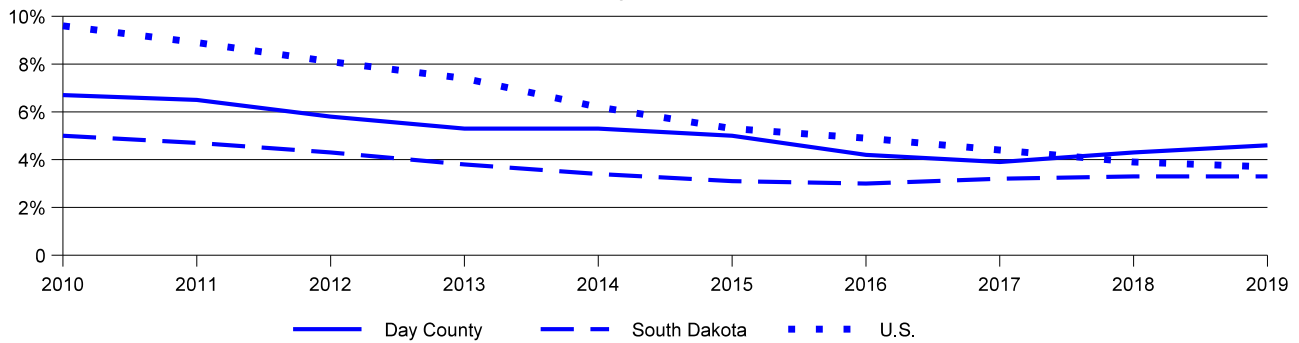
Average Annual Wages by Industry

The following table shows the annual employment and average annual wages by major employment sector in 2018, the last full year of data. It is important to note that the major employment sectors listed do not represent all employment in the County. This information is for all of Day County.

Table 25 County Average Weekly Wage: 2018		
Industry	Employment	Average Weekly Wage
Total All Industry	1,897	$647

Source: South Dakota Department of Labor

The average weekly wage for all industry in 2018 was $647. At full-time employment this would equate to an annual wage of approximately $33,644.

Statewide the average weekly wage in 2018 was $840, for an annual wage of approximately $43,700.

Annual Covered Employment

Since the Quarterly Census of Covered Workers (QCEW) tracks employees covered by unemployment insurance by location of the worker, it is possible to examine longer-term patterns in the local employment level. The following table displays the total number of workers reported in Day County back to the year 2010.

Table 26 Day Average Annual Employment			
Year	Total Covered Employment	Year	Total Covered Employment
2010	1,946	2015	1,934
2011	1,948	2016	1,934
2012	1,940	2017	1,936
2013	1,938	2018	1,897
2014	1,904	2019*	1,884

Source: QCEW - SD Department of Labor
* 2019 is through September

Number of Covered Workers in Day County
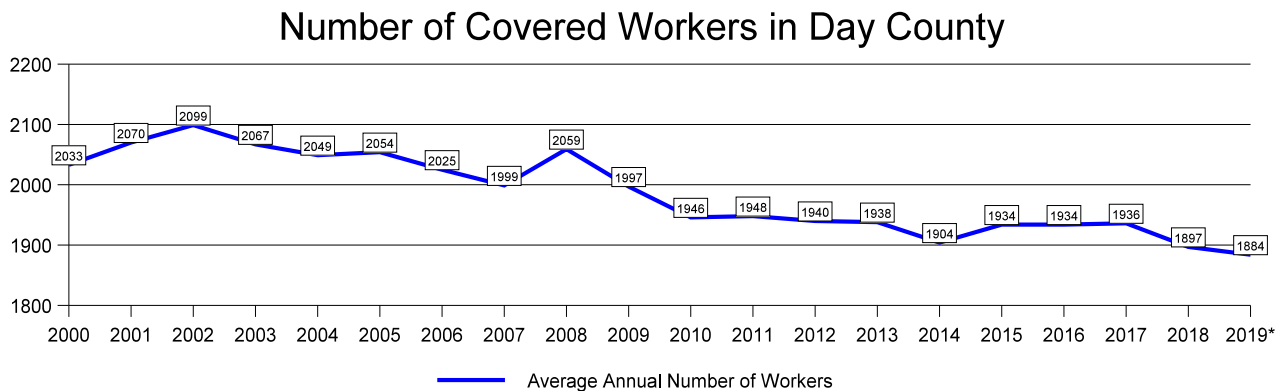
The long-term pattern for Day County shows a decrease in the number of workers covered by unemployment insurance. From 2010 to 2018 (the last full year of data), the number of workers decreased by 49 people. However, when compared to the year 2000, there were 136 fewer covered jobs countywide.

Commuting Patterns of Area Workers

Information is available from the 2018 American Community Survey on workers that commute for employment. The first table examines travel time for Webster residents, and excludes people that work at home.

Table 27 Commuting Times for Webster Residents - 2018		
Travel Time	Number	Percent
Less than 10 minutes	512	60.3%
10 to 19 minutes	197	23.2%
20 to 29 minutes	52	6.1%
30 minutes +	88	10.4%
Total	849	100%

Source: American Community Survey

More than 60% of Webster residents were driving less than 10 minutes to work in 2018. Overall, nearly 84% were traveling less than 20 minutes to work. Fewer than 11% of the City's residents were commuting a half hour or more for employment.

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

| Table 28 Commuting Times for Webster Employees - 2018		
Travel Time	Number	Percent
Less than 10 minutes	573	48.8%
10 to 19 minutes	315	26.9%
20 to 29 minutes	154	13.1%
30 minutes +	131	11.2%
Total	1,173	100%

Source: American Community Survey

Most people employed in Webster also lived in the immediate area, as nearly 76% of workers were traveling less than 20 minutes. Approximately 11% of workers were coming from more distant locations and traveling 30 minutes or more to work in Webster.

Census On the Map

The Census Bureau also produces commuter reports through its Center for Economic Studies division. This information is based on reports for the year 2016, but provides a further breakdown of worker movement.

According to the report for Webster, there were 896 people that were employed within the City limits in 2016. Approximately 45% of these City-based employees also lived within Webster. Nearly 55% of the employees, or 490 workers, lived outside the City and traveled in for their primary job. Among the primary jurisdictions supplying workers were Webster Township, Aberdeen, Watertown, Bristol and Waubay.

There were 943 Webster residents that were employed. More than 43% of these people both lived and worked in Webster, while approximately 57% left the community for their primary job. Among the primary locations listed for outbound commuters were Webster Township, Watertown, Aberdeen and Sioux Falls.
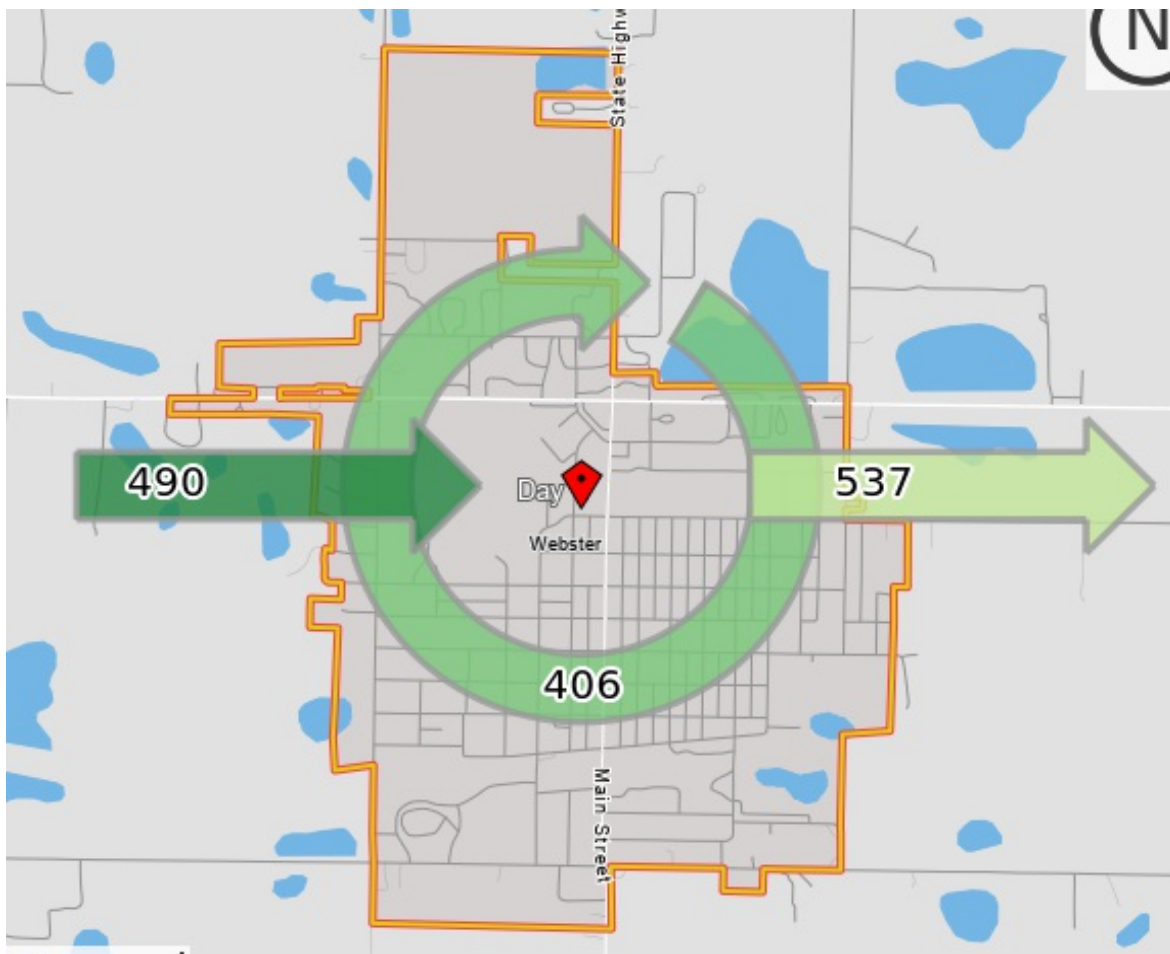
Findings on Growth Trends

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

Webster's population decreased by 3.2% from 1990 to 2000. The population decreased from 2,017 in 1990 to 1,952 in 2000. From 2000 to 2010, Webster's population decreased by an additional 66 people, from 1,952 people in 2000 to 1,886 people in 2010, a population loss of 3.4%. From 2010 to 2019, AGS estimates that Webster had a loss of 127 people and Esri estimates that Webster had a loss of 63 people.

Day County's population decreased from 6,978 in 1990 to 6,267 in 2000, which was a decrease of 10.2%. The population continued to decrease in the 2000s from 6,267 in 2000 to 5,710 in 2010, which was a loss of 8.9%. From 2010 to 2019, AGS estimates that Day County had a loss of 244 people, however, Esri estimates that Day County gained six people.

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

From 2010 to 2019, AGS estimates that Webster had a loss of 16 households and Esri estimates that Webster had a loss of 20 households. AGS estimates that Day County gained 47 households from 2010 to 2019 and Esri estimates that Day County gained 33 households.

Findings on Projected Growth

AGS and Esri have reported population and household projections for Webster and Day County. AGS forecasts that Webster will lose 16 people and 25 households from 2019 to 2024. Esri projects that Webster's population will decrease by 37 people and 12 households from 2019 and 2024.

AGS forecasts that Day County will gain 104 people and lose 15 households from 2019 to 2024. Esri projects that Day County will lose 37 people but gain three households from 2019 to 2024.

Summary of Webster's Growth Projections by Age Group

The demographic section of this Study presented Webster projection information on anticipated changes by age group from 2019 to 2024. This information can be informative in determining the housing that may be needed due to age patterns of the City's population.

Consistent with the age distribution data presented earlier, the movement of the "baby boom" generation through the aging cycle should generate much of the City's growth in households in the age ranges between 65 and 74 years old. Esri forecasts that the City will add approximately five households in the 65 to 74 age range from 2019 to 2024.

Esri age-based projections also expect an increase of four households in the 35 to 44 age ranges.

Webster is projected to lose one household in the 15 to 24 age range and 20 households in the 45 to 64 age ranges. No change in the number of households is projected in the 25 to 34 and 75 and older age ranges.

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

	Projected Change in Households
Age Range	2019 to 2024
15 to 24	-1
25 to 34	0
35 to 44	4
45 to 54	-17
55 to 64	-3
65 to 74	5
75 and Older	0
Total	-12

Findings on Unit Demand by Age of Householder

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

Age 24 and Younger - The projections used for this Study expect the loss of one household in the 15 to 24 age range through the year 2024. Past tenure patterns indicate that approximately 91% of these households in Webster will rent their housing. A slight decrease in the number of households in this age range should mean that rental demand from younger households will remain stable during the projection period.

25 to 34 Years Old - The projections show no change in the number of households in this age range by 2024. Within this age range households often move from rental to ownership housing. The ownership rate among these households in Webster was approximately 40% in 2018. No change in the number of households within this age range indicates no change in the demand for both first-time home buyer and rental opportunities.

35 to 44 Years Old - The projections for this 10-year age cohort expect a gain of four households between 2019 and 2024 in Webster. In 2018, this age group has had a rate of home ownership of approximately 67%. Households within this range often represent both first-time buyers and households looking for trade-up housing by selling their starter home for a more expensive house.

45 to 54 Years Old - This age group represents a much smaller segment of the population than the baby boom age groups. For Webster, the projections show a significant loss of 17 households in this range. This age group historically has had a high rate of home ownership, approximately 89% in Webster in 2018, and will often look for trade-up housing opportunities. A loss of households in this age group indicates that the demand for trade-up housing from this age range will decrease during the projection period.

55 to 64 Years Old - The projections show a decrease of three households in this 10-year age range by the year 2024 in the City. This age range has traditionally a high rate of home ownership in Webster, at approximately 82% in 2018. Age-appropriate housing, such as town house or twin home units, is often well suited to the life-cycle preferences of this age group, as no maintenance/low maintenance housing has become a popular option for empty-nesters.

65 to 74 Years Old - A gain of five households is expected by the year 2019 in the 65 to 74 age range. While this group will begin moving to life-cycle housing options as they age, they are still predominantly home owners. In 2018, approximately 88% of the households in this age range owned their housing in Webster. Once again, preferences for age-appropriate units would increase from household growth within this age cohort.

75 Years and Older - No change in the number of households is projected in this age range from 2019 to 2024. Historic home ownership rates in this age group in Webster have been relatively low, at approximately 56% in 2018. Seniors in this age range often seek senior housing with services options.

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

Findings on Housing Unit Demand and Tenure

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

Demand from Growth - The household projections used for this Study expect Webster to lose 12 households from 2019 to 2024. However, Day County is expected to gain three households from 2019 to 2024. Slight household growth in Day County may yield some limited demand for new housing production in Webster.

Replacement of Lost Owner-Occupancy Units - It is difficult to quantify the number of units that are lost from the housing stock on an annual basis. Unit losses may be caused by demolition activity, losses to fire or natural disasters, and to causes such as deterioration or obsolescence. In Webster, some dilapidated housing has been demolished, and more units will be removed in the future. As a result, we have included a minor allowance for unit replacement in the recommendations that follow.

Replacement of Lost Renter-Occupancy Units - It is also difficult to accurately quantify the number of units that are lost from the rental housing stock on an annual basis, however, we are projecting that rental units will be removed from the rental inventory over the next several years. As a result, we have included a minor allowance for unit replacement in the recommendations that follow.

Pent-Up Demand - The third primary demand-generator for new housing is caused by unmet need among existing households, or pent-up demand. Household growth and shifting age patterns have created demand for certain types of age-appropriate housing in Webster. We have included our estimates of pent-up demand into the specific recommendations that follow later in this section.

Strengths for Housing Development

The following strengths for the City of Webster were identified through statistical data, local interviews, research and on-site review of the local housing stock and from the 2015 Webster Comprehensive Housing Study.

▸ **Webster serves as a small regional center** - Webster provides employment opportunities, retail/service options, health and professional services, governmental services and recreational facilities for a geographical area that surrounds the City.

▸ **Affordable priced housing stock** - The City of Webster has a stock of affordable, existing houses. Our analysis shows that the City's median home value based on 2019 sales is approximately $75,750. This existing stock, when available for sale, provides an affordable option for home ownership.

▸ **Adequate land for development** - Webster has adequate land available for both residential and commercial/industrial development. However, some of this land needs to be serviced with infrastructure improvements and/or annexed into the City limits.

▸ **Educational system** - Webster has an excellent public K-12 school system.

▸ **Health facilities** - Webster has excellent health facilities including a hospital, medical clinic and senior with services facilities.

▸ **Infrastructure** - Webster's water and sewer infrastructure can accommodate future expansion.

▸ **Commercial development** - Webster's commercial district is adequate to meet most daily needs.

▸ **Webster Housing Authority, Webster Area Development Corporation and Day County Housing Development** - The Webster Housing Authority, the Webster Area Development Corporation and Day County Housing Development are all active in addressing Webster and Day County's housing needs.

▸   **Webster is located near Aberdeen and Watertown** - Webster is
     located 44 miles from Watertown and 51 miles from Aberdeen. Aberdeen
     and Watertown provide employment opportunities, retail/service options,
     educational opportunities, health care facilities and cultural amenities.
     Some households prefer to live near, but not in a larger regional center.

▸   **Employers** - Webster has several large employers that provide job
     opportunities for local residents.

▸   **Industrial Park** - The City has an Industrial Park that has land available
     for future industrial development.

▸   **Commuters** - Approximately 490 employees are commuting into
     Webster daily for work. These commuters represent a potential market
     for future housing construction.

▸   **Desirable location of seniors and retirees** - Webster is an attractive
     community for seniors as a retirement location. As the providers for the
     area's health, retail and government services, the City has amenities that
     are attractive for seniors as they age.

▸   **Recreational and tourism opportunities** - Webster is in an area with
     multiple lakes, and there are excellent fishing, hunting and other
     recreational and tourism opportunities.

▸   **New housing construction** - Since the 2015 Webster Housing Study,
     10 single family homes have been constructed in Webster and two rental
     duplexes will be constructed in 2020.

Barriers or Limitations to Housing Activities

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

▸ **Age and condition of the housing stock** - While the existing stock is affordable, some of the housing is in need of improvements to meet expectations of potential buyers.

▸ **Low rent structure** - The area's rent structure is relatively low, which makes it difficult to construct new rental housing.

▸ **Value gap deters new owner-occupied construction** - Based on market values from recent residential sales, we estimate that the median priced home in Webster is valued at approximately $75,750. This is below the comparable cost for new housing construction, which will generally be above $200,000 for a stick built home with commonly expected amenities. This creates a value gap between new construction and existing homes. This can be a disincentive for any type of speculative building and can also deter customized construction, unless the owner is willing to accept a potential loss on their investment.

▸ **Close Proximity to Aberdeen and Watertown** - Although it is a strength to be located in close proximity to Aberdeen and Watertown, it is also a barrier as Webster must compete with Aberdeen and Watertown, which offers attractive residential opportunities and other amenities and services.

▸ **Lower paying jobs** - Although Webster has several large employers, some jobs are at the lower end of the pay scale and employees with these jobs have limited housing choices.

▸ **Price of land for development** - Some of the land that may be available for future residential development is priced at an amount that makes development difficult.

▸ **Available lots** - The City of Webster currently does not have an adequate number of lots available for future housing development.

Recommendations, Strategies and Housing Market Opportunities

Based on the research contained in this study, and the housing strengths and barriers identified above, we believe that the following recommendations are realistic options for Webster. They are based on the following strategies.

▸ **Be realistic in expectations for housing development** - Large-scale residential growth has not occurred in the recent past and is not likely to occur in the near future. The scale of activities proposed for the future should be comparable with the area's potential for growth.

▸ **Proactive community involvement** - New home and apartment construction will more likely occur in Webster if there is proactive support from the City, local and regional housing and economic development agencies and the South Dakota Housing Development Authority.

▸ **Protect the existing housing stock** - The future of Webster will be heavily dependent on the City's appeal as a residential location. The condition of the existing housing stock is a major factor in determining the City's long-term viability. The existing housing stock is in good condition and is a major asset, however, rehabilitation efforts are needed to preserve the housing stock.

▸ **Protect the existing assets and resources** - Webster has many assets including a K-12 school, large employers, a Downtown Commercial District, health facilities, recreational opportunities, etc. These are strong assets that make Webster a desirable community to live in, and are key components to the City's long-term success and viability. These assets must be protected and improved.

▸ **Develop a realistic action plan with goals and time lines** - In the past the City has been involved in housing issues. The City should prioritize its housing issues and establish goals and time lines to achieve success in addressing its housing needs.

▸ **Access all available resources for housing** - In addition to the local efforts, the City has other resources to draw on including USDA Rural Development, the South Dakota Housing Development Authority, Grow South Dakota, Homes Are Possible, Inc., Dakota Resources and the Aberdeen Housing Authority. These resources should be accessed as needed to assist with housing activities.

Summary of Findings/Recommendations

The findings/recommendations for the City of Webster have been formulated through the analysis of the information provided in the previous sections and include 23 recommendations. The findings/recommendations have been developed in the following five categories:

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

The findings/recommendations for each category are as follows:

Rental Housing Development

1. Develop 14 to 18 general occupancy market rate rental units

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

3. Promote the development of 12 to 14 general occupancy moderate rent/income restricted subsidized rental housing units

4. Senior housing with services needs

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

6. Continue to utilize the Housing Choice Voucher Program

Home Ownership

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

8. Develop a purchase/rehabilitation program

Single Family Housing Development

9.   Lot availability

10. Develop a new housing subdivision

11. Consider the development of a City of Webster Housing Incentive Program

12. Continue to coordinate with economic development agencies, housing agencies and nonprofit groups to construct affordable housing

13. Promote twin home/town home development

14. Lot acquisition and development of parcels

Housing Rehabilitation

15. Promote rental housing rehabilitation

16. Promote owner-occupied housing rehabilitation efforts

17. Develop a neighborhood revitalization program

18. Develop a rental inspection and registration program

Other Housing Issues

19   Continue to acquire and demolish dilapidated structures

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

21. Encourage employer involvement in housing

22. Promote commercial rehabilitation and development

23. Develop home ownership and new construction marketing programs

Webster -
Rental Housing Development

Rental Housing Development

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

From 2000 to 2019, only eight rental units were constructed in Webster. The eight-unit market rate Larson Townhome project was constructed in 2009 and 2010. However, four rental units are scheduled to be constructed in 2020. Also, three rental projects with a total of 15 units have converted from subsidized to market rate. In addition to these new rental units, some single family homes were converted from owner-occupied to rental use over the past two decades.

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

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

Our household projections for Webster do not expect household growth over the next five years. However, from 2019 to 2024, it is projected that Day County will add three households. Fifty percent of these households will be rental households, therefore, rental housing demand from household growth will be very limited.

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

Pent-up demand also exists. As part of this study, a rental survey was conducted. The survey found a 7.3% vacancy rate in general occupancy market rate units, a 4.5% vacancy rate in subsidized units and a 2.8% vacancy rate in senior with services units.

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

These three demand generators, after factoring current vacancy rates, show a need for 50 to 63 rental units/beds in various market segments over the next five years. Based on the factors stated above, we recommend the development of the following new rental units over the next five years from 2020 to 2025.

▸	General Occupancy Market Rate	14-18 units
▸	Subsidized	12-14 units
▸	Affordable/Conversions	6-8 units
▸	Senior With Services (memory care and assisted living)	18-23 units
	Total	50-63 units

1.   Develop 14 to 18 general occupancy market rate rental units

Findings: Approximately 80% of the rental housing in the City of Webster can be classified as general occupancy market rate housing. These units are free of any specific occupancy restrictions such as financial status, age, or student enrollment. Market rate housing does not have any form of rent controls, other than those imposed by the competitive marketplace.

Of the 110 market rate rental units we surveyed, we found eight vacancies, which is a 7.3% vacancy rate. However, the majority of the owners and managers of rental properties, reported high occupancy rates and good demand for rental housing. Also, 10 of the 14 market rate projects surveyed had no vacancies.

There is a variation in rental rates in the market rate segment in the City of Webster. The existing rent range including utilities is $315 for an efficiency unit, and $425 to $625 for a one-bedroom unit and $500 to $875 for a two-bedroom unit.

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

From 2000 to 2019, only eight market rate rental units were constructed. However, some single family homes have converted from owner-occupied to rental units. Also, a four-unit rental project is scheduled for construction in 2020. Additionally, three subsidized rental units with a total of 15 units, converted from subsidized to market rate.

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

Based on this combination of demand generators, we believe that, in addition to the four units scheduled for construction, it is reasonable to plan for production of 14 to 18 market rate rental units over the next five years from 2020 to 2025. In the 2015 Webster Housing Study, we recommended the construction of 20 to 24 units.

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

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

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

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

The first option to developing market rate housing would be to encourage private developers to undertake the construction of market rate rental housing. If private developers do not proceed, Day County Housing Development, the Webster Housing Authority or the Webster Area Development Corporation could potentially utilize essential function bonds, SDHDA funding, or similar funding sources, to construct market rate units. The Webster Housing Authority has previously constructed four town homes and the Day County Housing Development is currently developing a four-unit project.

Also, the Webster Housing Authority or the Webster Area Development Corporation could partner with private developers to construct additional units. The City could also assist with land donations, tax increment financing, reduced water and sewer hook up fees, etc.

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

Unit Type	No. of Units	Size/Sq. Ft.	Rent
One Bedroom	1-2	650 - 800	$750 - $900
Two Bedroom	9-11	850 - 1,000	$800 - $1,000
Three Bedroom	4-5	1,100 - 1,200	$900 - $1,250
Total	14-18		

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

It may also be possible to utilize Housing Choice Vouchers if some of the new units meet income requirements and the rents are at or below Payment Standards. The 2020 payment standards are $560 for a one-bedroom unit, $667 for a two-bedroom and $959 for a three-bedroom unit.

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

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

There is evidence that Webster has lost rental housing over the years due to redevelopment or due to deterioration and demolition. Part of the need for additional rental units in Webster is to provide for unit replacement. Unfortunately, most of the lost units are probably very affordable, and new construction will not replace these units in a similar price range.

There are still some programs for affordable housing creation for moderate income renters. The federal low income housing tax credit program is one available resource. However, competition for tax credits is very difficult, and few awards are made to small cities for small rental projects.

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

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

The estimated prevailing rent range for older rental units in Webster is typically between $425 and $650 per month. Creating some additional units with contract rents below $650 per month would help to expand the choices available to a majority of the City's renter households.

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

3. Develop 12 to 14 additional general occupancy moderate rent/income restricted or subsidized rental units

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

The research completed for this Study found two subsidized projects, which have a combined 44 units. Both projects are for senior/disabled tenants. Since the 2015 Webster Housing Study, three subsidized general occupancy projects with a total of 15 units have converted to market rate, thus, there are no longer any general occupancy projects in Webster.

▸ **Pleasant View Apartments** - Pleasant View Apartments is a 32-unit HUD Public Housing subsidized senior/disabled project. The 32 units include 30 one-bedroom units and 2 two-bedroom units. The project was constructed in 1975, however, the buildings have been renovated over the years. Tenants must be 55 or older or disabled.

▸ **Downtown Manor** - Downtown Manor is a 12-unit HUD senior/disabled project. All 12 units are one-bedroom units.

Of the 44 subsidized units in Webster, 42 are one-bedroom and two units have two bedrooms. There are no subsidized three-bedroom units and only two two-bedroom units in Webster, thus, subsidized housing opportunities for families is very limited.

There are additional "deep subsidy" resources available to Webster residents through the tenant-based Housing Choice Voucher Program. The Vouchers allow tenants to pay 30% to 40% of their income for housing in suitable private-market rental units. The Voucher Program for Aberdeen is administered by the Webster Housing Authority. Nine Webster households were utilizing a Voucher in March of 2020.

The 2018 American Community survey estimated that approximately 40% of all renters in the City of Webster were paying 30% or more of their income for rent. The large majority of these households were actually paying 35% or more of their income for housing.   Most of the households with a severe rent burden had low annual incomes, and would be under the income limits for subsidized housing.

Recommendation: Based on the cost burden data contained in the American Community Survey, the lack of two and three-bedroom family subsidized units in Webster and the loss of 15 subsidized units due to conversion to market rate, we would recommend that the City look to expand the supply of moderate rent or subsidized 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 low/moderate income households.

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

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

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

4. Senior housing with services needs

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

Lower-service housing, sometimes referred to as congregate senior housing, generally offers the availability of a daily meal, and services such as weekly light housekeeping.

Day County has five specialized projects that provide housing with supportive services for an elderly population, two projects are in Webster, two projects are in Bristol, and there is one project in Roslyn. These senior with services projects include:

‣ **Bethesda Home** - Bethesda Home is licensed as a 50-bed skilled nursing facility and is located in Webster. The facility had one vacant bed at the time. Fees are based on the level of services.

‣ **Heritage Village** - Heritage Village is a 22-unit independent/light services project. The 22 units include eight one-bedroom and 14 two-bedroom units. Rent ranges from $750 to $1,500 and is based on the size of the unit, meal plan, etc. The base rent includes a noon meal, continental breakfast and 24-hour emergency call system. Tenants can make arrangements to purchase additional services. There were two vacancies at the time of the survey.

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

‣ **Johnson Assisted Living Center** - The Johnson Assisted Living Center is an assisted living project located in Bristol. The facility has 10 private rooms and three double rooms with a total capacity of 13 residents. The facility provides the full array of senior services including meals, laundry, mediation assistance, bathing, 24-hour staffing, etc. The facility has 11 residents and one vacant room at the time of the survey.

‣ **Strand Kjorsvig Community Rest Home** - The Strand Kjorsvig Community Rest Home is a 36-bed nursing home located in Roslyn. The facility was constructed in 1957. One of the 36 beds is currently being

used for assisted living. Also, the facility has flexibility to convert additional nursing home beds to assisted living beds if there is a demand for additional assisted living units. Rent and fees are based on the level of services. At the time of the survey, the facility had three vacant beds.

Recommendation: To determine future senior with services housing demand in Webster, we determined that Webster's market for senior with services housing includes all of Day County. In 2019, Day County had 840 people between the age of 65 and 74 and 622 people over the age of 75. Older seniors, age 75 and above, are more likely than younger seniors to access housing with services.

The age-based growth projections from ESRI show growth between 2019 and 2024 in the County's senior population. The 65 to 74 age range is projected to gain 100 people and the 75 and older age range is projected to gain 51 people.

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

The three existing nursing homes have a combined 123 skilled nursing beds available in 2020. At the time of the survey, there was a total of six vacant beds in the three facilities. The existing beds in the three facilities need to capture more than 18% of all older seniors in Day County to achieve full occupancy. In the opinion of the analysts, this is a very high capture rate, although occupancy rates tend to be high in each of the facilities.

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

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

Local providers do report some unmet demand for this type of specialized housing from seniors in the advanced stages of Alzheimers and dementia. If a capture rate of 1.5% to 2% of the older senior population is applied,

Day County would need between nine to 12 memory care beds in the year 2019. Therefore, we recommend the development of nine to 12 beds specifically designed for people with advanced memory care needs.

▸ ***Assisted Living*** - Currently, there are 17 assisted living beds in Day County. Johnson Assisted Living Center is located in Bristol and has 13 assisted living rooms including 10 private rooms and three double rooms, for a total of 16 beds. The Strand Kjorsvig Community Rest Home in Roslyn has one bed for assisted living and has the flexibility to convert additional nursing home beds to assisted living beds if there is a demand. Also, Heritage Village tenants in Webster can privately purchase additional senior services.

In the year 2019 there were 622 older seniors in Day County. This includes approximately 110 seniors already living in skilled nursing homes. This would yield a potential target market of approximately 512 older seniors for specialized assisted living. If a capture rate of 5% to 5.5% is applied, this would yield demand potential for up to 26 to 28 beds/units. Currently, the County has 17 assisted living beds, resulting in potential demand nine to 11 units/beds. It should also be noted that some of the unmet demand is probably being addressed through the large number of nursing home beds in the County.

In the opinion of the analysts, an additional 9 to 11 assisted living units/beds in Webster would be successful. Webster is viewed as the preferred location in the County due to the services and amenities available in the largest community. Potentially, an assisted living project could be located adjacent to Bethesda Home and Heritage Village.

▸ ***Independent/Light Service Housing*** - Currently, there is one independent/light service project in Day County. Heritage Village is located in Webster and has 22 units. At the time of the survey, Heritage Village had two vacancies. Although Heritage Village is considered to be an independent living project, tenants have access to a noon meal and continental breakfast through the adjacent nursing home.

For more independent senior housing, market potential is typically compared to senior-headed households, and no adjustment is required for people already living in group quarters housing. In 2019, an estimate 479 County households have a head of household age 75 or older. However, by 2024, it is probable that 518 older senior households will be present in Day County. If a 5% capture rate could be achieved among these households, approximately 26 units of market rate independent lighter services housing could be supported by the year 2024. More units could be justified if a higher capture rate is achieved within the primary target market.

With 22 units in Heritage Village, there may be a need for four to six additional units over the next five years. However, Heritage Village has typically had some level of unit vacancy. If occupancy rates continue to improve at Heritage Village, and evidence of unmet demand begins to appear, then some additional construction could be justified over the next five years. We would recommend that this segment of the market continue to be monitored.

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

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

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

Findings: A mixed-use rental housing/commercial project in the downtown area would complement the City's ongoing efforts to redevelop the downtown.

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

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

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

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

6.   Continue to Utilize the Housing Choice Voucher Program

Findings: The Housing Choice Voucher Program provides portable, tenant-based rent assistance to lower income renter households. The program requires participating households to contribute from 30% to 40% of their adjusted income for rent, with the rent subsidy payment making up the difference. Tenants may lease any suitable rental unit in the community, provided that it passes a Housing Quality Standards inspection, and has a reasonable gross rent when compared to prevailing rents in the community.

Although the federal government provides almost no funding for subsidized housing construction, it has provided new Housing Choice Voucher allocations over the last two decades. Because of the flexibility offered through the program, eligible households often prefer the portable rent assistance to other forms of subsidized housing that are project-based, and can only be accessed by living in a specific rental development.

The Housing Choice Voucher Program is administered in Day County by the Aberdeen Housing Authority. There currently is a waiting list to obtain a Housing Choice Voucher, however, there are preferences given for seniors, disabled and families. The Aberdeen Housing Authority has the ability to issue approximately 420 Vouchers in a five-county area. At the time of the research for this Study, nine Webster renter households were utilizing the Housing Choice Voucher Program.

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

Webster -
Home Ownership

Home Ownership

Findings: Expanding home ownership opportunities is one of the primary goals for most cities. High rates of home ownership promote stable communities and strengthen the local tax base. The median owner-occupied home value in Webster is estimated to be approximately $75,750 based on 2019 sales activity. The home values in Webster provide a good opportunity for first time buyers and households seeking moderately priced homes.

Our analysis of Webster demographic trends shows an increasing number of households in the traditionally strong home ownership in the 65 to 74 age range. The 35 to 44 age ranges will also have household increases over the next five years. Some of these households are first-time home buyers. Some households in these age ranges as well as other age ranges that have not been able to achieve the goal of home ownership may need the assistance of special programs to help them purchase their first home.

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

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

Findings: We believe that affordable home ownership is one of the issues facing Webster in the future. Home ownership is generally the preferred housing option for most households and most communities. There are a number of strategies and programs that can be used to promote home ownership programs, and can assist with this effort.

First time home buyer assistance, down payment assistance, low interest loans and home ownership counseling and training programs can help to address affordable housing issues. The City of Webster has a supply of houses that are price-eligible for these assistance programs. The home value estimates used in this study indicate that a large majority of the existing stock currently is valued under the purchase price limits for the first-time home buyer assistance programs.

While these individual home ownership assistance programs may not generate a large volume of new ownership activity, the combination of below-market mortgage money, home ownership training, credit counseling, and down payment assistance may be the mix of incentives that moves a potential home buyer into home ownership.

Recommendation: Webster should continue to work with area housing agencies, the South Dakota Housing Development Authority, USDA Rural Development and local financial institutions to utilize all available home ownership assistance programs. Private and nonprofit agencies should also be encouraged to provide home ownership opportunities.

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

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

8.   Develop a Purchase/Rehabilitation Program

Findings: Webster has a stock of older, lower valued homes, many of which need repairs. Our analysis of 2018 and 2019 sales activity indicates that approximately 50% of the homes in Webster are valued less than $75,750. As some lower valued homes come up for sale, they may not be attractive options for potential home buyers because of the amount of repair work that is required.

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

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

Recommendation: We recommend that Webster work with a housing agency to develop and implement a purchase/rehab program. Attitudinal surveys that we have conducted in other cities have found that purchase/rehabilitation programs are appealing to people who are currently renting their housing.

In some similar sized communities, a large majority of survey respondents who were renters indicated an interest in buying a home in need of repair if rehabilitation assistance was available.

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

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

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

Webster -
Single Family
Housing Development

Single Family Housing Development

Findings: Based on City information, Webster has experienced a limited amount of owner-occupancy single family housing development from 2010 to 2019. Over the past 10 years, approximately 16 single family owner-occupied units have been constructed in Webster. This is an average of one to two owner-occupied units constructed annually in Webster. There have also been homes constructed in Day County rural and lake areas.

During the five-year period from 2010 to 2014, the City averaged one new single family housing unit per year. From 2015 to 2019, housing construction activity increased, and the City has averaged two new units per year.

It is our opinion that if the City, housing agencies, economic development agencies, and builders are proactive, a total of 10 to 14 homes can be constructed or moved into Webster from 2020 to 2025. To achieve this goal, residential lots must be available.

The breakdown of our projection of 10 to 14 new owner occupied housing units over the next five years is as follows:

- ‣ Higher and Median priced homes   4-5
- ‣ Affordable Homes   4-5
- ‣ Twin homes/Town homes   2-4
-                                  Total   10-14

9.   Lot Availability

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

It appears that there are only a few miscellaneous infill lots that are potentially available throughout the City. We do not know the status of these lots. Also, there are dilapidated houses in the City that could be demolished and the lots could potentially be suitable for new construction.

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 two to three houses will be constructed or moved in annually, an adequate

supply of lots would be five to eight lots. Also, it is estimated that 15 to 20 lots are needed to accommodate new construction over the next seven years. Therefore, there currently is an inadequate number of lots in Webster.

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

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

10. Develop a new housing subdivision

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

Recommendation: We recommend the development of a 15 to 20-lot subdivision in Webster based on the following:

▸   *Subdivision Phasing* - It is our opinion that there is potential to construct two to three homes annually in the subdivision. It may be advantageous to develop the subdivision in phases based on the projected homes that will be constructed annually. The subdivision, if possible, should also allow for future phases beyond the 15 to 20 lots.

▸   *Lots for attached and detached housing units* - Lots should be available in the subdivision for both attached and detached single family homes. The lots for attached twin homes/town homes should be clustered.

▸   *Amenities* - The subdivision must have as many amenities as is financially feasible. Potential amenities include sidewalks, landscaping, trails, playgrounds, a pond, lighting, etc.

▸   *User-Friendly* - The lot purchase and homebuilding process must be 'user friendly.' This includes the construction of spec homes, and builders who are readily available to build custom homes.

▸   ***Need for competitive pricing*** - There is not a strong demand for lots in Webster. To be competitive, lot prices in the new subdivision will need to be competitively priced. The actual price for each lot should be based on location, size of the lot, etc.

▸   ***Plan for long-term absorption*** - The research completed for this Study expects limited annual absorption of lots in the new subdivision. We are projecting the construction of two to three homes annually. It is therefore necessary to view the development of the subdivision as a long-term plan.

▸   ***Generating initial activity -*** The first households electing to build a home in the new subdivision may have concerns about the long-term future of the subdivision. It will be necessary to initially generate some level of attractive home construction within the subdivision, to help assure future buyers. This may require very proactive efforts, such as the initial sale of some lots at deeply discounted prices, provided the buyer agrees to build a home of a certain quality and style within one year. This will help to define the look of the neighborhood, as well as create some momentum for more houses to be built.

▸   ***Consider developing an exclusive builder(s) relationship*** - A block of lots could be sold to a builder or builders. Momentum can be created when a builder has access to several lots. This allows for marketing opportunities and efficiencies in the home building process. It should be assumed, however, that the builder is obligated to constructing a minimum number of homes per year. Builders are more willing to enter a market when the lots are attractive and very affordable. A block of lots available to an exclusive builder or developer should be explored, even if significant price concessions are required.

▸   ***Consider partnerships that share and split financial risk between developer and city*** - Spec homes could potentially attract a buyer that is not interested in going through the home building process, but instead wants a turnkey unit. A spec home can also serve as a model, allowing potential home buyers to examine specific floor plans and features in the home before committing to buy. In an attempt to spur spec home construction, some communities have formed partnerships with private home builders to share the financial risks. For example, cities have been willing to defer any water/sewer hook up fees, special assessment payments and building permit fees until the home is sold. A more aggressive approach is to become directly involved in helping cover the payments on a home builder's construction loan, if the house does not sell

within a reasonable period of time. A community risk pool would need to be established for this type of activity. These types of approaches would somewhat reduce the builder's risk, by lowering the upfront development costs.

▸ **Allow for a range of house prices** - The lots should be available to as wide a range of home sizes and prices as possible, without compromising the subdivision.

▸ **Marketing** - A comprehensive marketing strategy to sell the lots. All stakeholders including realtors, financial institutions, builders, employers, etc. should be included in marketing strategies. In addition to marketing the lots, the City of Webster and its amenities should be marketed.

11.   Consider the development of a City of Webster Housing Incentive Program

Findings: As in the 2015 Webster Housing Study, we encourage Webster to develop a housing incentive program. 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 $175,000 and over may qualify for the $5,000 maximum, homes under $175,000 will be prorated based on 5% of the purchase price

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

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

Recommendation: We recommend that the City of Webster consider the development of incentive programs to promote new single family housing development. In addition to a cash payment, other incentives can include:

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

12.   Continue to coordinate with economic development agencies, housing agencies and nonprofit groups to construct affordable housing

Findings: There are several housing agencies and nonprofit groups that have the capacity to construct new housing in Webster, including the Webster Housing Authority, Day County Housing Development, Grow South Dakota, and HAPI, Inc. Day County Housing Development has coordinated the construction of two homes since the 2015 Webster Housing Study.

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

Governors homes and modular homes are affordable new owner-occupied homes that should be considered in addition to stick built homes.

The development of three affordable homes over the next five years would be a realistic goal.

13.   Promote twin home/town home development

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

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

In 2019, Webster had 312 households and Day County had 1,075 households in the 55 to 74 age ranges. The large number of empty-nester and senior households should result in increased demand for attached single family units. It is likely that demand for attached housing units will also be dependent on the product's ability to gain additional market acceptance among the households in the prime target market, and among other households.

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

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

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

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

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

14. Lot inventory/Acquisition of development of parcels

Findings: Day County Housing Development continues to be interested in developing new rental and ownership housing in Webster. Day County Development has developed two owner-occupied homes and is currently developing four rental units in conjunction with the City, on in-fill lots that have been purchased by Day County Development. Day County Housing Development is also interested in eliminating dilapidated housing in Webster's neighborhoods and housing stock.

Day County Housing Development board members continue to research the availability of vacant lots, vacant houses and dilapidated houses for acquisition.

Recommendation: We recommend that Day County Housing Development continue to research the availability of potential development sites, purchase lots and coordinate with the City and the Economic Development Corporation to construct new owner-occupied and rental units.

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

Webster - Housing Rehabilitation

Housing Rehabilitation

Findings: Webster has an asset in its existing housing stock. Existing units, both now and into the future, will represent the large majority of the affordable housing opportunities. Existing units generally sell at a discount to their replacement value. Units that are not maintained and improved may slip into disrepair and be lost from the housing stock. Investment in housing rehabilitation activities will be critical to offering affordable housing opportunities.

It is our opinion that Webster and area housing agencies will need to make housing rehabilitation a priority in the future. New housing construction that has occurred is often in a price range that is beyond the affordability level for many Webster households. Housing options for households at or below the median income level will largely be met by the existing, more affordable housing stock. As this existing stock ages, more maintenance and repair will be required. Without rehabilitation assistance, the affordable stock could shrink, creating an even more difficult affordability situation.

The following specific recommendations are made to address the housing rehabilitation needs in the City of Webster.

15.   Promote rental housing rehabilitation

Findings: It is estimated that in 2020, based on the U.S. Census data, the City of Webster has approximately 330 rental units. 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 86% of these rental units are more than 30 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 preserve decent, safe and sanitary affordable housing.

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

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

16.   Promote owner-occupied housing rehabilitation efforts

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

Approximately 91% of the owner-occupied single family homes in Webster are more than 40 years old. Our housing condition survey of 608 homes in three of Webster's older neighborhoods found 280 homes that need minor repairs and 78 homes that need major repairs. Without rehabilitation assistance, the affordable housing stock will shrink in Webster.

Recommendation: We recommend that the City of Webster, Day County Housing Development and the Webster Housing Authority seek local, state and federal funds to assist in financing housing rehabilitation. USDA Rural Development, the South Dakota Housing Development Authority, the Federal Home Loan Bank, Grow South Dakota and HAPI, Inc., are potential funding sources.

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

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

17.   Develop a Neighborhood Revitalization Program

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

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

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

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

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

18.   Develop a Rental Inspection and Registration Program

Findings: A Rental Inspection and Registration Program can be a valuable tool in improving the quality of the City's rental housing. It is estimated that there are approximately 330 rental units in the City of Webster, a large majority of which are more than 30 years old. There are also a significant number of single family homes that have converted from owner-occupied to rentals.

Neighborhood deterioration, lower property values and unsafe rental units are often prevented when a Rental Housing Inspection and Registration program is successfully implemented. Also, our housing condition survey identified substandard rental units.

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

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

Age of Housing Stock
▸   Approximately 86% of the existing rental housing stock in Webster is more than 30 years old.
▸   Older housing needs continued rehabilitation and maintenance.
▸   Older housing often has difficulty complying with current codes.

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

Trends of Conversions
▸   Many of today's buyers want more amenities and conveniences, and less maintenance, thus, they are less likely to purchase older homes. Also, there was an increase in foreclosures during the recession. This resulted in the continuation of converting old homes to rental units and magnified the problem.

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

High Number of Rental Property Owners
‣ Webster has a significant number of rental property owners. Many of these rental property owners do an excellent job; however, some absentee rental property owners do not reinvest in their properties, and create a need for the program.

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

Zoning and Codes
‣ Illegal apartments such as inappropriately constructed basement apartments may be unsafe and a violation of zoning regulations.

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

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

Webster -
Other Housing Initiatives

Other Housing Initiatives

19.   Continue to acquire and demolish dilapidated structures

Findings: Our housing condition survey identified 18 single family houses in three of the City's oldest neighborhoods that are dilapidated and too deteriorated to rehabilitate. We also identified 78 single family houses in Webster as needing major repair and some of these homes may be too dilapidated to rehabilitate. To improve the quality of the housing stock and to maintain the appearance of the City, these structures should be demolished.

Recommendation: Webster and Day County Housing Development are working with property owners on an ongoing basis to demolish dilapidated homes. Several dilapidated homes have been demolished since the 2015 Webster Housing Study. The appearance of the City is enhanced when blighted and dilapidated structures are removed. Also, some of the cleared lots can be utilized for the construction of new affordable housing units.

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

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

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

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

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

21.   Encourage employer involvement in housing

Findings: The City of Webster has several large employers. The connection between economic development and housing availability has become an increasingly important issue as low area unemployment rates dictate the need to attract new workers into the community. Housing for new employees is a concern for employers, thus, it may be advantageous for employers to become involved in housing.

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

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

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

22.   Strategies for Commercial District Redevelopment/Development

Findings: Webster has a vibrant commercial district that addresses many of the daily retail/commercial needs of its residents. Webster has buildings that have been renovated and have high quality commercial and/or housing space. There are also buildings that have not been maintained and are substandard.

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

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

Recommendation: We are recommending the following actions for downtown Webster:

▸ Interview all commercial district property owners to develop a database and to determine their future plans (expanding, selling, renovations, etc.)

▸ Develop an overall plan for the commercial district (potential new businesses, address parking needs, develop an overall theme, art and cultural opportunities, etc.)

▸ Develop a mini-plan for each property in the commercial district and each commercial district block. This may include:

  ▸ Retention of existing businesses
  ▸ Commercial building rehab and renovations
  ▸ Facade work
  ▸ Building demolition
  ▸ New construction
  ▸ Recruiting new businesses

▸ Identify funding sources

  ▸ Property owner funds
  ▸ City funds
  ▸ Development Corporation funds
  ▸ Federal Home Loan Bank
  ▸ Special tax districts
  ▸ Funds from South Dakota State Agencies
  ▸ Sales Tax Funds
  ▸ Day County Housing Development Funds

▸ Work with stakeholders to identify roles, to secure funding, to develop and implement programs and projects

> ▸ Property owners
> ▸ City of Webster
> ▸ Webster Area Economic Development Corporation
> ▸ Day County Housing Development

23. Develop home ownership and new construction marketing programs

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

Recommendation: The City of Webster, the Webster Housing Authority, Day County Housing Development, and the Webster Area Development Corporation, have all been active in promoting and marketing housing and we recommend the continuation or initiation of the following:

▸ Determine the City's strengths and competitive advantages and heavily promote them
▸ Continue to create marketing materials that can be distributed regionally (including internet, TV, radio, etc.)
▸ Work closely with employers to provide employees (especially new employees) with housing opportunities in the region
▸ 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 developers and builders to make lot development and the construction of new homes a very user-friendly process
▸ Continue to work on the creation of jobs and the development of retail, service and recreational opportunities that make the City a "full service" community

- Provide attractive lots at an affordable price for a variety of home sizes, styles and price ranges
- Preserve the quality of 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 with services housing, etc.
- Review the City's policies and fees to assure that they are user-friendly, fair and receptive for developers, builders and households
- Develop a coordinated housing plan with the private sector and area housing agencies

Agencies and Resources

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

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

Homes Are Possible, Inc.
318 S. Main
Aberdeen, SD 57401
(605) 225-4274

South Dakota Housing Development Authority
221 South Central Avenue
Pierre, SD 57501
(605) 773-3181

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

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

Dakota Resources
25795 475th Avenue
Suite #1
Renner, SD 57055
(605) 978-2804