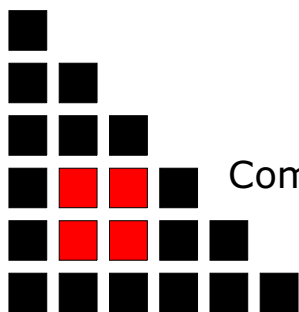


City of Madison HOUSING STUDY UPDATE

December 2022

An updated analysis of the overall housing needs
of the City of Madison, SD



Community Partners Research, Inc.
Faribault, MN

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Introduction

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

Community Partners Research, Inc., was hired by the Lake Area Improvement Corporation to Update a 2016 Housing Study that had been completed for the City of Madison. In 2022, an Update to this Housing Study was initiated.

Goals

The multiple goals of the study include:

- ▶ Provide updated demographic data including the 2020 Census
- ▶ Provide an analysis of the current housing stock and inventory
- ▶ Determine gaps or unmet housing needs
- ▶ Examine future housing trends that the area can expect to address in the coming years
- ▶ Provide a market analysis for housing development
- ▶ Provide updated housing recommendations and findings

Methodology

A variety of resources were utilized to obtain information for the Housing Study Update. Community Partners Research, Inc., collected and analyzed data from July to November, 2022. Data sources included:

- U.S. Census Bureau
- Applied Geographic Solutions, a private data reporting service
- Esri, Inc., a private data reporting service
- Records and data from the City
- Records and data maintained by Lake County
- Interviews with City officials, community leaders, housing stakeholders, etc.
- Area housing agencies
- State and Federal housing agencies
- Rental property owner 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.

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

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Demographic Data Overview

Sources of Data

The following pages contain demographic data obtained from a variety of local, state and national sources for the City of Madison and Lake County. At the time that research was completed for this Update, the Census Bureau had released initial information from the 2020 decennial Census. However, some of the more detailed tables on demographic and housing characteristics are not scheduled for release until 2023.

The global pandemic in 2020 had impacted data collection, as well as the release schedule. As a result, there are some questions about the accuracy of 2020 Census data, but in the opinion of the analysts it still represents the best demographic information available.

With the absence of some data from the 2020 Census, this Update has proceeded with the best available estimates from secondary sources, including the Census Bureau's American Community Survey, an annual sampling of households. However, because the American Survey is an estimate, based on sampling data, there is a margin of error that exists for each estimate.

The American Community Survey estimates have an effective date in 2020, so a data-lag exists. The estimates were derived from five-year sampling, obtained between 2016 and 2020.

This Update has also utilized demographic estimates and projections that have been generated by private data providers. The South Dakota Governor's Office of Economic Development contracts with Applied Geographic Solutions (AGS) to provide community profiles for each city in the State. Prior to using AGS, the State had used Esri, Inc., for community profiles. The analysts have utilized estimates and projections from both of these private data reporting services.

It is important to note that the demographic estimates and projections from AGS were generated before any of the 2020 Census data were released, and will probably be modifying their data based on the new Census benchmark, but this will not occur until later in 2022.

The most recent estimates and projections from Esri incorporate the 2020 Census totals for population and households.

Population Data and Trends

Table 1 Population Trends - 1980 to 2020						
	1990 Census	2000 Census	% Change 1990-2000	2010 Census	% Change 2000-2010	2020 Census
Madison	6,257	6,540	4.5%	6,474	-1.0%	6,191
Lake County	10,550	11,276	6.9%	11,200	-0.7%	11,059

Source: U.S. Census

- ▶ The release of population totals from the 2020 U.S. Census has established a new benchmark for the number of people residing in each jurisdiction. The Census total had an effective date of April 1, 2020.
- ▶ In 2020, the population for the City of Madison was 6,191 people. When compared back to the 2010 Census, the City had lost 283 permanent residents, for a population decrease of 4.4%.
- ▶ It is very possible that the population loss that Madison experienced between 2010 and 2020 was the direct result of the Covid pandemic. In late March 2020, within days of the April 1st effective date of the 2020 Census, Dakota State University (DSU) largely closed its on-campus residence options. While some students remained in occupancy, including international students, most were believed to have moved out of the dormitories and other DSU housing. It is possible that 350 or more students may have been counted in on-campus housing if the options had not been closed in March.
- ▶ With the assumption that some limited population growth would have been recorded in Madison if the pandemic had not occurred, there have been only minor changes in the number of City residents in recent decades. After adding nearly 300 people in the 1990s, the City's population then decreased slightly between 2000 and 2010. Without the pandemic, the City would have probably added fewer than 100 people between 2010 and 2020.
- ▶ The population for all of Lake County, including Madison, was 11,059 permanent residents in 2020, down by 141 people, or -1.3% from 2010. Excluding the reduction in Madison, the remainder of Lake County added population between 2010 and 2020. If students had not departed, the Countywide gains would have been slightly larger.

- ▶ There are more recent population estimates available from Applied Geographic Solutions (AGS) and Esri. The AGS estimates were issued prior to the release of any 2020 Census data and will not be revised to incorporate the new 2020 benchmark data until sometime later in 2022. Esri's estimates were issued after the 2020 Census initial release.
- ▶ Applied Geographic Solutions (AGS), the data source utilized by the Governor's Office of Economic Development, estimates that the City of Madison had 6,440 permanent residents in 2021, above the 2020 Census count of 6,191 people. If more students were present, the AGS estimate was probably accurate.
- ▶ An estimate for Madison was also obtained from Esri. This showed a 2022 population of 6,151 people. This estimate was slightly lower than the 2020 Census count of 6,191 people, but has a two-year time difference in effective dates. However, Esri was basing its estimate on the 2020 Census.
- ▶ The AGS estimate for all of Lake County showed 11,018 residents in 2021, only slightly lower than the 2020 Census total of 11,059 permanent residents.
- ▶ The Esri estimate for Lake County showed 11,061 people in 2022, very similar to the Census count of 11,059 permanent residents.

Population by Race/Ethnicity

- ▶ In 2020, 88% of Madison's residents were identified as White for race. The next largest racial designation was for people listing "Two or more races", at nearly 4.9% of the City's population. Other races included Native Americans at 1.8% and Black/African American at 1.7% of the City's population.
- ▶ At the time of the 2020 Census, fewer than 9% of the City's population was identified as being of Hispanic/Latino ethnicity.
- ▶ Due to the limited diversity within the City, no further demographic details are provided in this document based on race or ethnic origin.

Group Quarters Population Data

A relatively large percentage of Madison’s residents reside in some form of “group quarters” housing. Group quarters residents are counted as part of the permanent population total, but are not counted as living in independent households. The following table displays changes in the group quarters population subset as recorded in the decennial Census back to the year 1990.

Table 2 Group Quarters Populations in Madison: 1990 to 2020				
	1990 Census	2000 Census	2010 Census	2020 Census
Madison	482	686	636	469

Source: U.S. Census

- ▶ According to the 2020 Census, the size of the City’s group quarters population decreased over the past decade by 167 people. However, as explained on the previous pages, there is reason to believe that 350 or more students that would have otherwise been counted as group quarters residents in student housing had departed shortly before the Census was conducted.

Table 3 Group Quarters Housing Types: 2010 to 2020			
	2010 Census	2020 Census	Change
Skilled Nursing Facilities	116	70	-46
Other Institutional Facilities	15	12	-3
Student Housing	486	375	-111
Other Noninstitutionalized Facilities	19	12	-7
Total	636	469	-167

Source: U.S. Census

- ▶ The largest group quarters decrease was from people living in student housing, presumably at Dakota State University. This population had decreased by 111 people from 2010 to 2020. In reality, it is possible that as many as 700 residents of student housing should have been counted.
- ▶ The number of people living in skilled nursing facilities decreased by 46 people from 2010 to 2020.

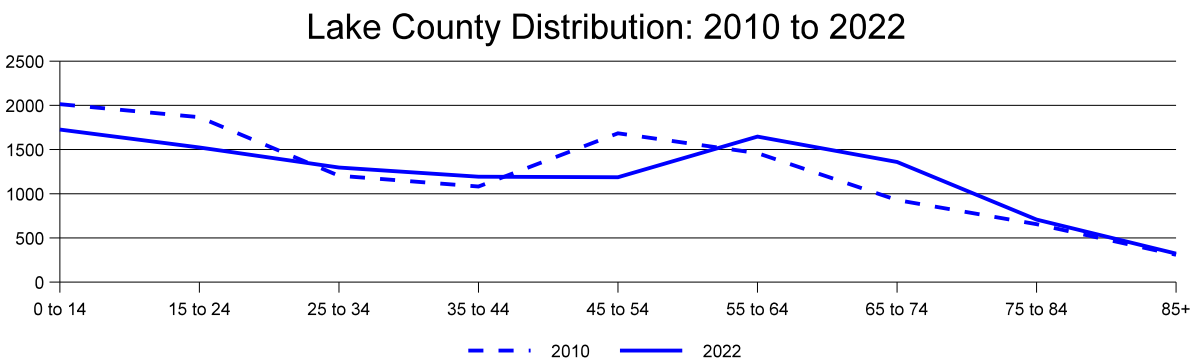
Population by Age Trends: 2010 to 2022

Esri provides age-based population estimates. These estimates for 2022 have been compared to the 2010 Census to examine the changing age patterns over time. Information is presented for all of Lake County.

It is important for readers to recognize that Esri’s estimates for 2022 were based in part on the 2020 Census count. As a result, it is probably low by as many as 300 people, many of these within the traditional post-secondary student age ranges between 18 and 24 years old.

Table 4 Lake County Population by Age - 2010 to 2022			
Age	2010 Census	2022 Esri	Change
0-14	2,014	1,726	-288
15-19	903	788	-115
20-24	963	735	-228
25-34	1,203	1,397	194
35-44	1,081	1,193	112
45-54	1,684	1,187	-497
55-64	1,459	1,647	188
65-74	928	1,359	431
75-84	656	707	51
85+	309	322	13
Total	11,200	11,061	-139

Source: U.S. Census



- ▶ Between 2010 and 2022 there was limited total population change in Lake County. However, changes did occur in most of the defined age ranges.
- ▶ Based on the Esri estimates, the largest numeric population increase occurred within the 10-year age range between 65 and 74 years old. This senior age group added 431 people from 2010 to 2022. This would largely reflect the movement of the large “baby boom” generation through the aging cycle.
- ▶ All of the senior and near-senior age ranges increased in size. If the age groups 55 and older are combined, the County added more than 680 people.
- ▶ As estimated by Esri, the County had a reduced population of children and young adults, age 24 and younger. This would include fewer people in the traditional post-secondary student age ranges. However, it is believed that these reductions were reflective of the pandemic in 2020, and by 2022 it is likely that these students had returned to Madison.
- ▶ Solid growth occurred in the younger adult age ranges, especially among households age 25 to 44 years old. This 20-year group added more than 300 people from 2010 to 2022.
- ▶ The largest numeric decrease of any age group occurred in the 45 to 54 year old range. This was the age cohort immediately trailing the large baby boom generation. As the baby boomers advanced through the aging cycle they were not replaced by the small group that followed. Based on Esri’s estimates, there were nearly 500 fewer people in this 10-year range by 2022.

Population Projections from AGS/Esri

Population projections are available from both Applied Geographic Solutions and Esri. The AGS projections span the 5-year time period from 2021 to 2026, while the Esri projections are for the 5-year time period between 2022 and 2027. The 2020 Census totals have also been provided for comparison.

Table 5 Population Projections Through 2026/27				
	2020 Census	2021/22 Estimate	2026/27 Projection	Change
Madison - AGS	6,191	6,440	5,826	-614
Madison - Esri	6,191	6,151	6,048	-103
Lake County - AGS	11,059	11,018	9,868	-1,150
Lake County - Esri	11,059	11,061	10,893	-168

Source: U.S. Census; AGS; Esri

- ▶ Applied Geographic Solutions expects very large-scale population losses in the future in Madison, with the projected reduction of 614 people between 2021 and 2026. In the opinion of the analysts, this is not a reliable forecast.
- ▶ The Esri estimates for 2022 and projections for 2027 were created after the release of the 2020 Census and reflect this new benchmark. Going forward, Esri projects that the City will lose more than 100 residents, or an annual average of approximately 20 to 21 fewer residents per year. Since Esri used the 2020 Census undercount in their calculations, in the opinion of the analysts the projections for 2027 are too low.
- ▶ Over the 5-year projection period, AGS expects the County to lose 1,150 people. In the opinion of the analysts, this is not a reliable forecast.
- ▶ Esri’s projection to 2027 expects the County to lose 168 people, or an annual average of nearly 34 fewer people per year. Most of this Countywide loss would be attributable to Madison. In the opinion of the analysts, this level of projected loss is too large, although the County’s population level has been decreasing for more than 20 years.
- ▶ In the opinion of the analysts, the projections available from AGS and Esri are not reliable. The recommendations that follow later in this document are based on future growth in the City.

Household Data and Trends

Table 6 Household Trends - 1990 to 2020						
	1990 Census	2000 Census	% Change 1990-2000	2010 Census	% Change 2000-2010	2020 Census
Madison	2,474	2,589	4.6%	2,627	1.5%	2,595
Lake County	4,030	4,372	8.5%	4,483	2.5%	4,576

Source: U.S. Census

- ▶ According to the 2020 Census, Madison had 2,595 permanent resident households, down by 32 households, or -1.2% from 2010.
- ▶ It is important to note that the probable under count of residents living in Madison was due to students that were no longer in on-campus housing at the time the Census was conducted. These students were living in “group quarters” and not in independent households. Therefore, the City’s household count would not have been impacted by the closure of student housing at DSU. It is possible, however, that students not living in on-campus housing had also departed, resulting in a temporary loss of households.
- ▶ Longer-term patterns for the City had shown modest but consistent household growth. In the 1990s the City added 115 households, followed by growth of 38 households between 2000 and 2010. The loss of 32 households between 2010 and 2020 resulted in a total household count that was very similar to the 2000 Census total.
- ▶ Lake County had 4,576 households in 2020, up by 93 households from 2010. Excluding the losses in Madison, the remainder of the County had a net gain of 125 households over the decade, or an annual average of nearly 13 households per year.
- ▶ The most recent decade is a continuation of longer-term growth Countywide, as Lake County has added some permanent resident households in each of the past three decades.
- ▶ Household estimates are also available from Applied Geographic Solutions for 2021 and from Esri from 2022. The AGS estimates were released prior to the 2020 Census results while Esri’s most recent information utilized the 2020 Census data.

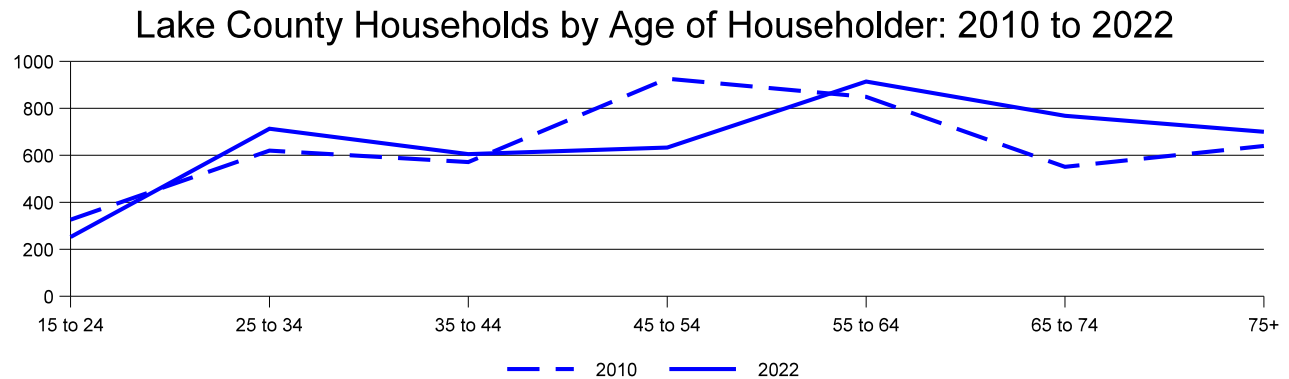
- ▶ According to AGS there were 2,701 households in Madison in 2021. This estimate was well above the Census count of 2,595 households in 2020, and appears to have over estimated the number of resident households in the City, even when adjusted for the one-year time difference.
- ▶ Esri estimates that there are 2,598 households in Madison, up by three households from the 2020 Census. Esri's estimate would be based on the 2020 Census total.
- ▶ According to AGS there were 4,558 households in Lake County in 2021. This was only slightly lower than the Census count of 4,576 households, with a one-year time difference in effective dates.
- ▶ According to Esri there are 4,585 households in Lake County in 2021. This was only slightly higher than the Census count of 4,576 households, with a two-year time difference in effective dates.

Household by Age Trends: 2010 to 2022

Esri provides age-based household estimates for the year 2022 which can be compared to the 2010 Census to track aging patterns. This is for all of Lake County.

Table 7 Lake County Households by Age - 2010 to 2022			
Age	2010 Census	2022 Esri	Change
24 and younger	326	252	-74
25-34	620	713	93
35-44	571	605	34
45-54	926	633	-293
55-64	849	914	65
65-74	551	768	217
75+	640	700	60
Total	4,483	4,585	102

Source: U.S. Census; Esri



- ▶ According to Esri, between 2010 and 2022, Lake County added more than 100 households, resulting in growth within most of the defined age ranges.
- ▶ Based on Esri’s estimates, the largest numeric gain occurred in the age range between 65 and 74 years old, as the County added 217 households in this younger senior age group.

- ▶ According to Esri, all of the age ranges 55 and older added households. Combined, Lake County added an estimated 342 households age 55 and older between 2010 and 2022.
- ▶ Strong growth also occurred within the 25 to 34 year old age range, with the estimated addition of 93 households between 2010 and 2022. The younger adult age group 35 to 44 years old also added 34 households according to Esri.
- ▶ Esri's estimates do show a significant reduction of households in the 45 to 54 year old range, as the demographic cohort trailing behind the baby boom generation was much smaller in size and did not replace the aging baby boomers. According to Esri, there were 293 fewer households in this age group in 2022 than had been present in 2010.
- ▶ If all of the age ranges 54 and younger are combined, the Esri estimates show a net loss of 240 households in the County between 2010 and 2022.

Average Household Size

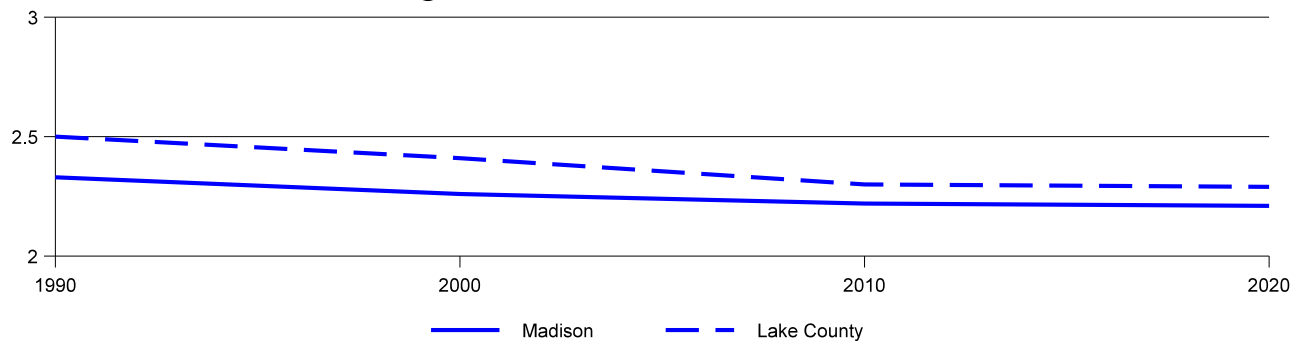
The following table provides decennial Census information on average household size.

Table 8 Average Number of Persons Per Household: 1990 to 2020				
	1990 Census	2000 Census	2010 Census	2020 Census
Madison	2.33	2.26	2.22	2.21
Lake County	2.50	2.41	2.30	2.29
South Dakota	2.59	2.50	2.42	2.44

Source: U.S. Census

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

Average Household Size: 1990 to 2010



- ▶ The average household size in the City of Madison has been gradually decreasing over the past three decades. However, the decade-to-decade decrease has been very small.
- ▶ The average household size for all of Lake County has also been decreasing gradually but the average has remained larger than in the City of Madison.

Household Projections from AGS/Esri

Projections are available to the year 2026 from Applied Geographic Solutions and to 2027 from Esri. The 2020 Census count has also been provided.

Table 9 Household Projections Through 2026/27				
	2020 Census	2021/22 Estimate	2026/27 Projection	Change
Madison - AGS	2,595	2,701	2,901	200
Madison - Esri	2,595	2,598	2,561	-37
Lake County - AGS	4,576	4,558	4,858	300
Lake County - Esri	4,576	4,585	4,524	-61

Source: U.S. Census; AGS; Esri

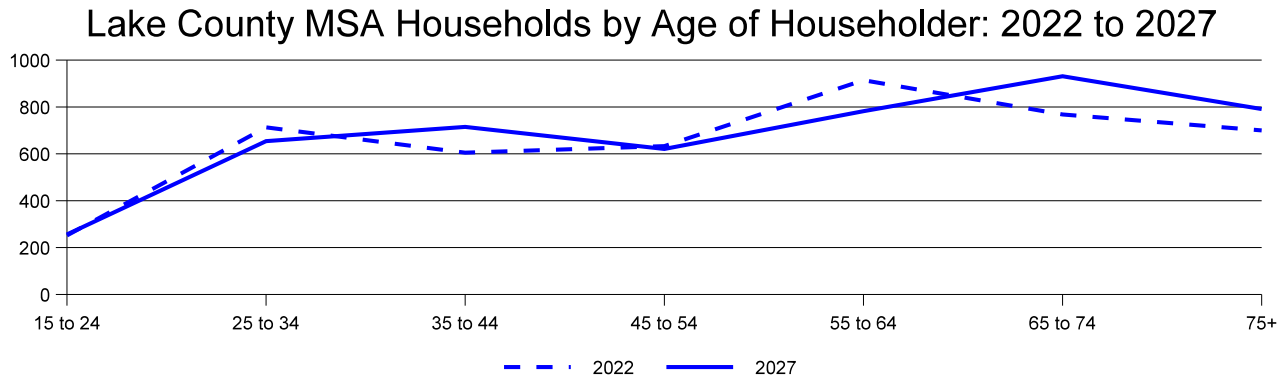
- ▶ Applied Geographic Solutions over estimated the 2021 household level for Madison, when compared to the 2020 Census count. Going forward this source expects that the City will add 200 households over the 5-year projection period, or an annual average of approximately 40 households per year. While growth at this level may be achievable, it would be substantially greater than in the past.
- ▶ The projection from Esri expects a lose of 37 households over the 5-year projection period, for an annual average loss of approximately 7 to 8 households per year. While this would be somewhat consistent with patterns since 2010, it is viewed by the analysts as an overly conservative forecast.
- ▶ Applied Geographic Solutions is projecting that Lake County will add 300 households over the 5-year projection period, including the growth of 200 households in Madison. While growth at this level may be achievable, it would be significantly greater than the level achieved in the recent past. Between 2010 and 2020, the County added only 93 households.
- ▶ The projection from Esri expects that Lake County will lose 61 households over the 5-year projection period, or an annual average of approximately 12 fewer households per year. This is viewed by the analysts as an overly conservative forecast.
- ▶ As evidenced in the data above, the projection sources reviewed show a range of possible changes in the number of households going forward. But in the opinion of the analysts, the AGS forecasts are too high while the Esri forecasts are too low for Madison and Lake County.

Lake County Household by Age Projections: 2022 to 2027

Esri produces age-based household forecasts to the year 2027. However, in the opinion of the analysts, Esri has an overly conservative projection for future change in Lake County. As a result, the 2027 projections displayed below have been based on Esri’s data but adjusted upward by 5% to better reflect the expected number of households that should be present in the County in 2027.

Table 10 Lake County Projected Households by Age - 2022 to 2027			
Age Range	2022 Estimate	2027 Projection	Change
24 and younger	252	256	4
25-34	713	654	-59
35-44	605	715	110
45-54	633	621	-12
55-64	914	782	-132
65-74	768	931	163
75 and older	700	791	91
Total	4,585	4,750	165

Source: Esri, Inc.



- ▶ The adjusted age-based projections show changes in all of the defined age ranges.

- ▶ In broader terms, Esri is projecting an overall increase in households age 65 and older, but a decrease in the number of households age 64 and younger between 2022 and 2027.
- ▶ The largest increase is projected among households age 65 to 74 years old with the expected addition of 163 households by 2027. Growth is also projected in the age 75 and older group. In total more than 250 senior-headed households are projected to be added in the County over the 5-year time period.
- ▶ The largest projected decrease is expected in the age range between 55 and 64 years old, with 132 fewer households by 2027. This would largely reflect the age progression of the baby boom generation. By 2027, nearly all of the baby boomers will be age 65 or older. The demographic cohort trailing behind the baby boom was much smaller in size and will not replace the advancing age group.
- ▶ Growth is projected in only one of the younger adult age groups with a projected addition of 110 households age 35 to 44 years old.
- ▶ If all of the age groups 64 years old and younger are combined, the adjusted projections expect a net decrease of nearly 90 households between 2022 and 2027.

Housing Tenure

The 2020 Census has not yet released any information on home owner and renter status. The American Community Survey does provide an estimate of the tenure distribution patterns. In the following table, the 2020 estimates have been presented, along with the 2010 Census data for comparison.

Table 11 Households by Tenure - 2010 and 2020				
	2010 Census		2020 ACS	
	Percent Owned	Percent Rented	Percent Owned	Percent Rented
Madison	60.5%	39.5%	59.1%	40.9%
Lake County	71.2%	28.8%	73.9%	26.1%

Source: U.S. Census; ACS

- ▶ According to the American Community Survey, the home ownership tenure rate in Madison decreased between 2010 and 2020. The City does have a high rental tenure rate with approximately 40% or more of all households living in a rental unit.
- ▶ The home ownership rate for the entire County was above 71% in 2010. According to the American Community Survey, the home ownership rate has increased since that time and was at nearly 74% in 2020. While an increase in the home ownership rate is possible, it is doubtful that the percentage change would be as large as indicated in the ACS estimate for the County.

Median Income Data

Information on median income levels is available at the city and county level through the American Community Survey. These estimates are for 2020.

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 together. 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.

Table 12 Median Household Income - 2010 to 2020			
	2010 Median	2020 Median	% Change
Households			
Madison	\$35,097	\$54,861	56.3%
Lake County	\$45,606	\$63,165	38.5%
South Dakota	\$46,369	\$59,896	29.1%
Families			
Madison	\$53,765	\$68,112	26.7%
Lake County	\$57,753	\$78,293	35.6%
South Dakota	\$58,958	\$77,042	30.7%

Source: ACS 5-year survey

- ▶ According to the American Community Survey, the median household income in Madison was \$54,861 in 2020, and had increased by more than 56% between 2010 and 2020. Despite the large increase over the decade, the median household income for Madison was still below the comparable County and Statewide medians in 2020.
- ▶ The median family income for Madison was estimated at \$68,112 in 2020, up by nearly 27% from 2010. The median family income for Madison was more than \$10,000 lower than the median for Lake County and nearly \$9,000 lower than the Statewide median for families in 2020.
- ▶ 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 Madison could afford approximately \$1,372 per month and a median income family could afford \$1,703 per month.

Madison Household Income Distribution

The American Community Survey provides income data by owner and renter status. For Madison, the 2020 ACS underestimated the total number of households when compared to the 2020 Census count. As a result, only percentage distributions have been provided in the following table.

Table 13 Madison Household Income Distribution - 2020			
Household Income	Percent of Owner Households	Percent of Renter Households	Percent of All Households
\$0 - \$14,999	4.3%	38.7%	18.4%
\$15,000 - \$24,999	4.9%	12.8%	8.1%
\$25,000 - \$34,999	2.8%	3.5%	3.1%
\$35,000 - \$49,999	13.9%	9.8%	12.2%
\$50,000 - \$74,999	29.8%	20.9%	26.1%
\$75,000 - \$99,999	22.0%	8.8%	16.6%
\$100,000+	22.3%	5.6%	15.5%
Total	100%	100%	100%

Source: ACS

- ▶ Household 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 2020, nearly 52% of renter households in Madison had an annual income below \$25,000. For home owners, more than 74% had an annual income of \$50,000 or more.
- ▶ The American Community Survey for 2020 did not include an estimated median household income for all renters in Madison, but an approximate median can be extrapolated from the data. The estimated median would be \$22,972. At 30% of income, these households would have only \$575, or less, that could be applied to monthly housing costs.
- ▶ The median income for all owner households in Madison was estimated at \$67,839 in 2020. At 30% of income a household at the median could apply \$1,696 per month to housing costs.

Estimated Income and Housing Costs - Renters

The American Community Survey also collects 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 Madison.

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”.

Table 14 Gross Rent as a Percentage of Household Income - 2020			
Percent of Income for Housing	Households Age 64 and Younger	Households Age 65 and Older	All Renter Households
Less than 20%	275 / 39.2%	30 / 10%	305 / 30.4%
20% to 29.9%	152 / 21.7%	0 / 0%	152 / 15.2%
30% to 34.9%	127 / 18.1%	51 / 16.9%	178 / 17.8%
35% or more	131 / 18.7%	214 / 71.1%	345 / 34.4%
Not Computed	16 / 2.3%	6 / 2.0%	22 / 2.2%
Total	701	301	1,002

Source: American Community Survey

- ▶ As estimated by the American Community Survey, approximately 30% of all renter households in Madison are age 65 or older while 70% of renters are under the age of 65.
- ▶ According to the 2020 American Community Survey, more than 52% of all renters in the City were paying 30% or more of their income for rent, and would have a housing cost burden. Most of these households were actually paying 35% or more of income and had a severe cost burden.
- ▶ There were a number of cost-burdened households in all age ranges, with just over half of the households paying 30% or more of their income in the senior citizen age groups, age 65 and older.

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 percentage of households in Madison that are paying different percentages of their gross household income for housing costs.

It is important to note that mortgage lending practices also tend to limit the amount of monthly income that can be used for mortgage repayment to less than 30%.

Table 15 Ownership Costs as a Percentage of Income - 2020			
Percentage of Household Income for Housing Costs	Percentage of Households with Mortgage	Percentage of Households with No Mortgage	Percent of All Owner Households
0% to 19.9%	516 / 61.9%	561 / 91.1%	1,077 / 74.3%
20% to 29.9%	220 / 26.4%	45 / 7.3%	265 / 18.3%
30% or more	98 / 11.8%	10 / 1.6%	108 / 7.4%
Not Computed	0 / 0%	0 / 0%	0 / 0%
Total	834	616	1,450

Source: ACS

- ▶ More than 92% of owner-occupants in Madison, which would include households with and without a mortgage, reported paying less than 30% of their income for housing in 2020.
- ▶ Only 7.4% of all home owners reported that they paid more than 30% of their income for housing. Most of the households applying 30% or more of their income also had a mortgage on the home. However, some home owners without a mortgage also reported paying a disproportionate share of their income to housing costs.

Annual Building Permit Reports

Madison has experienced significant new housing construction activity in recent years. The following table identifies the units that have been constructed from 2010 through September 2022. The reports also showed the placement of a number of mobile homes in the community but these have not been included in the table. It is assumed that mobile homes generally replaced older units.

Table 16 Madison Housing Unit Construction Activity: 2010 to 2022*			
Year	Single Family	Two or More Units	Total Units Constructed
2022*	12	54	66
2021	17	2	19
2020	10	29	39
2019	4	6	10
2018	5	2	7
2017	4	4	8
2016	3	32	35
2015	2	16	18
2014	3	6	9
2013	5	34	39
2012	4	6	10
2011	3	2	5
2010	3	21	24
TOTAL	75	214	289

Source: City of Madison; Census Bureau; Community Partners Research, Inc.

* 2022 is through September

- ▶ Over the 12-year time period reviewed, spanning 2010 through 2021, annual building permit reports show the creation of 223 housing units in Madison. Over this time period the City averaged approximately 19 units per year.
- ▶ Partial-year information for 2022 shows 12 new single family houses had been permitted through September. A 54-unit specialized senior project has also started construction which will provide a range of care including assisted living.

- ▶ Including partial-year information for 2022, there have been 75 units constructed in traditional single family detached houses. Over the 13-year time period the City averaged nearly six new houses per year. But over the past three years, this annual average has been higher, with an annual average of 13 new houses constructed each year.
- ▶ There has also been construction of attached single family units for owner-occupancy. These appear to include both twin home units intended for owner-occupancy and duplex units intended as rental housing. Based on available information, it is estimated that 20 units were built as owner-occupancy housing and 22 units were for rental use.
- ▶ Most of the units constructed were in structures with two or more units per building. This included twin homes as well as multifamily rental structures.
- ▶ Specific multifamily projects that can be identified include:
 - ▶ Washington Avenue Lofts in 2010 - 17 units in a building conversion
 - ▶ Lake Area Townhomes I in 2013 - 28 units
 - ▶ Valiant Group Home in 2014 - 6 units
 - ▶ Evergreen Townhomes in 2015 - 14 units
 - ▶ Bethel Twin Home in 2016 - 2 units
 - ▶ Lake Area Townhomes II in 2016 - 28 units
 - ▶ Domestic Violence Network in 2019 - 2 units
 - ▶ Lake Area Townhomes IIb in 2020 - 21 units
 - ▶ Heritage Senior Living in 2022 - 54 units of senior independent and assisted living
 - ▶ In addition, an estimated 22 units in duplexes were probably constructed over this time period

2020 Census Housing Unit Data

The first housing counts released from the 2020 Census included information on occupancy and vacancy. The following table compares information from 2010 and 2020 to track changes over the decade as reported by the Census.

Table 17 Housing Units, Occupancy and Vacancy - 2020									
	Total Housing Units			Occupied Units			Vacant Units		
	2010	2020	Change	2010	2020	Change	2010	2020	Change
Madison	2,848	2,937	89	2,627	2,595	-32	221	342	121
Lake Co.	5,559	5,658	99	4,483	4,576	93	1,076	1,082	6

Source: U.S. Census

- ▶ According to a reconciliation of decennial Census data, Madison added 89 total housing units between 2010 and 2020.
- ▶ Annual building permit reports presented on a previous page showed that an estimated 157 new units may have been constructed in the City between 2010 and 2019 (excluding group quarters). This estimated construction total would be greater than the housing unit increase recorded by the Census. It is known that some of the new housing also involved the removal of older units, but the estimated net gain from new construction was still greater than the unit increase reported in the 2020 Census. This would imply that other older housing was removed over the decade.
- ▶ For Lake County, including Madison, the available housing stock increased by only 99 units between 2010 and 2020. Outside of Madison there was only a small increase in the housing inventory over the past decade.
- ▶ In both 2010 and 2020 the census recorded a large number of vacant units in Madison. Details on the 2020 vacancies have not yet been released. In 2010, most of the vacancies were in unoccupied rental units. In 2020, it is very possible that some of these vacant units were related to a temporary loss of households due to the pandemic, including student households they may have left the community.
- ▶ Lake County has a very large number of unoccupied housing units, with 1,082 units recorded in the 2020 Census. In 2010, more than 63% of the unoccupied units in the County were listed as seasonal/recreational properties, with many presumably located on lakes in the County.

American Community Survey Housing Data

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

Median Year of Construction - Owner-occupancy Housing

For owner-occupancy units, the estimated median year of construction in Madison was 1968. Approximately 34% of the owner-occupied houses in Madison were constructed before 1960.

For the entire County, the estimated median year of construction was 1973.

Median Year of Construction - Renter-occupancy Housing

For renter-occupancy units in Madison, the estimated median year of construction was 1965. Approximately 71% of the City's rental units were constructed before 1980.

For the County, the estimated median year built for rental units was 1962.

Existing Home Sales

This section examines houses that have been sold since 2016 in the City of Madison. The information was obtained from the South Dakota Department of Revenue website, using information compiled by the Lake 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.

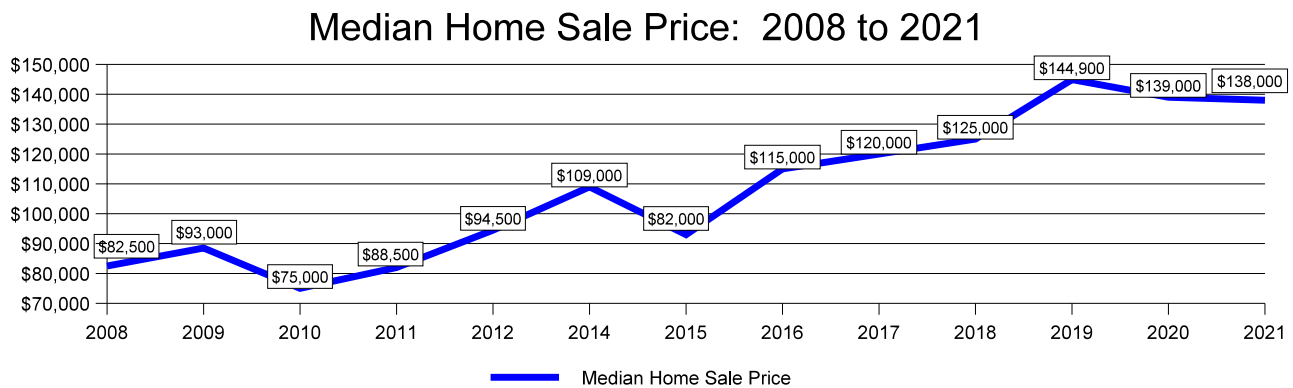
The County also attempts to sort the residential sales into different groupings, primarily based on whether or not the house was actively listed for sale in the open market. As a result, some sales in the County's sample may have been sales that could be considered distressed, such as houses that were 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's time period for analyzing annual sales differs slightly from the calendar year. It begins on November 1st and ends on October 31st of each year.

Table 18 Madison Residential Sales Activity - 2016 through 2021				
Sales Year	Number of Sales	Median Sale Price	Highest Sale	Lowest Sale
2021	105	\$138,000	\$550,000	\$18,000
2020	121	\$139,000	\$370,000	\$10,000
2019	75	\$144,900	\$420,000	\$15,000
2018	129	\$125,000	\$392,000	\$14,000
2017	135	\$120,000	\$320,000	\$15,000
2016	96	\$115,000	\$330,500	\$12,000

Source: SD Dept. of Revenue

- ▶ Throughout the time period reviewed there has been some up and down movement in the annual median home sale price in Madison. The median price for sales in 2021 was \$138,000, taken from 105 open market sales. This was below the median of \$144,900 that was reached in 2019, the highest during the time period reviewed.
- ▶ There are some lower valued sales in Madison. In each of the years reviewed at least one home has sold for less than \$20,000.
- ▶ In each year at least one home was sold for \$320,000 or more.
- ▶ An alternate estimate of home values exists in the American Community Survey. In 2020, the estimated median value for all owner-occupied housing in Madison was \$124,300. This estimate was below the median sale price recorded in 2020 of \$139,000.



- ▶ Using information from previous housing studies, it is possible to track longer-term patterns in home sales. Although there has been some year-to-year variation, there has been a general upward trend in the City’s median sale price over time.

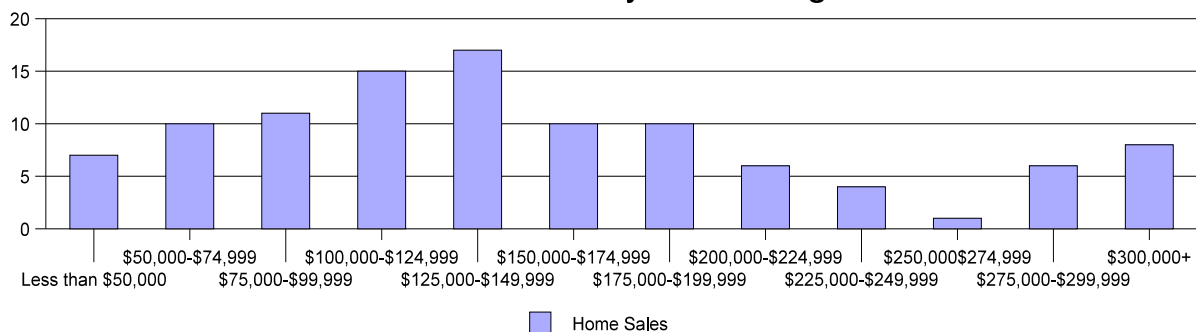
Home Sales by Price Range

The following table looks at single family houses that sold within defined price ranges in a 12-month period, starting in November 1, 2020 and ending October 31, 2021. This represents the County's sales ratio year, and is the most recent 12-month sales sample available to the analysts.

Table 19 Madison Home Sales by Price Range: 2021		
Sale Price	Number of Sales	Percent of Sales
Less than \$50,000	7	6.7%
\$50,000 - \$74,999	10	9.5%
\$75,000 - \$99,999	11	10.5%
\$100,000 - \$124,999	15	14.3%
\$125,000 - \$149,999	17	16.2%
\$150,000 - \$174,999	10	9.5%
\$175,000 - \$199,999	10	9.5%
\$200,000 - \$224,999	6	5.7%
\$225,000-\$249,999	4	3.8%
\$250,000 - \$274,999	1	1.0%
\$275,000 - \$299,999	6	5.7%
\$300,000+	8	7.6%
Total	105	100%

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

Madison Home Sales by Price Range: 2021



- ▶ Recent home sales in Madison have been widely distributed in different price ranges, but approximately 51% of recent sales were priced in the moderate ranges between \$75,000 and \$174,999.
- ▶ Approximately 16% of homes sold for less than \$75,000 in 2021.
- ▶ Nearly 24% of all homes sold for \$200,000 or more, including 7.6% of all sales for \$300,000 or more.

Active Residential Listings

The website Realtor.com, maintained by the National Association of Realtors, was used to collect information on active residential real estate listings in Madison. When viewed in July 2022, there were 19 single family homes listed for sale. There were additional homes listed as “pending” sales.

Some additional residential properties are also listed that appear to be outside the city limits, although they may have a Madison mailing address.

It is important to note that the properties are those included in the Multiple Listing Service (MLS) and would generally be offered through a real estate agent. There are other homes that are posted for sale in Madison that would not be part of the MLS, including most homes being offered “for sale by owner”.

Table 20 Madison Active MLS Listings by Price Range in July 2022		
Asking Price	Number of Listings	Percent of Listings
Less than \$75,000	3	15.8%
\$75,000 - \$99,999	2	10.5%
\$100,000 - \$124,999	1	5.3%
\$125,000 - \$149,999	2	10.5%
\$150,000 - \$174,999	0	0%
\$175,000 - \$199,999	3	15.8%
\$200,000 - \$249,999	1	5.3%
\$250,000 - \$299,999	3	15.8%
\$300,000+	4	21.1%
Total	19	100%

Source: Realtor.com; Community Partners Research, Inc.

- ▶ Based on the listings on Realtor.com, a majority of the houses that are currently being offered for sale are priced at \$175,000 or more. Overall, nearly 58% of the active listings are priced above \$175,000.
- ▶ Only 26% of all listings are priced below \$100,000. However, it is possible that some additional lower-priced houses are for sale, but not included in the Multiple Listing Service.

Rental Housing Data

Census Bureau Rental Inventory

The 2020 Census has not yet released the more detailed tables on housing occupancy patterns, including owner versus renter status. This information will become available in May 2023.

Estimates for 2020 do exist in the American Community Survey. According to the American Community Survey, there were 1,002 occupied rental units in Madison. There were also 40 vacant or unoccupied units in the City for a total estimated inventory of 1,042 units.

At the time of the 2010 U.S. Census, there were 1,038 occupied rental units and 115 unoccupied rental units in Madison, for a total estimated rental inventory of 1,153 units. The City's rental tenure rate in 2010 was 39.5%, substantially higher than the Statewide rental rate of 31.9%.

Based on the American Community Survey estimate for 2020, the City has lost rental housing since 2010. In the opinion of the analysts, this is unlikely and it probably indicates that the American Community Survey has somewhat underestimated the City's rental inventory in 2020.

Recent Rental Construction

Based on annual building permit reporting, it is probable that at least 110 rental housing units have been created since 2010. There are an additional 54 specialized senior units under construction in 2022, in the new Heritage Senior Living project, although these will not be available for occupancy until sometime in 2023.

Specific multifamily projects that can be identified include:

- ▶ Washington Avenue Lofts in 2010 - 17 units in a building conversion
- ▶ Lake Area Townhomes I in 2013 - 28 units
- ▶ Evergreen Townhomes in 2015 - 14 units
- ▶ Bethel Twin Home in 2016 - 2 units
- ▶ Lake Area Townhomes II in 2016 - 28 units
- ▶ Lake Area Townhomes IIb in 2020 - 21 units
- ▶ Heritage Senior Living in 2022 - 54 units of specialized senior living

In addition to the multifamily projects listed above, there was some specialized construction of a group home and shelter units. There were also as many as 22 units built in rental duplexes around the community.

Rental Housing Survey

As part of this housing study, a telephone survey was conducted of multifamily projects in Madison. The survey was completed in July and August.

Emphasis was placed on contacting properties that have eight or more units. For the purposes of planning additional projects in the future, multifamily properties represent the best comparison of market potential. However, we also obtained some information on some small rental projects and single family homes.

Information was tallied separately for different types of rental housing, including market rate units, subsidized housing and senior housing with services. We also obtained information on skilled nursing beds in the nursing homes.

There were 595 housing units of all types that were contacted in the survey. The units that were successfully contacted include:

- ▶ 324 market rate units
- ▶ 103 federally subsidized units for senior/disabled occupancy
- ▶ 106 federally subsidized units for general occupancy
- ▶ 62 specialized senior units/rooms including assisted living

Information was also collected from the 59-bed skilled nursing home.

Market Rate Summary

Usable information was obtained on 324 market rate rental units in 14 separate multifamily projects.

Unit Mix

We obtained the bedroom mix on 324 market rate units. The bedroom mix of the units is:

- ▶ one-bedroom 117 units (36.1%)
- ▶ two-bedroom 163 units (50.3%)
- ▶ three-bedroom 37 units (11.4%)
- ▶ four-bedroom 3 units (0.9%)
- ▶ six-bedroom 4 units (1.2%)

Occupancy / Vacancy

Occupancy information was obtained from 324 units contacted in the survey. There were only two units reported as vacant and these open units were attributed to recent turnover. The estimated vacancy rate in conventional market rate units was less than 1%.

Most of the rental managers/owners reported high occupancy rates and a good demand for market rate rental units.

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 monthly rent.

In the following summary, Community Partners Research, Inc., has attempted to estimate the gross rents being charged, inclusive of an estimate for tenant-paid utilities. The lowest and highest gross rents have been identified, as reported in the telephone survey.

<u>Unit Type</u>	<u>Lowest/Highest Gross Rents</u>
One-bedroom	\$540-\$1,020
Two-bedroom	\$590-\$1,600
Three-bedroom	\$925-\$1,525

Only a small number of efficiencies and units with four or more bedrooms were identified and the rent structure for these units has not been summarized.

Tax Credit Summary

Since the federal low income tax credit program was created in the 1980s, only two awards have been made to rental projects in Madison.

Evergreen Estates received tax credit assistance for project renovation/preservation in 2011. Evergreen Estates also receives USDA Rural Development assistance and has been included in the subsidized summary that follows.

Harvest Point Apartments was constructed with tax credit and Rural Development assistance. However, the project has met its tax credit compliance obligations. Harvest Point is still participating in the USDA Rural Development program and has also been included in the analysis of subsidized housing that follows.

Subsidized Summary

Inventory

The research completed for this Update identified six subsidized projects providing rental opportunities for lower income households. These projects have a combined 209 units. However, one of the projects, Parkview Apartments, with 28 units, will be ending its HUD subsidy contract later in 2022.

By the end of 2022, Madison will have five remaining subsidized projects with 181 total units. Of this total, 103 are oriented to senior/disabled tenant occupancy and 78 are designated as general occupancy housing.

The senior/disabled occupancy projects are:

- ▶ Lakeview Tower
- ▶ Madison Horizon Apartments

The general occupancy projects are:

- ▶ Evergreen Estates
- ▶ Harvest Point Apartments
- ▶ Lincoln Arms
- ▶ Parkview Apartments - contract completion expected in November

Subsidized Project Losses

In addition to the expected removal of Parkview Apartments from the subsidized inventory later in 2022, there have been other subsidized unit losses since the 2016 Housing Study was completed.

Prairie View Apartments I and II, with a combined 39 subsidized units, ended their HUD contract in the past two years. Prairie View II was a mixed-income project that also originally included some conventional market rate apartments. Prairie View I with 24 units was designated as senior/disabled occupancy housing while the 15 subsidized units in Prairie View II were for general occupancy.

Madison Arms Apartments, with eight units, left its USDA Rural Development subsidy program within the past five years. Madison Arms had been designated as general occupancy housing.

At the time that these projects ended their subsidy contracts, it is probable that income-eligible tenants in occupancy were provided with tenant-based rent assistance Vouchers to mitigate the impact. This allowed the household to continue paying rent based on 30% of income. However, this assistance moves with the household and over time, each of the projects fully converts to market rate housing as tenants move.

Unit Mix - Senior/Disabled Occupancy

The bedroom mix breakdown for the 103 subsidized housing units in Madison oriented to senior/disabled tenants is as follows:

- ▶ 42 efficiency (40.8%)
- ▶ 58 one-bedroom (56.3%)
- ▶ 3 two-bedroom (2.9%)

Unit Mix - General Occupancy

Parkview Apartments will be converting to conventional market rate housing in November 2022. This project has been excluded from the bedroom mix summary. For the remaining 78 subsidized housing units in Madison designated for general occupancy the bedroom mix is as follows:

- ▶ 2 one-bedroom (2.6%)
- ▶ 58 two-bedroom (74.4%)
- ▶ 18 three-bedroom (23.1%)

Occupancy/Vacancy - Senior/Disabled Occupancy

There were 21 vacant units reported of the 103 total units oriented to senior/disabled tenant occupancy. Nearly all of these open units were in Lakeview Tower. This HUD Public Housing project had been undergoing major renovation and had maintained intentional vacancies to allow for the construction work. These units have been slow to fill following the completion of the renovation activity.

It is important to note that Lakeview Tower is available for general occupancy, but offers an admission preference for senior/disabled applicants.

Occupancy/Vacancy - General Occupancy

Evergreen Estates and Lincoln Arms reported full occupancy. However, neither project maintained a waiting list. The manager stated that frequent calls are received but that most potential applicants do not meet the eligibility requirements.

No occupancy information was collected from Harvest Point Apartments, the only subsidized project with 3-bedroom units.

There were nine vacant two-bedroom units reported in Parkview Apartments. However, this project will be ending its HUD subsidy contract in November, and it is possible that the open units are not being actively marketed.

Rental Rates

Most of the subsidized units in Madison have project-based subsidies available for all units, allowing tenants to pay rent based on 30% of income. In a few units without project-based assistance, a minimum rent may apply even if it exceeds 30% of the tenant's income.

Tenant-Based Rent Assistance

Renter households in Madison have access to tenant-based rent assistance through the U.S. Department of Housing and Urban Development (HUD), primarily through the Housing Choice Voucher program. The rent assistance programs are administered by the Madison County Housing and Redevelopment Commission.

HUD Voucher assistance is issued to income-eligible households for use in suitable, private market rental housing. With the assistance, a household pays approximately 30% of their income for their rent, with the program subsidy paying any additional rent amounts.

To use the Voucher assistance, the participating household must live in an eligible rental unit. There are maximum rent limitations that apply, and the unit must meet certain housing quality standards.

The Voucher program serves Lake, Miner and McCook Counties. There are 80 Vouchers currently in use in the service area. Information on the specific locations for Voucher households was not available, but most of the households live in Madison. Since this rent assistance is tenant-based, and moves with the household, the actual number of participating households within the City can vary from month to month.

At the time of the research for this Update, there were only a limited number of names on the program waiting list.

Senior Housing with Services

Since the completion of the previous Housing Study in 2016 there have been a number of changes in the specialized housing options in Madison and Lake County, as follows:

- ▶ The Golden Living Center, a nursing home, has been closed and the building demolished. In 2016, this facility had been licensed for 61 residents including 13 in a secured memory care wing.
- ▶ The Ramona Assisted Living Center in Ramona was closed in 2022. It had been licensed for 16 residents and was the only specialized care facility in Lake County that was outside of Madison.
- ▶ A twin home was constructed in the Bethel Patio Homes adding two units with access to light services.
- ▶ In 2022, construction began on a new building for Heritage Senior Living. When completed in mid-2023 the new facility will replace the current 24 assisted living units with 34 assisted living units. The new building will also have 20 units for independent/light services senior housing.
- ▶ In late 2023, the current Heritage Senior Living building will be converted to memory care use with 24 rooms.

Unit Inventory - Independent/Light Services

There are three current projects in Madison that provide housing options for more independent seniors:

- ▶ ***Bethel Apartments*** - Apartment building that is part of the Bethel campus and has 16 two-bedroom apartments that offer light services housing including a noon meal, light housekeeping, a 24-hour emergency call system and transportation.
- ▶ ***Bethel Cottage Homes*** - Two twin homes that are part of the Bethel campus. While designed for independent senior households, the rent includes a daily meal, an emergency call system and residents can access the amenities and services on the campus.
- ▶ ***Bethel Patio Homes*** - Three twin homes that are part of the Bethel campus. While designed for independent senior households, the rent includes a daily meal, an emergency call system and residents can access the amenities and services on the campus.

The current inventory of independent/light services housing in Madison contains 26 units. However, a new building is under construction that will add 20 apartment units in Heritage Senior Living. These units will be oriented to more independent seniors but will include a noon meal.

Occupancy/Vacancy - Independent/Light Services

When contacted in August 2022, all three of the light services options on the Bethel Lutheran campus reported full occupancy with a waiting list.

Unit Inventory - Assisted Living

The following projects in Madison are licensed as Assisted Living Centers:

- ▶ ***Bethel Suites*** - Part of the Bethel senior campus with 12 rooms and licensed capacity for 16 residents.
- ▶ ***Heritage Senior Living*** - This project currently has licensed capacity for 26 residents in 24 apartment-style units. A new building is under construction to replace the existing structure and will have 34 assisted living units, with expected occupancy in mid-2023.

At the time of the 2016 Housing Study, a third assisted living provider was operating in the nearby community of Ramona. This facility was closed in 2022. Although it had 14 units available, actual utilization was typically lower.

Occupancy/Vacancy - Assisted Living

Bethel Suites reported full occupancy and a waiting list, although actual person capacity of 16 residents can only be reached if four couples are in occupancy.

Heritage Senior Living reported a high rate of occupancy.

Unit Inventory - Memory Care

In 2022, there are no dedicated memory care housing options in Madison or Lake County. Some people with memory loss issues may be living in assisted living or nursing home options.

In 2016 there had been a 13-bed secured wing in Golden Living Center but this facility has since been closed.

In late 2023, a 24-unit memory care option will open in the current Heritage Senior Living building. A new independent and assisted living facility is under construction, which will open in mid-2023. After Heritage Senior Living moves into the new facility the existing building will be converted to memory care units.

Unit Inventory - Nursing Homes

There is only one nursing home in Lake County:

- ▶ ***Bethel Lutheran Home*** - Licensed for 59 skilled nursing home beds in 2022. The facility that was constructed in 1962.

In 2016 there had been another nursing home in Madison, Golden Living Center, with 61 licensed beds. But this has been closed and the building demolished.

Occupancy/Vacancy - Nursing Homes

In August 2022, Bethel Lutheran Home reported 52 beds in use. The unused beds were due to staffing limitations, not demand.

Table 21 Madison Area Multifamily Rental Housing Inventory

Name	Number of Units /Bedroom Mix	Rent	Vacancy/ Wait List	Tenant Mix	Comments
Market Rate					
<p>Egan Avenue Residence 703-709 Egan Ave N22w</p>	<p><u>4 - 6 bedroom</u> 4 total units</p>	<p>\$525-\$625/ bedroom</p>	<p>No vacant units, no vacant bedrooms</p>	<p>Student-oriented housing</p>	<p>Two new duplexes with 4 total units constructed in 2021 and located near the DSU campus. Units are rented per bedroom and oriented to students. Two-level structures with one unit up and one unit down. Rent includes all utilities and wifi. Each bedroom has private bathroom and common living spaces are shared. Amenities include dishwasher, microwave and coin laundry facilities. Bedrooms range in size from 159 to 232 sq ft. Manager reported full occupancy and good demand with 22 of 24 bedrooms rented by students.</p>
<p>Evergreen Townhomes 1038 NE 3rd St</p>	<p><u>14 - 2 bedroom</u> 14 total units</p>	<p>\$1060 +utilities</p>	<p>No vacant units</p>	<p>Mix of tenants including students</p>	<p>Rental project with one-level town house-style units with attached garage constructed in approx. 2015. The City assisted the project with tax increment financing. Tenant pays all utilities. Unit amenities include dishwasher, in-unit laundry and 1-car attached single car garage. Units have 927-991 sq ft and 1 bathroom. Manager reported full occupancy and good demand - most tenants are students or working age households.</p>
<p>Grandview Apartments outside city limits</p>	<p><u>1 - 1 bedroom</u> <u>15 - 2 bedroom</u> 16 total units</p>	<p>\$500 \$600-\$750 +heat, electric</p>	<p>No vacant units</p>	<p>Mix of tenants including seniors and students</p>	<p>Two apartment buildings on Lake Madison in Lakeview Twp. Buildings were constructed in 1950 and 1975, and remodeled into apartments in the early 1990s. Amenities include swimming beach and possible dock access. Tenants pay heat and electric in addition to rent. Owner reported good demand with no vacancies. Mix of tenants including working age adults, seniors and students.</p>

Table 21 Madison Area Multifamily Rental Housing Inventory

Name	Number of Units /Bedroom Mix	Rent	Vacancy/ Wait List	Tenant Mix	Comments
Market Rate					
Heritage High Apartments 210 W Center	6 - 1 bedroom <u>25 - 2 bedroom</u> 31 total units	N/A	N/A	N/A	Unable to contact in 2022 - information provided is from prior survey. Former junior high school converted to rental housing in the mid 1990s. Building has 6 different levels and an elevator. Amenities include heated under ground parking, security entrance, and extra storage in garage. Higher rent 2 bedroom units are on top floor and have vaulted ceilings.
Hillcrest Apartments 1017 N Summit	1 bedroom <u>2 bedroom</u> 17 total units	N/A	N/A	Mix of tenants with some students	Apartments constructed in 1974 with upgrades made over time. Amenities include garages for some units and additional storage space in basement. Rental rate and occupancy information was not disclosed. Mix of tenants including some students.
Lake Area Townhomes I 415 SW 8 th St	6 - 1 bedroom 8 - 2 bedroom <u>14 - 3 bedroom</u> 28 total units	\$810-\$870 \$1060 \$1250-\$1325 +heat, electric	No vacant units	Mix of tenants including students	First phase of town house-style rental project constructed in 2013. The City assisted the project with tax increment financing. Rent includes water, sewer and garbage with tenant paying remaining utilities in addition to rent. Unit amenities include dishwasher, in-unit laundry, patio/deck and most units have an attached garage. One-bedrooms have 710-780 sq ft and 1 bathroom; 2-bedrooms have 1195-1244 sq ft and 2.5 bathrooms; 3-bedrooms have 1415-1593 sq ft and 2.5 bathrooms. Manager reported full occupancy and good demand - tenants include students, working age households and seniors.

Table 21 Madison Area Multifamily Rental Housing Inventory

Name	Number of Units /Bedroom Mix	Rent	Vacancy/ Wait List	Tenant Mix	Comments
Market Rate					
Lake Area Townhomes II 415 SW 8 th St	6 - 1 bedroom 16 - 2 bedroom <u>6 - 3 bedroom</u> 28 total units	\$810-\$870 \$1060 \$1250-\$1325 +most utilities	No vacant units	Mix of tenants including students	Second phase of Lake Area Townhomes project constructed in approx. 2016. Rent includes garbage with tenant paying remaining utilities in addition to rent. Unit amenities include dishwasher, in-unit laundry, patio/deck and most units have an attached garage. One-bedrooms have 710-780 sq ft and 1 bathroom; 2-bedrooms have 1195-1244 sq ft and 2.5 bathrooms; 3-bedrooms have 1415-1593 sq ft and 2.5 bathrooms. Manager reported full occupancy and good demand - tenants include students, working age households and seniors.
Lake Area Townhomes IIb 415 SW 8 th z2St	14 - 1 bedroom <u>7 - 2 bedroom</u> 21 total units	\$725 \$1425 +most utilities	No vacant units	Mix of tenants including students	Third phase of Lake Area Townhomes project constructed in 2020. Two-bedroom units are on first level and 1-bedrooms are on second level. Rent includes garbage with tenant paying remaining utilities in addition to rent. Unit amenities include dishwasher, in-unit laundry, patio/deck and most units have an attached garage. One-bedrooms have 507 sq ft and 1 bathroom; 2-bedrooms have 1608 sq ft and 2 bathrooms. Manager reported full occupancy and good demand - tenants include students, working age households and seniors.
MHRC Townhomes 1100 & 1110 N Harth	4 - 2 bedroom <u>4 - 3 bedroom</u> 8 total units	\$800 \$900 +utilities	No vacant units	Mix of tenants including students	Publicly developed market rate rental town house units constructed in 2000. Tenants pay all utilities in addition to rent. Amenities include dishwasher, in-unit laundry hook-up attached garage. Manager reported full occupancy. Project attracts a mix of tenants including some seniors and students.

Table 21 Madison Area Multifamily Rental Housing Inventory

Name	Number of Units /Bedroom Mix	Rent	Vacancy/ Wait List	Tenant Mix	Comments
Market Rate					
Madison Arms Apartments 1030 N Lincoln	<u>8 - 2 bedroom</u> 8 total units	\$825 +heat, electric	No vacant units	Mix of tenants	Formerly a USDA Rural Development subsidized general occupancy project that was converted to market rate housing sometime after 2016. Some tenants still have tenant-based rent assistance that was provided at time of conversion. Building is a 2-level walkup constructed in 1974. Rent includes water, sewer and garbage wit tenant paying heat and electric. Manager reported full occupancy with mostly younger tenants.
Prairie View I Apartments 219 SW 8 th Street	<u>24 - 1 bedroom</u> 24 total units	\$600 +heat, electric	No vacant units	Mix of tenants	Formerly a HUD Section 8 New Construction project designated for senior/disabled tenant occupancy that was constructed in 1978 - contract ended within the past 2 years and this project converted to conventional housing. Eligible tenants at time of conversion were given tenant-based Vouchers and many still live in project. Tenants pay heat and electric in addition to rent. Manager reported full occupancy and a mix of tenants.
Prairie View II Apartments 227 SW 8 th Street	20 - 1 bedroom <u>7 - 2 bedroom</u> 27 total units	\$600 \$700 +heat, electric	No vacant units	Mix of tenants	Formerly a mixed income project constructed in 1997 with some subsidy provided through HUD HOME Program - contract ended within the past 2 years and this project converted to conventional housing. Eligible tenants at time of conversion were given tenant-based Vouchers and many still live in project. Tenants pay heat and electric in addition to rent. Manager reported full occupancy and a mix of tenants.

Table 21 Madison Area Multifamily Rental Housing Inventory

Name	Number of Units /Bedroom Mix	Rent	Vacancy/ Wait List	Tenant Mix	Comments
Market Rate					
Summit Arms Apartments 1051 N Summit	8 - 1 bedroom <u>16 - 2 bedroom</u> 24 total units	N/A	No vacant units	Primarily students	Multi-level walkup building. Rents were not provided. Manager reported full occupancy and good demand recently - primarily due to increased student population. Approx. 75% of current tenants are students. Project has stairs which discourages senior tenants.
Union Place Apartments 1022 N Union and other locations	17 - 1 bedroom 40 - 2 bedroom 13 - 3 bedroom <u>3 - 4 bedroom</u> 73 total units	\$450 \$500-\$750 \$700-\$750 \$800 utilities vary but +heat and electric is typical	2 vacant units 2 - 1 bedroom	Mix of tenants with some buildings primarily students	Rental units in a variety of buildings and locations in Madison, ranging from single family homes to a 24-unit apartment building, which is Union Square Apartments. Most tenants in Union Square are students but tenant mix varies by property. In most units tenants pay heat and electric in addition to rent. Rent ranges provided are approximate depending on unit type. Manager reported 2 vacant 1-bedrooms on date of survey due to recent turnover.
Valley East Apartments SE 8 th & 9 th St	16 - 1 bedroom <u>16 - 2 bedroom</u> 32 total units	\$625 \$675	No vacant units	Primarily students	Market rate apartment project with 4 8-unit buildings constructed in about 1955. Buildings are 2-level walkups. Rent includes all utilities. Manager reported no vacancies and good demand. Most tenants are students.
Village West Apartments West Hwy 34	2 - efficiency 2 - 1 bedroom 1 - 2 bedroom 2 - 3 bedroom <u>1 - 4 bedroom</u> 8 total units	N/A	N/A	N/A	Unable to contact in 2022 - information provided is from prior survey. Market rate rental units created through the conversion of a former motel into apartments.

Table 21 Madison Area Multifamily Rental Housing Inventory

Name	Number of Units /Bedroom Mix	Rent	Vacancy/ Wait List	Tenant Mix	Comments
Market Rate					
Washington Avenue Lofts 514 Washington Ave N	5 - 1 bedroom <u>12 - 2 bedroom</u> 17 total units	\$855-\$955 \$895-\$1250 +heat, electric	No vacant units	Mix of tenants	Washington Avenue Lofts created 17 rental units in 2010 through the conversion of a former elementary school into apartments. Rent includes water, sewer, garbage and garage parking, with the tenants paying heat and electric. The owner reported full occupancy and a waiting list. The project has a range of tenants from younger singles and couples to retirees. Space exists to add 3 to 4 additional units in the future - and adjoining land is planned for 24 to 30 unit new construction apartment building.

Table 21 Madison Area Multifamily Rental Housing Inventory

Name	Number of Units /Bedroom Mix	Rent	Vacancy/ Wait List	Tenant Mix	Comments
Subsidized - Senior/Disabled Occupancy Preference					
Lakeview Tower 111 S Washington	42 - efficiency 48 - 1 bedroom <u>3 - 2 bedroom</u> 93 total units	\$433 \$480 \$606 30% of income	20 vacant units	General occupancy with elderly and disabled preference	Public Housing high-rise that opened for occupancy in 1971. Originally for senior and disabled occupancy, but a later HUD rule change made building available for general occupancy with elderly and disabled preferences. But due to limited demand the project has younger tenants including students. For students to live in the project, they must be independent from their parents. Tenants pay rent based on 30% of income up to ceiling rents listed. The project completed a major renovation in past years that required that many units be kept vacant to allow for rehab - still attempting to refill those units with 20 vacant apartments at time of survey. One apartment has been converted to allow service provider office to work with some disabled tenants.
Madison Horizon Apartments 421 SE 9 th Street	<u>10 - 1 bedroom</u> 10 total units	\$748 30% of income	1 vacant unit	Elderly/ disabled occupancy	Apartments originally constructed in Chester in 1980, but moved to Madison in 2002. HOME funding used for significant renovation in 2002. All tenants have rent assistance available that allows rent based on 30% of income up to maximum rent listed. Designated for elderly (age 62+) or disabled tenant occupancy. One unit vacant at time of survey due to recent turnover.

Table 21 Madison Area Multifamily Rental Housing Inventory

Name	Number of Units /Bedroom Mix	Rent	Vacancy/ Wait List	Tenant Mix	Comments
Subsidized - General Occupancy					
Evergreen Estates (formerly Village Green) 1005 NE 4 th Street	<u>32 - 2 bedroom</u> 32 total units	\$739 30% of income	No vacant units	General occupancy	USDA Rural Development subsidized apartments for general occupancy built in 1976, with tax credit award in 2011 for renovation. Thirty-one units have access to project-based rent assistance that allows rent based on 30% of income; remaining tenant pays 30% of income for rent, but not more than market rent listed. Due to tax credit assistance, tenants must be below 60% of median income. Manager reported full occupancy but no current waiting list - many calls received are from students that are not eligible.
Harvest Point Apartments 511 SE 9th	12 - 2 bedroom <u>18 - 3 bedroom</u> 30 total units	\$844 \$\$879 30% of income	N/A	General occupancy	Unable to contact in 2022 - information provided is from prior survey. USDA Rural Development and tax credit subsidized apartments for general occupancy built in 1994 and renovated in 2020. Twenty-nine units have access to project-based rent assistance that allows rent based on 30% of income; remaining tenant pays 30% of income for rent, but not more than market rents listed. Amenities include dishwasher and wall AC. Two-bedrooms have 800 sq ft and 3-bedrooms have 925 sq ft; all units have 1 bathroom.
Lincoln Arms Apartments 1036 N Lincoln 505 NE Spencer	2 - 1 bedroom <u>14 - 2 bedroom</u> 16 total units	N/A \$661 30% of income	No vacant units	General occupancy	USDA Rural Development subsidized apartments for general occupancy built in late 1970s. Fourteen units have access to project-based rent assistance that allows rent based on 30% of income; remaining tenants pay 30% of income for rent, but not more than market rent listed. Manager reported full occupancy but no waiting list - many calls received are from households that are not eligible.

Table 21 Madison Area Multifamily Rental Housing Inventory					
Name	Number of Units /Bedroom Mix	Rent	Vacancy/ Wait List	Tenant Mix	Comments
Subsidized - General Occupancy					
Parkview Apartments 1022 NW 7th	24 - 2 bedroom <u>4 - 3 bedroom</u> 28 total units	30% of income	9 vacant units 9 - 2 Bdrm	General occupancy	Currently a HUD Section 8 New Construction subsidized project for general occupancy - but project intends to end subsidy contract in November and convert to conventional housing. Tenants pay rent based on 30% of income - after conversion eligible residents will be given tenant-based Voucher. Two-bedroom units are in two 12-unit buildings and 3-bedroom units are in town houses. Manager reported 9 vacant 2-bedrooms at time of survey - many applicants are rejected due to over-income, student status or tenant screening.

Table 21 Madison Area Multifamily Rental Housing Inventory

Name	Number of Units /Bedroom Mix	Rent	Vacancy/ Wait List	Tenant Mix	Comments
Senior Housing with Services					
Bethel Cottage Homes	<u>4 - 2 bedroom</u> 4 total units	Initial purchase deposit plus monthly fee	No vacant units, waiting list	Senior housing with light services	Two twin homes that are part of the Bethel Lutheran senior campus that also includes a nursing home, assisted living and light services housing options. Rent includes a daily meal and an emergency call system. Residents have access to services and facilities of Bethel senior complex. Units have 1,494 sq ft with an attached garage. Occupants pay deposit approximately equal to cost of unit construction, plus monthly maintenance fee. Refund of initial buy-in payment reduces over the years, but never drops below 75%. Manager reported full occupancy with a waiting list.
Bethel Patio Homes	<u>6 - 2 bedroom</u> 6 total units	\$1610-\$1635 plus heat, electric	No vacant units, waiting list	Senior housing with light services	Three twin homes that are part of the Bethel Lutheran senior campus that also includes a nursing home, assisted living and light services housing options. Two units have been added since 2016. Rent includes a daily meal and an emergency call system. Residents have access to services and facilities of Bethel senior complex. Units have 1230 sq ft. Manager reported full occupancy with a waiting list.

Table 21 Madison Area Multifamily Rental Housing Inventory

Name	Number of Units /Bedroom Mix	Rent	Vacancy/ Wait List	Tenant Mix	Comments
Senior Housing with Services					
Bethel Apartments	<u>16 - 2 bedroom</u> 16 total units	\$1195-\$1250	No vacant units, waiting list	Senior housing with services	Congregate-style senior apartments with light services that are part of Bethel Lutheran campus that also includes nursing home and assisted living. Twelve units constructed in 1990 and four units added after 2010 - higher rents listed are for newer units. Rent includes noon meal, weekly light house keeping, 24-hour emergency call system, transportation and most utilities. Garages have been constructed for all of the units for extra fee. Manger reported full occupancy with a waiting list.
Bethel Suites 911 S Egan Avenue	12 rooms with license for 16 person occupancy	N/A	No vacant units, waiting list	Assisted Living Center	Licensed Assisted Living Center that opened for occupancy in 1997 and is part of the Bethel Lutheran campus which also includes a nursing home and congregare senior housing. Twelve rooms available, with four suitable for married couple occupancy - if fully utilized, would be 16 residents. Manager reported full occupancy and a waiting list. Facility does accept assistance programs for lower income seniors.
Bethel Lutheran Home 1001 S Egan Avenue	Licensed for 59 beds	N/A	52 occupied beds due to staffing limitations	Skilled Nursing Home	Skilled nursing home facility that was constructed in 1962. Part of Bethel Lutheran senior campus that includes assisted living, congregare housing, and independent living cottage and patio homes. Occupancy rate has historically been very high but staffing limitations result in 52 beds in use in August 2022.

Table 21 Madison Area Multifamily Rental Housing Inventory					
Name	Number of Units /Bedroom Mix	Rent	Vacancy/ Wait List	Tenant Mix	Comments
Senior Housing with Services					
Heritage Senior Living 211 NW 1 st Street	24 units with licensed capacity for 26 residents	N/A	High rate of occupancy	Assisted Living Center	Assisted Living Center that opened for occupancy in 1999. Twenty-four apartment-style units, with 26 person licensed occupancy for assisted living. A new building is under construction that will create 20 apartment units for independent living and 34 units of assisted living. Current facility will be converted to 24 units for memory care. New project will open mid-2023 with memory care conversion by late 2023. High rate of occupancy reported in current facility.

Source: Community Partners Research, Inc.

Student Population Data

Madison has a large population of post-secondary students, primarily attending the Dakota State University (DSU). Students have a major impact on the local housing market.

This section provides additional information about student populations and student housing. Information for this section was obtained from various sources, including the U.S. Census Bureau and from staff at DSU.

Student Populations in Madison - Census Bureau Data

The Census Bureau has two data sources that provide some insight into post-secondary students living in Madison. This is the resident population, which is different from enrollment.

The 2020 Census identified 375 people living in “group quarters student housing”. It is believed that the Census data collection was impacted by the global pandemic. In late March 2020, DSU effectively closed its on-campus housing options, with exceptions for foreign students and others with not place to go. Instead of 700 or more students residing in the DSU housing options, only 375 were reported in the 2020 Census group quarters count.

In 2020, the on-campus housing options had capacity for approximately 800 students. In March, an estimated 700 students were in occupancy. This represented approximately 87% capacity for on-campus housing.

Additional estimates of student populations exist in the annual American Community Survey, although the most recent data are for 2020. The American Community Survey is based on random sampling and does have a margin of error. Unlike the 2020 Census, the American Community Survey sampling is based on five years of responses, and would not have been impacted as directly by any pandemic related shutdowns at DSU.

The American Community Survey estimated that there were 909 residents of Madison that were enrolled in college undergraduate or graduate/professional school programs in 2020. When compared to the total population estimate from this source, the post-secondary students represented approximately 12.5% of all Madison residents in 2020.

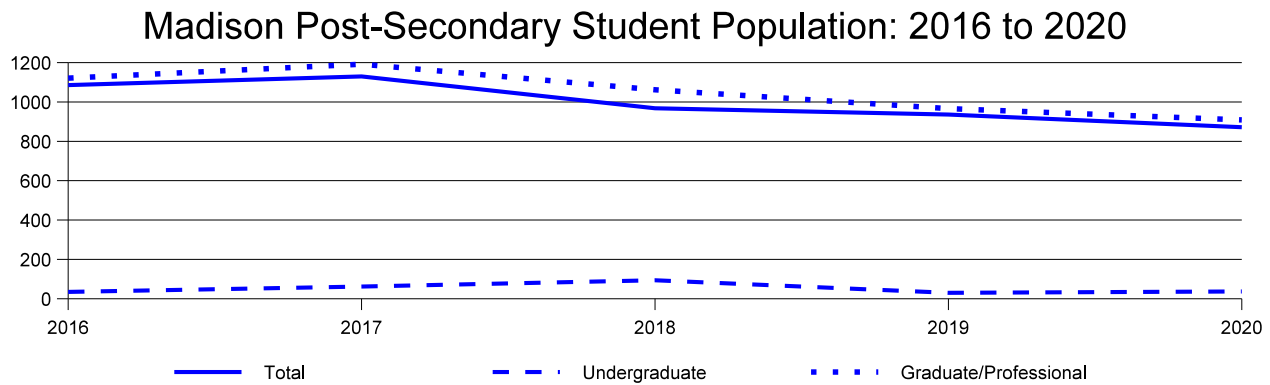
Some additional details were provided in the American Community Survey, including an estimate that 872 students were enrolled in undergraduate programs and only 37 people were in graduate/professional schools.

Age-based details were also included, with 716 of the post-secondary students in the age range between 18 and 24 years old. This “traditional student” age group represented nearly 79% of all post-secondary students living in Madison.

Since the American Community Survey estimates are produced annually, they can be compared over time.

Table 22 ACS Post-Secondary Population Totals - 2016 to 2020					
Enrollment Status	2016	2017	2018	2019	2020
Undergraduate	1,086	1,130	968	936	872
Graduate/Professional	35	62	94	30	37
Total	1,121	1,192	1,062	966	909

Source: American Community Survey



Based on the American Community Survey estimates, there was a gradual decrease in the number of post-secondary students living in Madison. Between 2016 and 2020, there was a decrease of nearly 19% in the overall student count. This reduction was generally due to fewer residents enrolled in undergraduate programs.

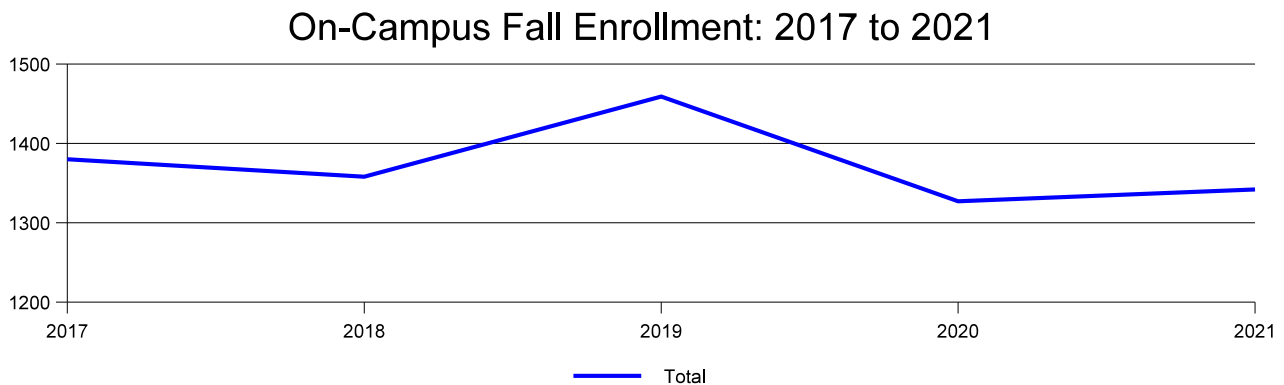
Dakota State University Data

The South Dakota Board of Regents (BOR) Fact Book provides information on enrollment patterns for the past few years. The count is made in the fall, at the start of a new academic year, and includes both graduate and undergraduate students.

DSU also offers classes at locations that are outside of Madison, including internet-based opportunities and remote campuses. The enrollment presented below is identified as “On-Campus Headcount Enrollment”.

Table 23 DSU Madison-based Headcount Enrollment - 2017 to 2021					
	2017	2018	2019	2020	2021
Enrollment	1,380	1,358	1,459	1,327	1,342

Source: SDBOR Enrollment Dashboard



Over the 5-year time period from 2017 through 2021, there were relatively stable numbers of DSU students taking classes in Madison. There was an enrollment spike in 2019, but if 2021 is compared to 2017, the total enrollment had decreased by only 38 people.

Comparison of BOR and ACS Data

Although they are different data sources, the enrollment statistics from the Board of Regents can be compared to the residency estimates from the American Community Survey.

In 2020, the enrollment total showed 1,327 students attending classes in Madison. The American Community Survey estimates showed 909 total post-secondary students living in Madison. This would imply that as many as 69% of the Madison-based students were also living in the City, including in on-campus housing options. However, given Madison's location near both Brookings and Sioux Falls, it is probable that some of the post-secondary students living in Madison were attending colleges/universities other than DSU.

Potential Future Enrollment

DSU does not produce official enrollment projections. However, discussions with DSU staff point to the potential for increases in Madison-based enrollment over the next few years.

Due to additional funds from the State of South Dakota, DSU is expecting that on-campus enrollment in Madison could increase to 1,500 students within the next five years. This would primarily represent undergraduate students, but DSU is also anticipating an increase in graduate students. Currently, there are 80+ on-campus graduate students. This could grow up to 125 to 130 in five years. These students would likely be looking for housing off-campus as DSU does not currently have any "graduate student housing" options.

In addition to the Madison-based enrollment growth, DSU is also expecting enrollment growth from online students. While these students would not generally be expected to impact the housing needs in Madison, overall enrollment growth would generate the need for additional faculty and staff.

DSU does anticipate hiring additional faculty in the near future, with up to 10 positions potentially starting as soon as fall 2023. DSU would also hire additional staff in the following year with a current estimate of five or more. As enrollment grows, there could be a total of 20 to 25 new employees over the next five years.

On-Campus Student Housing

Dakota State University has multiple options for on-campus living, ranging from traditional residence halls to apartment and suite-style housing.

There is a requirement that most undergraduate students live on-campus for their freshman and sophomore years, but some limited exceptions apply. In recent years, DSU has been seeing increased interest from third and fourth year undergraduate students, even though there is no requirement that these students live in DSU housing.

The on-campus options with bed capacity are as follows:

- ▶ Traditional Residence Halls – 715
- ▶ Residence Village Apartments and Suites – 122
- ▶ Two 8-Plex Apartments – 72
- ▶ Girton House and 2-1-2 House – 19

In total, there is capacity for 928 students to live in DSU housing options in 2022. At the start of the 2022 fall term there were 811 occupied beds, representing an approximate 87% capacity rate.

Changes in Student Housing

The most recent addition to the student housing inventory was in Residence Village Apartments and Suites, which opened fall 2021, adding 122 beds. In 2019 and in 2014, there had also been some additions to the traditional residence hall inventory, although the actual number of beds that were added is not known by the analysts.

At the time of the 2020 Census, capacity would have existed for approximately 806 students. According to DSU representatives, no new on-campus housing is proposed at this time, but this will be monitored.

Employment and Local Economic Trends

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

The largest employers in the Madison area (both full-time and part-time) include:

- ▶ Dakota State University
- ▶ Gehl Mustang
- ▶ Madison Community Hospital
- ▶ Madison Public Schools
- ▶ City of Madison
- ▶ Bethel Lutheran Home
- ▶ East River Electric
- ▶ Sioux Valley Energy
- ▶ Prostrollo Auto Mall
- ▶ Sunshine Foods

Source: Lake Area Improvement Corporation

Labor Force and Unemployment

Employment information is available at the County level. This table presents information based on place of residence, not by the location of employment.

Table 24 Lake County Average Annual Labor Force: 2010 to 2022*						
Year	Labor Force	Employed	Unemployed	Unemployment Rate - County	Unemployment Rate - SD	Unemployment Rate - US
2010	6,189	5,844	345	5.6%	5.0%	9.6%
2011	6,255	5,953	302	4.8%	4.6%	8.9%
2012	6,329	6,075	254	4.0%	4.1%	8.1%
2013	6,355	6,114	241	3.8%	3.7%	7.4%
2014	6,371	6,146	225	3.5%	3.3%	6.2%
2015	6,551	6,317	234	3.6%	3.0%	5.3%
2016	6,491	6,268	223	3.4%	3.0%	4.9%
2017	6,489	6,259	230	3.5%	3.1%	4.4%
2018	6,616	6,408	208	3.1%	2.9%	3.9%
2019	6,607	6,406	201	3.0%	3.0%	3.7%
2020	6,426	6,196	230	3.6%	4.6%	8.1%
2021	6,548	6,349	199	3.0%	2.8%	5.3%
2022*	6,599	6,436	163	2.5%	2.5%	3.8%

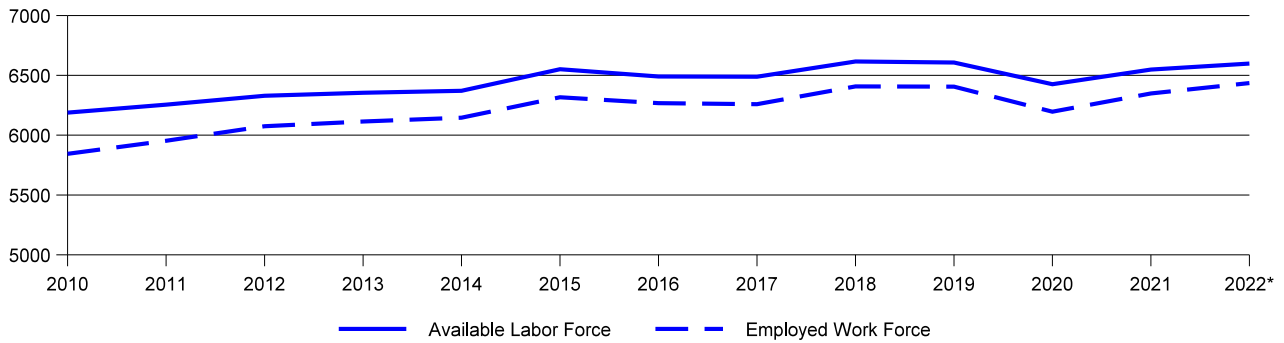
Source: South Dakota Department of Labor
 *2022 is through July

While there has been some up and down movement, in general the resident labor force in Lake County has been growing over time. If 2010 is compared to 2021 (the last full year of data), the County’s labor force added 359 people for an increase of 5.8%.

The employed resident work force has followed the same pattern of longer-term growth. If 2010 is compared to 2021, the number of employed County residents increased by 505 people or 8.6%.

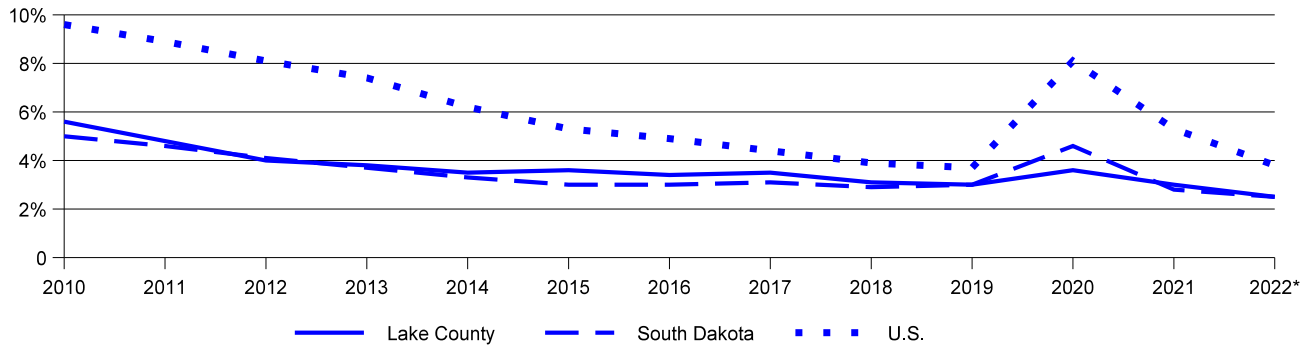
There was a dip in the County’s labor statistics in 2020, presumably caused by the global health pandemic, but most of this loss appears to have been recovered through the first seven months of 2022.

Lake County Labor Force and Employed Work Force



Throughout the entire time period reviewed, the unemployment rate in Lake County has stayed well below the national rate. Throughout the time period reviewed the unemployment rate in Lake County has been similar to the Statewide rate.

Unemployment Rates



Average Annual Wages by Industry Sector

The following table shows the annual employment and average annual wages by major employment sector in 2021, the last full year of data. It is important to note that the major employment sectors listed do not represent all employment in Lake County. With the exception of the total employment, the information presented is only for private employers in Lake County.

Table 25 Lake County Average Annual Wages by Industry Detail: 2021		
Industry	Average Employment	Average Weekly Wage
Total All Industry	4,934	\$940
Natural Resources, Mining	168	\$848
Construction	240	\$1,001
Manufacturing	925	\$1,017
Trade, Transportation, Utilities	895	\$1,097
Information	54	\$775
Financial Activities	166	\$1,457
Professional and Business Services	271	\$1,268
Education and Health Services	595	\$921
Leisure and Hospitality	503	\$283
Other Services	82	\$861

Source: South Dakota Department of Labor

The average weekly wage for all industry in 2021 was \$940. At full-time employment, this would result in an annual wage of \$48,880.

The highest paying wage sector was Financial Activities, with an annual wage above \$75,700 at full-time employment.

The lowest paying wage sector was Leisure and Hospitality, with an average weekly wage of \$283.

Annual Covered Employment

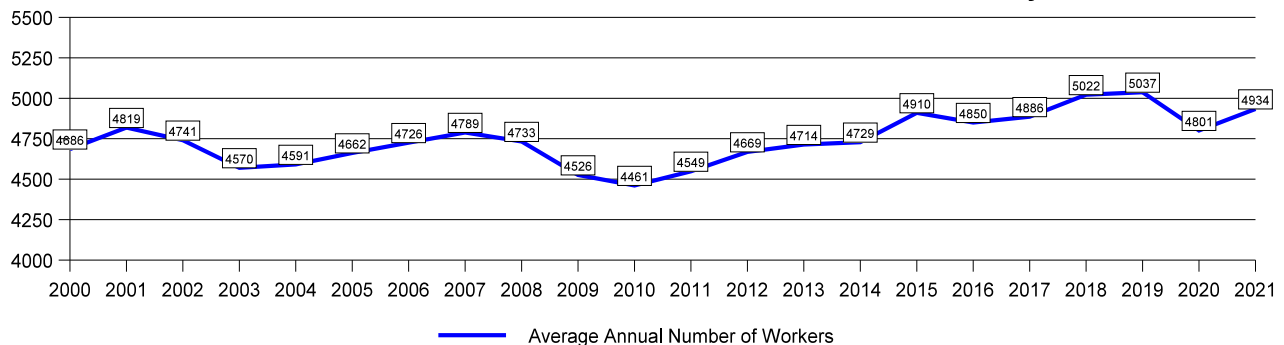
Using the Quarterly Census of Covered Workers (QCEW) it is possible to examine longer-term patterns in the local employment level. The following table displays the total number of workers reported in the County from 2000.

Table 26 Lake County Average Annual Employment			
Year	Total Covered Employment	Year	Total Covered Employment
2010	4,461	2016	4,850
2011	4,549	2017	4,886
2012	4,669	2018	5,022
2013	4,714	2019	5,037
2014	4,729	2020	4,801
2015	4,910	2021	4,934

Source: QCEW - SD Department of Labor

When viewed back to 2010, there has been growth in the number of covered employees working in Lake County. If 2021 is compared to the year 2010, there has been an increase of 473 workers covered by unemployment insurance, or an increase of 10.6%. This increase may have been larger, but it appears that the global health pandemic resulted in a decreased number of jobs after 2019. Through 2021, most but not all of this job loss had been recovered.

Number of Covered Workers in the Lake County



Using information from the last Housing Study it is possible to track the longer-term patterns for covered employment in the County back to the year 2000.

Commuting Patterns of Area Workers

Some information is available on area workers that commute for employment. The best information is from the American Community Survey, and has been examined for the City of Madison. The first table examines Madison residents that traveled to work and excludes people that work at home.

Table 27 Commuting Times for Madison Residents - 2020		
Travel Time	Number	Percent
Less than 10 minutes	2,308	65.3%
10 to 19 minutes	624	17.7%
20 to 29 minutes	203	5.7%
30 minutes +	399	11.3%
Total	3,534	100%

Source: American Community Survey

The large majority of Madison residents were traveling less than 20 minutes to work in 2020. This would include residents that are employed within the City of Madison. Overall, 83% of working residents traveled 19 minutes or less to work. However, nearly 400 of the City’s residents were commuting 30 minutes or more for employment.

The ACS also identifies travel time by location of employment. For people that worked in Madison, the following travel times were identified.

Table 28 Commuting Times for Madison-based Employees - 2020		
Travel Time	Number	Percent
Less than 10 minutes	2,239	51.4%
10 to 19 minutes	1,205	27.6%
20 to 29 minutes	408	9.4%
30 minutes +	508	11.7%
Total	4,360	100%

Source: American Community Survey

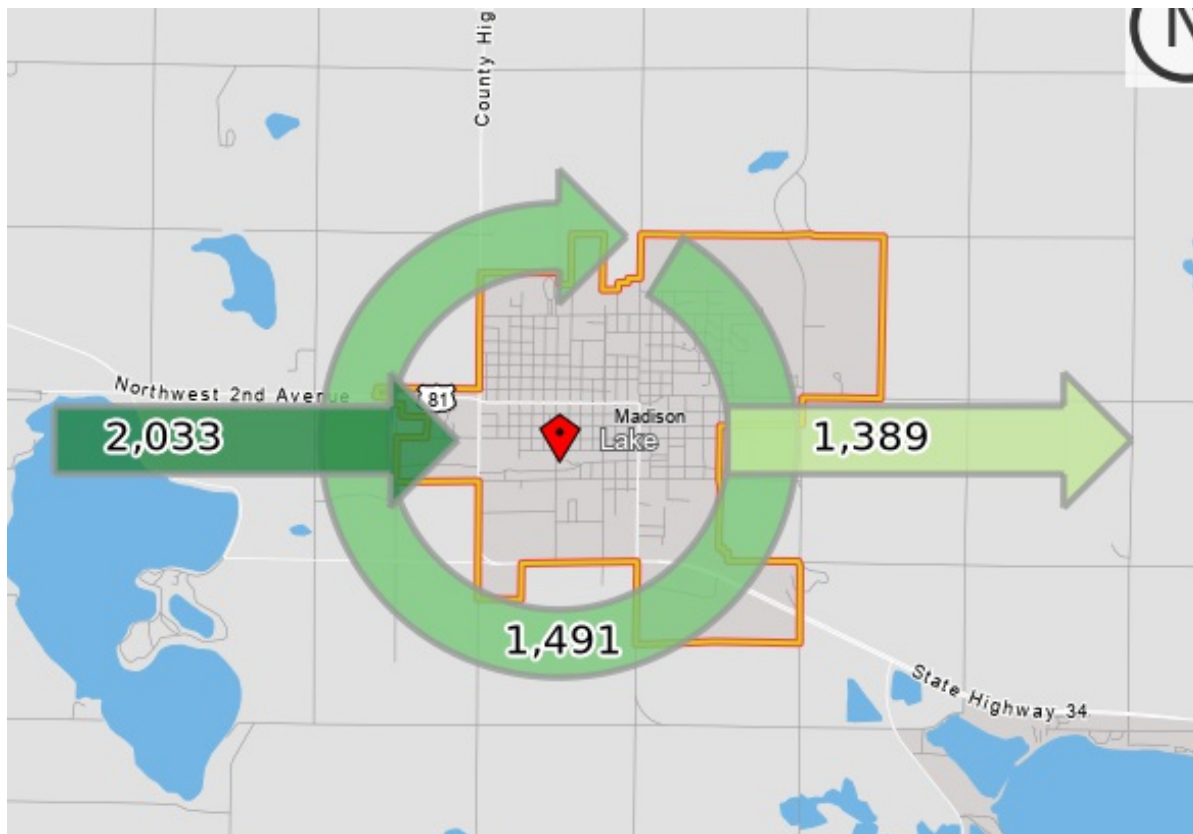
Most of the people that were employed within Madison in 2020 lived either within the community, or within the immediate area. Overall, 79% of city-based workers had a travel time of 19 minutes or less to their primary job.

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 2019 but provides a further breakdown of worker movement.

According to the report for Madison, there were 3,524 people that were employed within the City in 2019. Only 43.3% of these city-based employees also lived in Madison. There were an estimated 2,033 employees that lived outside the City and commuted in for their primary job. The primary locations supplying workers to the community were Sioux Falls, Herman Township, Lake View Township, Brookings and Chester.

On the Map can also be used to track worker outflow patterns from the City. Overall, there were 2,880 Madison residents that were employed. A majority of these City residents also worked inside the community, but 1,389 people traveled to other locations. The primary locations for outbound commuters were Sioux Falls, Brookings and Lake View Township.



Findings on Growth Trends

The release of the 2020 Census provided a new benchmark for demographic data. For the City of Madison, the 2020 results showed a decrease of both population and households, when compared back to the 2010 Census. Over the decade, the City had lost 283 residents and 32 permanent households.

In the opinion of the analysts, the 2020 Census was impacted by the Covid pandemic, especially for the population level in Madison. The effective closure of on-campus housing for many Dakota State University students occurred shortly before the Census date of April 1st, and it is possible that 300 or more students had departed the community just before Census tabulation.

There is less information available of household counts, since occupants of on-campus housing would not have been living in households. But there may be other reasons to question the accuracy of the 2020 Census household information. Other available data, including housing construction activity, would indicate the potential for household growth in the City.

A number of new units were constructed in Madison after 2010, and in 2022 occupancy rates were high. However, the 2020 Census recorded a number of unoccupied housing units in Madison, and the vacant/unoccupied unit count had increased between 2010 and 2020. As a result, there was growth in the City's housing stock but a decrease in occupied housing units by 2020. This too may have reflected households, including independent student households, that departed shortly before the Census was conducted. It is also possible that some households did not return their Census form and the pandemic limitations for Census enumerators resulted in an inaccurate count for the City.

As the largest jurisdiction in Lake County, an under count in Madison would also have negatively impacted County totals. Despite a possible under count in Madison, the remainder of the County did add some households between 2010 and 2020. Excluding the losses in Madison, the remainder of the County had a net gain of 125 households over the decade, or an annual average of nearly 13 households per year. Outside of Madison, the remainder of Lake County also added population between 2010 and 2020.

Lake County contains a number of attractive residential locations, including lake shore properties. Over time, more permanent resident households have located in the rural portions of the County. Over the past three decades the combined jurisdictions outside of Madison have had moderate but consistent household growth.

Findings on Projected Growth

This Update has examined projections from established national sources, including both Applied Geographic Solutions (AGS) and Esri. For Madison, these sources show very different expectations.

Applied Geographic Solutions expects rapid growth in the City over a 5-year projection period, with an annual average increase of 40 households per year. While this level of future growth may be achievable, it would represent a significant change in the growth rate for Madison.

Even with the assumption that the 2020 Census may have under counted the actual number of households, Madison would not have grown at a rate approaching 40 households per year in the past. Assuming that nearly all of the new units constructed after 2010 would have been occupied, average growth of between 10 and 15 households per year would represent the most optimistic view of actual growth. Over the 20-year period from 1990 to 2010, Madison had average annual growth of fewer than eight households per year.

The projection from Esri expects Madison to lose households over the 5-year projection period. Esri's projection is based in part of the 2020 Census, and continues the pattern of modest household reductions for the City going forward. However, based on the analysts' beliefs that the Census count for 2020 was wrong, this would make the Esri projection unreliable.

AGS and Esri also have differing views on the growth potential for Lake County. AGS expects growth Countywide, with households added in both Madison and the remainder of the County. Esri is projecting moderate household losses, both in Madison and in the remainder of the County over the next five years.

With questionable projection information available from outside sources, Community Partners Research, Inc., has formed its own projection range for Madison. Assuming that adequate housing choices are available, it is reasonable to expect that the City can achieve annual household growth of between 20 and 25 households per year over the next five years. This would yield a 5-year cumulative total of 100 to 125 households within the City. This could prove to be a conservative forecast, but would represent significantly greater annual growth than the City has sustained in the past.

Additional household growth would also be projected for the remainder of Lake County. However, most of the added households are likely to locate within selected townships, such as Lake View and Wentworth, which can offer lake front living options. While located near Madison, these rural townships have lakes which will continue to be desirable locations for households to live.

Summary of Growth Projections by Age Group

The Demographic section of this Study presented projection information on anticipated changes by age group in Lake County over the next few years. This information can be informative in determining the housing changes that may be needed due to age patterns of the area population.

The age-based household projections were based on data generated by Esri, but were adjusted upwards by 5% to better reflect the expected household total for Lake County in 2027.

<u>Age Range</u>	<u>Projected Change in Households 2022 to 2027</u>
15 to 24	4
25 to 34	-59
35 to 44	110
45 to 54	-12
55 to 64	-132
65 to 74	163
75 and older	<u>91</u>
Total	165

In general, Esri’s forecast expects that the trends of the recent past to continue into the near-future, as existing residents of the County progress through the aging cycle. By 2027, nearly all of the large baby boom generation will be age 65 or older. The Esri projections forecast an increase of more than 250 households age in the senior citizen age ranges.

Conversely, some of the non-senior age groups are projected to decrease in size. If accurate, these projections indicate that the County Area will have approximately 90 fewer households in the age ranges 64 years old and younger by the year 2027.

One of the younger age groups that is expected to increase in size is the 35 to 44 year old range, with a projected increase of 110 households. A small increase may also occur among households age 24 and younger.

Findings on Unit Demand by Type of Housing

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

Age 24 and Younger - The projections used for this Study expect a relatively stable number of households in the 15 to 24 age range through the year 2027. Past tenure patterns indicate that very large percentage of these younger households will rent their housing. A stable number of households in this age range should mean that rental demand from younger households will not change significantly during the projection period.

25 to 34 Years Old - The projections show a decrease of nearly 60 households in this age range by 2027. Within this age range households often move from rental to ownership housing. In 2010, the ownership rate among these households in Madison was approximately 48%. A reduction of household within this age range over the next five years points to a limited decrease in demand for both first-time home buyer and rental opportunities during the projection period.

35 to 44 Years Old - The projections for this 10-year age cohort expect a gain of 110 households between 2022 and 2027 in Lake County. In the past, this age group has had a home ownership rate of approximately 66% in Madison. Households within this range often represent both first-time buyers and households looking to trade-up, selling their starter home for a more expensive house. Expected growth should yield some increased demand for ownership housing options from this age group.

45 to 54 Years Old - Only a minor reduction of 12 households is being projected in this age range by 2027. This age group historically has had a high rate of home ownership, at nearly 70% in Madison in 2010, and will often look for trade-up housing opportunities. A relatively stable number of households in this age group over the next five years indicates little change in the demand for trade-up housing during the projection period.

55 to 64 Years Old - By 2027, this age cohort will represent much of the "baby bust" generation that followed behind the baby boomers. This age group represents a much smaller segment of the population than the baby boom age group. For Lake County, the projections show a loss of 132 households in this range. This age range has traditionally a high rate of home ownership in Madison, at approximately 77% in 2010.

65 to 74 Years Old - A large increase gain of more than 160 households is expected by the year 2027 in the 65 to 74 age range. This group will begin moving to life-cycle housing options as they age, although younger seniors are still predominantly home owners. At the time of the 2010 Census, approximately 81% of the households in this age range owned their housing in Madison. Preferences for age-appropriate units will increase from household growth within this age cohort.

75 Years and Older - There is a projected gain of more than 90 households in Lake County in this age range between 2022 and 2027. An expansion of housing options for seniors, including high quality rental housing and housing options with services should appeal to this age group. In most cases, income levels for senior households have been improving, as people have done better retirement planning. As a result, households in this age range may have fewer cost limitations for housing choices than previous generations of seniors.

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

Findings on Housing Unit Demand and Tenure

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

Demand from Growth - Community Partners Research's household projections used for this Study expect Madison to add 100 to 125 households from 2022 to 2027. Household growth in Madison will yield demand for new housing production in Madison.

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 Madison, some dilapidated housing has been demolished, and more units will be removed in the future. As a result, we have included an 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 Madison. 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 Madison were identified through statistical data, local interviews, research and on-site review of the local housing stock and from the 2016 Madison Housing Study.

- ▶ **Madison serves as a small regional center** - Madison 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 Madison has a stock of affordable, existing houses. Our analysis shows that the City's median home value based on 2021 sales is approximately \$138,000. This existing stock, when available for sale, provides an affordable option for home ownership.
- ▶ **Adequate land for development** - Madison has 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** - Madison has an excellent public K-12 school system. Dakota State University, a highly regarded university, is also located in Madison.
- ▶ **Health facilities** - Madison has excellent health facilities including a new hospital, medical clinic and senior housing with services facilities.
- ▶ **Infrastructure** - Madison's water and sewer infrastructure can accommodate future expansion.
- ▶ **Commercial development** - Madison's commercial district is adequate to meet daily needs. Also, Madison has experienced commercial development over the past several years.
- ▶ **Lake Area Improvement Corporation** - The Lake Area Improvement Corporation is active in promoting economic and industrial development, job creation and housing.

- ▶ **Madison Housing and Redevelopment Commission** - The Madison Housing and Redevelopment Commission owns and manages affordable housing and administers the Housing Voucher program in the City of Madison and in Lake and Miner Counties.
- ▶ **Past History/Momentum** - The City of Madison has a history of housing development. This history provides the momentum for continued housing demand.
- ▶ **Employers** - Madison has several large employers that provide job opportunities for local residents.
- ▶ **Household growth** - Madison is projected to gain households over the next five years.
- ▶ **Commuters** - More than 2,000 of the city-based employees are commuting into Madison daily for work. These commuters are a potential market for future housing construction.
- ▶ **Desirable location of seniors and retirees** - Madison is an attractive community for seniors as a retirement location. As the providers for the area's health, retail and government services and housing options, the City has amenities that are attractive for seniors as they age.
- ▶ **Recreational and tourism opportunities** - Madison is in a lake area that provides excellent fishing, hunting and other recreational and tourism opportunities.
- ▶ **Proximity to Sioux Falls and Brookings** - Madison is located in close proximity to Sioux Falls and Brookings. These regional centers provide employment opportunities, retail/services options, educational opportunities, health care facilities and recreational opportunities.
- ▶ **Builders and developers** - Madison has housing builders and developers that are willing to invest in new housing construction.
- ▶ **Recent new housing construction** - Over the past several years, there has been significant housing construction in Madison.
- ▶ **City leadership** - The City has leadership, which has been successful in promoting commercial development, educational opportunities, housing options and other community amenities.

Barriers or Limitations to Housing Activities

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

- ▶ **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.
- ▶ **Value gap deters new owner-occupied construction** - Based on market values from 2021 residential sales, we estimate that the median priced home in Madison is valued at approximately \$138,000. This is below the comparable cost for new housing construction, which will generally be above \$275,000 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.
- ▶ **Lower paying jobs** - Although Madison has job opportunities, some jobs are at the lower end of the pay scale and employees with these jobs have limited housing choices.
- ▶ **Proximity to regional centers** - Although it is a strength to be in close proximity to Sioux Falls and Brookings, it is also a barrier as Madison must compete with these centers, which offer attractive residential opportunities and other amenities and services.
- ▶ **Competition with lake lots and rural acreages** - The Madison area has lake lots and rural acreages, which compete with available lots within the City limits of Madison.

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 Madison. They are based on the following strategies.

- ▶ **Be realistic in expectations for housing development** - The scale of housing 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 Madison 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 Madison 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. Most of 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** - Madison has many assets including a K-12 school, a state university, large employers, a downtown commercial district, health facilities, recreational opportunities, etc. These are strong assets that make Madison 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 housing 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, Inter-Lakes Community Action Partnership, First District Association of Local Governments and Grow South Dakota. These resources should continue to be accessed as needed to assist with housing activities.

Summary of Findings/Recommendations

The findings/recommendations for the City of Madison have been formulated through the analysis of the information provided in the previous sections and include 24 recommendations. The findings/recommendations have been developed in the following five categories:

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

The findings/recommendations for each category are as follows:

Rental Housing Development

1. Develop 40 to 50 general occupancy market rate rental units
2. Promote the development/conversion of 6 to 8 affordable market rate rental housing units
3. Develop 26 to 30 general occupancy tax credit/subsidized rental housing units
4. Preserve the existing supply of subsidized housing
5. Senior with services recommendations
6. Develop a downtown mixed-use commercial/housing project
7. Continue to utilize the Housing Choice Voucher Program
8. Monitor student housing issues

Home Ownership

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

Single Family Housing Development

11. Lot availability and development
12. Strategies to encourage residential lot sales and new home construction in Madison
13. Coordinate with economic development agencies, housing agencies and nonprofit groups to construct affordable housing
14. Promote twin home/town home development

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 Initiatives

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. Strategies for downtown redevelopment and commercial development
23. Develop home ownership and new construction marketing programs
24. Develop mobile home programs

Madison 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.

However, several market rate general occupancy rental projects have been developed in Madison from 2010 to 2022. Between 2010 and 2015, three projects were created. Washington Avenue Lofts created 17 rental units in 2010 when a former elementary school was converted to housing. Lake Area Townhomes is a market rate 28-unit project constructed in 2013 and Evergreen Townhomes is a 14-unit market rate project constructed in 2015.

Since the 2016 Housing Study, 49 market rate general occupancy rental units were developed in Madison. Lake Area Townhomes II was constructed in 2016 and has 28 units. Lake Area Townhomes IIb was constructed in 2020 and has 21 units.

There may have been some smaller rental projects, including duplexes, constructed in Madison over the past several years. Additionally, some single family homes were converted from owner-occupied to rental use over the previous decade.

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

The household projections for Madison expect household growth over the next five years. From 2022 to 2027, Community Partners Research, Inc., forecasts that there will be a gain of 100 to 125 households in Madison, for an average of approximately 20 to 25 households per year. It is projected that approximately 40% of these households will be renters households, thus, there will be a demand for approximately 40 to 50 additional rental units due to household growth over the next five years.

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

Pent-up demand also exists. As part of this study, a rental survey was conducted. The survey found a vacancy rate below 1% in general occupancy market rate units, and a very high occupancy rate in the senior housing with services units. There were a high number of vacancies in the subsidized housing inventory, however, most of the vacancies were in one project, Lakeview Tower.

We identified pent-up demand for conventional market rate rental units and affordable tax credit/subsidized rental units.

These three demand generators, after factoring current occupancy rates, show a need for 72 to 88 rental units over the next five years, which is 15 to 17 units annually. Based on the factors stated above, we recommend the development of the following new rental units over the next five years from 2022 to 2027.

▶ General Occupancy Market Rate	40-50 units
▶ Affordable/Conversions	6-8 units
▶ Subsidized/Tax Credit	26-30 units
▶ Senior with Services	0 units
Total	<u>72-88 units</u>

1. Develop 40 to 50 general occupancy market rate and moderate rent (workforce) rental units

Findings: A significant majority of the rental housing in the City of Madison 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 324 market rate rental units surveyed, we found only two vacancies, which is less than a 1% vacancy rate, well below a healthy vacancy rate of 3% to 5%. The two vacancies were attributed to turnover and were expected to be occupied within a short time frame. The owners and managers of rental properties reported high occupancy rates and good demand for rental housing.

There is a wide variation in rental rates in the market rate segment in the City of Madison. The existing rent range including utilities is \$540 to \$1,020 for a one-bedroom unit, \$590 to \$1,600 for a two-bedroom unit and \$925 to \$1,525 for a three-bedroom unit.

Since the 2016 Madison Housing Study, 49 general occupancy market rate units have been constructed in two projects, Lake Area Townhomes II and IIb. These projects are fully occupied and have been successful.

Also, three subsidized rental projects with 47 units, have converted from subsidized to market rate since the 2016 Madison Housing Study. These projects include:

- ▶ Prairie View Apartments I - 24 units
- ▶ Prairie View Apartments II - 15 units
- ▶ Madison Arms Apartments - 8 units

Additionally, Parkview Apartments with 28 units will be ending its subsidy contract later in 2022 and will convert to market rate. A 24-unit rental project has also been proposed by a private developer, but is still in the planning stage.

Recommendation: As stated earlier in this section, rental housing demand is based on household growth, pent-up demand and replacement of housing units that have been demolished or converted. Based on this combination of demand generators, we believe that it is reasonable to plan for production of 40 to 50 market rate rental units over the next five years.

Based on our research, there is a need for all unit sizes, thus, the new units constructed over the next five years should include one, 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 may 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 Madison. One segment is seeking a high quality unit and can afford a higher rent. The second segment is seeking work force or student housing and a more modest rent. This segment may not qualify for subsidized 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 deferral, tax increment financing and other resources may be needed. Also, the South Dakota Housing Development Authority has assistance for affordable rental development including the DakotaPlex Program.

The first option to developing market rate housing would be to encourage private developers to undertake the construction of market rate rental housing. During the interview process, several rental property owners expressed interest in constructing rental housing in Madison if it was economically feasible. A group of investors developed the Lake Area Townhomes phases and potentially could develop another market rate rental project. A different developer has proposed a 24-unit rental project but it is still in the planning phase.

Also, the Madison Housing and Redevelopment Commission or the Lake Area Improvement Corporation could partner with private developers to construct additional units. Additionally, the City could assist with land donations, tax increment financing, tax abatement, tax deferral, reduced water and sewer hookup fees, etc. In the past, the City of Madison and Lake County have assisted rental housing development with tax increment financing.

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 the Payment Standards. The Voucher Payment Standards are at \$592 for a one-bedroom, \$757 for a two-bedroom and \$1,075 for a three-bedroom unit.

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

<u>Unit Type</u>	<u>No. of Units</u>	<u>Size/Sq. Ft.</u>	<u>Rent</u>
One Bedroom	7-8	650 - 800	\$800 - \$1,200
Two Bedroom	21-28	850 - 1,050	\$950 - \$1,750
Three Bedroom	<u>12-14</u>	1,100 - 1,250	\$1,000 - \$1,800
Total	40-50		

Note: The recommended rents are gross rents including all utilities. The rents are quoted in 2022 dollars.

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

Findings: The previous recommendation addressed the market potential to develop high quality rental units in Madison. Unfortunately, these units would tend to be beyond the financial capability of many area renters. A majority of Madison's renter households have an annual income below \$30,000. These households would need a rental unit at \$700 per month or less.

There is evidence that Madison 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 Madison 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 continue to encourage the City of Madison 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 Madison is typically between \$550 and \$700 per month. Creating some additional units with contract rents below \$700 per month would help to expand the choices available to a majority of the City's renter households.

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

3. Develop 26 to 30 general occupancy subsidized/tax credit rental housing units

Findings: The City of Madison has six subsidized projects providing rental opportunities for lower income households. These projects have a combined 209 units. However, one of the projects, Parkview Apartments, with 28 units, will be ending its HUD subsidy contract later in 2022. Subsidies have been provided by USDA Rural Development, the Department of Housing and Urban Development (HUD) and through the South Dakota Housing Development Authority.

By the end of 2022, Madison will have five subsidized projects with a total of 181 units. Three projects, with 78 units, are designated for general occupancy and two projects, with 103 units, give preference to senior and/or disabled tenants.

Since the 2016 Madison Housing Study, three subsidized rental projects with 47 units have converted from subsidized to market rate. Also, an additional subsidized project with 28 units will convert to market rate by the end of 2022.

Most of the City's subsidized units serve very low income people and charge rent based on 30% of the tenant's household income. In some cases, tenant households pay 30% of income, but not less than a basic rent level established for the unit. In these cases, it is possible that a very low income household pays more than 30% of income, if the basic rent was higher.

In addition to these subsidized projects, the Madison Housing and Redevelopment Commission administers the Housing Choice Voucher Program. Currently, there are approximately 80 vouchers in use in the three-county service area. Most households with a voucher live in Madison. Housing Choice Voucher assistance is issued to income-eligible households for use in suitable, private market rental housing units. With the assistance, a household pays approximately 30% of their income for their rent, with the program subsidy paying any additional rent amounts.

By the end of 2022, between the tenant-based assistance and project-based subsidized housing, there will be approximately 246 renter households in Madison that have access to some form of subsidized housing. This represents approximately 24% of all renters in the City. At the time of the 2016 Madison Housing Study, 342 renter households had access to subsidized housing, which was 33% of all renters in the City.

Despite the existing supply of subsidized units in Madison, the American Community Survey reported that over 52% of the renter households in Madison had a housing cost burden, with 30% or more of their income going to housing costs. A majority of these households were actually paying 35% or more of their income for housing, which is defined as a severe cost burden.

Recommendation: We recommend the development of 26 to 30 subsidized or tax credit rental housing units for low/moderate income people over the next five years. At this time, it is difficult to produce new subsidized units to serve low/moderate income people as funding sources are limited.

One option is to utilize the federal tax credit program. Tax credits alone do not produce 'deep subsidy' rental units that can serve very low income households, but tax credits do provide a 'shallow subsidy' that allows for the construction of units that can serve households at or below 60% of the median income established for the County. When other resources are combined with tax credits, even lower income households can be served.

If tax credit units are constructed, we recommend that a portion of the unit rents are at or below the Payment Standards for Housing Vouchers, thus, a low income household in a tax credit unit can also receive a Housing Voucher, which will enable the household to pay 30% of their income for their unit.

The City of Madison should work with a private developer or area housing agency to apply for tax credits and to develop a tax credit project. The City could assist with lowering rents by providing tax increment financing or other assistance, and land at a reduced cost.

4. Preserve the existing supply of subsidized housing

Findings: The City of Madison has six "deep subsidy" rental housing projects with a total 209 units, which allows tenants to pay rent based on 30% of income. Most of these projects are more than 30 years old and were constructed when the federal government was actively involved in producing low income housing.

Subsidized housing represents the most affordable option available to lower income households. Since most of these units charge rent based on income, even extremely low income households can afford deep subsidy housing.

Privately-owned subsidized housing has been lost in other South Dakota communities, including Madison, as owners have the ability to opt-out of subsidy contracts after their original obligations have been met. Subsidized housing that is lost cannot be cost-effectively replaced with the low income housing production resources that are available today.

Over the past several years, since the 2016 Madison Housing Study, three subsidized projects with 47 units have converted from subsidized to market rate. Also, an additional subsidized project with 28 units will convert to market rate housing by the end of 2022.

Recommendation: The South Dakota Housing Development Authority (SDHDA) tracks subsidized housing in South Dakota that is at risk of being lost. SDHDA administers subsidy programs statewide and would therefore be aware of subsidized housing that is in the process of ending its subsidy contract. USDA Rural Development would know of any projects leaving their subsidy program.

In some communities, public or nonprofit agencies have been able to purchase projects that are at-risk of being lost, to preserve their affordable housing resources.

5. Senior housing with services recommendations

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.

Since the completion of the previous Housing Study in 2016 there have been a number of changes completed or proposed in the specialized senior housing options in Madison and Lake County, as follows:

- ▶ The Golden Living Center, a nursing home, has been closed and the building demolished. In 2016, this facility had been licensed for 61 residents including 13 in a secured memory care wing.

- ▶ The Ramona Assisted Living Center in Ramona was closed in 2022. It had been licensed for 16 residents and was the only specialized care facility in Lake County that was outside of Madison.
- ▶ A twin home was constructed in the Bethel Patio Homes adding two units with access to light services.
- ▶ In 2022, construction began on a new building for Heritage Senior Living. When completed in mid-2023 the new facility will replace the current 24 assisted living units with 34 assisted living units. The new building will also have 20 units for independent/light services senior housing.
- ▶ In late 2023, the current Heritage Senior Living building will be converted to memory care use with 24 rooms.

Unit Inventory - Independent/Light Services

There are three current projects in Madison that provide housing options for more independent seniors:

- ▶ ***Bethel Apartments*** - Apartment building that is part of the Bethel campus and has 16 two-bedroom apartments that offer light services housing including a noon meal, light housekeeping, a 24-hour emergency call system and transportation.
- ▶ ***Bethel Cottage Homes*** - Two twin homes that are part of the Bethel campus. While designed for independent senior households, the rent includes a daily meal, an emergency call system and residents can access the amenities and services on the campus.
- ▶ ***Bethel Patio Homes*** - Three twin homes that are part of the Bethel campus. While designed for independent senior households, the rent includes a daily meal, an emergency call system and residents can access the amenities and services on the campus.

The current inventory of independent/light services housing in Madison contains 26 units. However, a new building is under construction that will add 20 apartment units in Heritage Senior Living. These units will be oriented to more independent seniors but will include a noon meal.

Occupancy/Vacancy - Independent/Light Services

When contacted in August 2022, all three of the light services options on the Bethel Lutheran campus reported full occupancy with a waiting list.

Unit Inventory - Assisted Living

The following projects in Madison are licensed as Assisted Living Centers:

- ▶ ***Bethel Suites*** - Part of the Bethel senior campus with 12 rooms and licensed capacity for 16 residents.
- ▶ ***Heritage Senior Living*** - This project currently has licensed capacity for 26 residents in 24 apartment-style units. A new building is under construction to replace the existing structure and will have 34 assisted living units, with expected occupancy in mid-2023.

At the time of the 2016 Housing Study, a third assisted living provider was operating in the nearby community of Ramona. This facility was closed in 2022. Although it had 14 units available, actual utilization was typically lower.

Occupancy/Vacancy - Assisted Living

Bethel Suites reported full occupancy and a waiting list, although actual person capacity of 16 residents can only be reached if four couples are in occupancy.

Heritage Senior Living reported a high rate of occupancy.

Unit Inventory - Memory Care

In 2022, there are no dedicated memory care housing options in Madison or Lake County. Some people with memory loss issues may be living in assisted living or nursing home options.

In 2016 there had been a 13-bed secured wing in Golden Living Center but this facility has since been closed.

In late 2023, a 24-unit memory care option will open in the current Heritage Senior Living building. A new independent and assisted living facility is under construction, which will open in mid-2023. After Heritage Senior Living moves into the new location the existing building will be converted to memory care units.

Unit Inventory - Nursing Homes

There is only one nursing home in Lake County:

- ▶ ***Bethel Lutheran Home*** - Licensed for 59 skilled nursing home beds in 2022. The facility that was constructed in 1962.

In 2016 there had been another nursing home in Madison, Golden Living Center, with 61 licensed beds. But this has been closed and the building demolished.

Occupancy/Vacancy - Nursing Homes

In August 2022, Bethel Lutheran Home reported 52 beds in use. The unused beds were due to staffing limitations, not demand.

Recommendation: To determine future senior with services housing demand in Madison, we determined that Madison's market for senior with services housing includes all of Lake County. In 2020, Lake County has approximately 1,359 people between the age of 65 and 74 and 1,029 people over the age of 75. The growth projections show some continued growth in the County's senior population from 2022 to 2027.

- ▶ ***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. There has also been a long-standing State moratorium that limits expansion in most cases. No recommendations are offered for this type of specialized housing. Lake County has one well-established provider, Bethel Lutheran Home. Since the 2016 Madison Housing Study, the Golden Living Center has closed.
- ▶ ***Memory Care Housing*** - At the time of the 2016 Housing Study, there were 13 designated memory care beds in the Golden Living Center. However, in 2023, 24 memory care rooms will open in the Heritage Senior Living building. Therefore, we are not recommending additional memory care units at this time.
- ▶ ***Assisted Living*** - At the time of the 2016 Madison Housing Study, there were three assisted living facilities in Lake County with a total capacity of 58 residents. Since the Study, the facility in Ramona, which had a 16-resident capacity, has closed. Also, Heritage Senior Living is constructing a new building and its capacity will increase from 24 to 34 units. The new facility will open in 2023.

With the changes in the assisted living options for Lake County, we recommend that the need for additional living units be monitored to determine if there is a need for additional units or if the changes adequately address demand.

- ▶ ***Independent/Light Service Housing*** - There are 26 independent/light services units on the Bethel Senior Campus. These units are in a 16-unit apartment building and in five twin homes. Currently, 20 additional independent/light services units are under construction in the Heritage Senior Living building. With the development of the new units, we are not recommending the development of additional independent/light services units at this time.

We view Madison as the best possible location for specialized senior housing in Lake County. It is possible that a developer will determine that Madison can serve an even larger primary market area, creating potentially greater demand for units in the future.

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

Findings: A new mixed-use rental housing/commercial project would be an asset to Downtown Madison. Currently, there are several mixed-use buildings downtown.

New mixed use projects have been developed in several cities comparable to the size of Madison. 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 or to serve as a catalyst for downtown redevelopment.

Recommendation: We continue to recommend the development of a mixed-use building in the downtown area that includes commercial space on the first floor and rental units on the upper floors. 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 previous recommendations of this section. If a mixed use building was constructed, the number of units recommended in previously recommendations 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, tax deferral or other local funds and land at a reduced price.

7. 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 approximately 30% 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 limited 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 Lake, Minor and McCook Counties by the Madison Housing and Redevelopment Commission. The Madison Housing and Redevelopment Commission has the ability to issue approximately 80 total vouchers in three counties. At the time of the research for this Update, a majority of the Vouchers were being utilized by Madison and Lake County households.

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

8. Monitor Student Housing Issues

Findings: Post-secondary students, primarily attending Dakota State University (DSU), represent a significant portion of the population in Madison, and impact demand for housing. Earlier sections of this document provided information on student populations in Madison, along with trends in enrollment at DSU, the potential for future enrollment growth, as well as current on-campus and off-campus housing options.

Based on the best available estimates, more than 12% of all City residents in 2020 were enrolled in a post-secondary program. This percentage may have been even higher but the Covid pandemic in 2020 may have lowered the number of students living in the City.

Student households do represent some of the demand for housing in Madison, but a large majority of students reside in on-campus housing options. In 2022, DSU has capacity for 928 students in a variety of options. Most of the capacity exists in traditional dormitory/residence halls, but some apartment and suite options also exist. At the start of the fall term in 2022, there were 811 occupied beds in on-campus housing, approximately 87% of total capacity.

Like some other universities in the State, DSU has a requirement that first and second year undergraduate students should live on campus. While some exceptions are granted, many of the students in on-campus options are required to live in these choices. However, DSU staff has indicated that on-campus housing options have become increasingly popular with upper class students as well, even though no residency requirement exists beyond the first two years.

DSU has expanded its housing choices in the recent past. The most recent addition to the student housing inventory was the Residence Village Apartments and Suites which has capacity for 122 people. In 2019 and in 2014, there had also been some additions to the traditional residence hall inventory, although the actual number of beds that were added is not known by the analysts.

The best available information indicates that enrollment of Madison-based students has been decreasing slightly in recent years. However, there is the potential that some of the enrollment decreases after 2019 may have been due in part to the impact of the pandemic and the remote learning options that followed. At the time of the research for this Update, the enrollment headcount for the fall 2022 term was not yet available.

DSU does not issue formal enrollment projections, but based on discussions with staff, it is possible that the Madison-based student population could increase to 1,500 students within the next five years. This would include both traditional undergraduate students as well as some additional graduate students.

In addition to Madison-based growth, enrollment of on-line students is also expected to increase over time. Overall enrollment growth will result in the need for additional faculty and staff. DSU representatives have identified the potential for 20 to 25 new employees over the next five years.

While DSU does expect an increased number of enrolled students, it is important to note that demographic projections show a trend of declining high school graduation numbers in the region over the next few years. While this may not impact enrollment at DSU, in general fewer traditional students would be expected in the larger region.

Students not living in on-campus housing do live in private market options in Madison. A number of the rental complexes contacted in the rental survey completed for this Update identified students as part of their tenant mix. However, no rental projects in Madison are specifically oriented to student-occupancy. Overall rental vacancy rates in Madison are low and students compete for available apartments and rental options.

Recommendation: We recommend that the need for additional off-campus student housing be monitored to determine if additional student housing development will be needed over the five-year projection period. Previous recommendations in this section have identified the demand potential for new rental housing construction in Madison. New housing projects, especially conventional market rate rentals, will also serve student renters in the City.

The need for additional student off-campus housing will be based on the following:

- ▶ Whether Madison-based enrollment increases as expected over the next five years
- ▶ Future occupancy/vacancy patterns in Madison's conventional rental housing stock
- ▶ Future changes in DSU's on-campus housing capacity
- ▶ Changes in the requirement that DSU freshman and sophomores must live on campus
- ▶ The number of market rate rental units that might be constructed in Madison over the next five years
- ▶ The level of rental housing demand from Madison's non-student households

In the past, the Madison Housing and Redevelopment Commission has been involved in student housing. Two eight-plexes developed by the HRC are part of the on-campus housing inventory with capacity for 72 students. The City of Madison and the Lake Area Improvement Corporation may also have a role in helping to address future student rental demand.

Madison 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 Madison is estimated to be approximately \$138,000 based on 2021 existing home sales. The home values in Madison provide a good opportunity for first time buyers and households seeking moderately priced homes.

Our analysis forecasts an increase over the next five years in the number of households in some of the traditionally strong home ownership age ranges. 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:

9. 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 Madison 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, gap financing, low interest loans and home ownership counseling and training programs can help to address affordable housing issues. The City of Madison 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: We recommend that the City of Madison and the Madison Housing and Redevelopment Commission should continue to work with area housing agencies, Inter-Lakes Community Action Partnership, Grow South Dakota, 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 Madison and the Madison Housing and Redevelopment Commission should also work with housing agencies to assure that Madison residents are receiving their share of resources that are available in the region.

Funding sources for home ownership programs may include USDA Rural Development, the South Dakota Housing Development Authority, and the Federal Home Loan Bank. Also, the Inter-Lakes Community Action Partnership and Grow South Dakota, utilize several funding sources to provide home ownership programs.

10. Develop a Purchase/Rehabilitation Program

Findings: Madison has a stock of older, lower valued homes, many of which need repairs. Our analysis of recent sales activity indicates that approximately 50% of the homes in Madison are valued less than \$138,000. As some lower valued homes come up for sale, they may not be attractive options for potential home buyers because of the amount of repair work that is required.

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

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

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

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

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

Madison Single Family Housing Development

Single Family Housing Development

Findings: Based on City and Census Bureau reports, Madison has experienced significant single family housing development from 2010 through September 2022. Over the past 13 years, approximately 75 single family detached houses and approximately 20 attached single family units have been constructed for owner-occupancy. This is an average of approximately seven to eight owner-occupancy units constructed annually in Madison. However, over the past three years, from 2020 to 2022, approximately 15 new units were constructed each year.

It is our opinion that if the City of Madison, the Lake Area Improvement Corporation, housing agencies, economic development agencies, builders and developers are proactive, 16 to 22 homes can be constructed or moved into Madison annually from 2022 to 2027. Over this six-year period, this is a total of 96 to 132 new units.

The breakdown of our projection of 16 to 22 new owner-occupied housing units annually over the next five years is as follows:

▶ Higher and medium priced homes (over \$340,000)	6-8
▶ Affordable homes (under \$340,000)	6-8
▶ Twin homes/town homes	<u>4-6</u>
Total	16-22

11. Lot availability and development

Findings: As part of this Study, we attempted to identify the inventory of available residential lots for single family housing construction in the City of Madison. Currently, there are approximately 50 lots available in the City of Madison’s newest subdivisions. Some of these may be intended for multifamily structures including twin homes.

Cyber Estates is the newest residential subdivision in the City and has most of the available lot supply. Currently, the developer of Cyber Estates is the exclusive builder in this subdivision.

There are also miscellaneous infill lots scattered around the city that we did not attempt to count. We do not know the availability of some of these infill lots. Also, additional dilapidated houses will be acquired and demolished over the next five years. Some of the cleared lots may be sites for new construction.

Recommendation: We use a standard that a three-year supply of lots should be available in the marketplace based on annual lot usage. With projections that 16 to 22 new owner-occupancy housing units will be constructed per year, the City should have approximately 48 to 66 residential lots available to meet the expected demand. Part of this demand would be for attached unit construction. Also, to address demand over the next six years, if the new number of units projected are constructed, a total of approximately 96 to 132 lots will be needed.

With approximately 50 available lots in 2022, plus any infill lots, the City will have a shortage of lots within the projection period. Therefore, it is our recommendation that an additional 46 to 82 lots be developed in the City of Madison by 2027.

There are plans to develop a new subdivision adjacent to the DSU campus on a 22-acre parcel. This subdivision will have an estimated 45 to 55 lots, including some for multifamily structures. This subdivision may be developed in phases.

The lots ideally would be in several subdivisions, and should include the following:

- ▶ The subdivision(s) should have adequate land available, if possible, for future phases of lot development, based on demand.
- ▶ The subdivision(s) must be as aesthetically acceptable as possible and include high quality amenities.
- ▶ The subdivision(s) should have covenants that assure high quality development. However, the covenants should not be so restrictive that they eliminate the target market's ability to construct a home.
- ▶ The subdivision(s) should accommodate a variety of home designs and home prices.
- ▶ Major employers should be involved in promoting and publicizing the subdivisions.
- ▶ To be successful, the homes must be available to households with as wide an income range as possible.

- ▶ Successful subdivisions will need the cooperation of area housing agencies, financial institutions, developers/builders, employers, the Lake Area Improvement Corporation and the City of Madison. Financial assistance such as tax increment financing, tax abatement and tax deferral may be necessary to make the development of lots feasible.
- ▶ The subdivision and lots should expand the market by providing attractive, affordable options.
- ▶ Some lots should be available for twin home/town home development.
- ▶ The development process should be as user-friendly and streamlined as possible.

12. Strategies to encourage continued residential lot sales and new home construction in Madison

Findings: Over the past 13 years, from 2010 to September 2022, approximately 95 single family owner-occupancy units have been constructed in the City. To continue new single family housing construction over the next several years, we recommend several strategies.

Recommendation: We recommend that the City of Madison, the Lake Area Improvement Corporation, developers, builders, realtors and all housing stakeholders continue to coordinate efforts to promote lot development, lot sales and housing development.

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

- ▶ ***Continue the momentum*** - A substantial number of housing units constructed annually in Madison over the past several years. The City has a working formula for new home construction and the City should maintain its momentum.
- ▶ ***Continue competitive pricing*** - The current lot prices in Madison are competitive. To continue to attract new home construction in Madison, lots should remain competitively priced.

- ▶ ***User-Friendly*** - The lot purchase and home building process must be 'user friendly.' This includes the construction of spec homes, builders that are readily available to build custom homes and city regulations that are fair and reasonable. The entire process must be as 'user friendly' as possible to encourage home construction.
- ▶ ***Long-term planning*** - The City of Madison, the Lake Area Improvement Corporation and Madison developers should continue long-term development planning to assure lots are available to meet demand for all types of new housing.
- ▶ ***Continue to promote spec home construction*** - Spec houses 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.
- ▶ ***Several residential subdivisions*** - The development of several subdivisions provides buyers with options. It also increases sales as several developers are promoting their subdivisions and lots.
- ▶ ***Lot availability for twin home/town home development*** - It is our opinion that there will be a demand for twin homes/town homes over the next five years. Lots should continue to be available for a twin home/town home development.
- ▶ ***Range of house prices*** - Lots should be available to as wide a range of home sizes and prices as possible, without compromising the subdivisions. This broadens the lot buyer market.
- ▶ ***Marketing*** - The City of Madison, the Lake Area Improvement Corporation and housing stakeholders will need to continue a comprehensive marketing strategy to market available lots. All stakeholders including developers, realtors, financial institutions, builders, employers, etc. should be included in marketing strategies. In addition to marketing the lots, the City of Madison and its amenities should be marketed.
- ▶ ***Lot availability for affordable homes*** - Lots should continue to be available for affordable homes including modular homes and Governors homes.

- ▶ ***In-fill home development*** - In-fill lots in existing neighborhoods are often affordable and have existing city services.
- ▶ ***Housing programs*** - The South Dakota Housing Authority, USDA Rural Development and other housing agencies may have housing programs available to assist developers, builders and home buyers. Also, the Governors Office of Economic Development may have funds available for subdivision development.
- ▶ ***Consider innovative housing developments*** - Innovative projects such as planned unit developments, patio/villa homes, etc., provide unique opportunities for home buyers and can help to broaden the housing market.
- ▶ ***Look for opportunities to develop mixed-use and mixed-income neighborhoods*** - With the significant development potential that exists in Madison, the City has the opportunity to develop mixed-use and mixed-income subdivisions.

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

Findings: There are several housing agencies and nonprofit groups that may have the capacity to construct new housing in Madison, including the Lake Area Improvement Corporation, the Inter-Lakes Community Action Partnership, the Madison Housing and Redevelopment Commission and Grow South Dakota.

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

Inter-Lakes Community Action Partnership administers the Mutual Self-Help Program. This Program works with three or four households to construct new homes. The participants work together to construct the homes.

Additionally, in the past Governor's homes have been moved into Madison. These houses represent an affordable housing option that should be encouraged and supported.

14. 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 Madison, approximately 20% to 25% of the new ownership housing units constructed are twin homes/town homes. In Madison, since 2010, an estimated 20 new owner-occupied housing units have been constructed as twin homes/town homes.

In 2022, Lake County has approximately 1,468 households in the 65 and older age ranges. These age ranges are expected to have an increase of 172 households in Lake County from 2022 to 2027. Household growth among empty-nester and senior households should result in increased demand for attached single family units. It is likely that demand for attached housing units will also be dependent on the product's ability to gain additional market acceptance among the households in the prime target market, and among other households.

Recommendation: It is our projection that approximately four to six new owner-occupancy twin homes or town homes could be constructed in Madison annually over the next six years for a total of 24 to 36 units. Our projection is based on the availability of ideal locations 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

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

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.

Madison Housing Rehabilitation

Housing Rehabilitation

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

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

15. Promote rental housing rehabilitation

Findings: Based on the U.S. Census data, the City of Madison had approximately 1,153 rental units in 2010. Since 2010, approximately 120 rental units have been constructed in Madison. Therefore, it is estimated that in 2022 there are approximately 1,273 rental units in Madison. These rental buildings are in multi-family projects, small rental buildings, duplexes, single family homes, mobile homes and mixed-use buildings. Many of these rental structures could benefit from rehabilitation as more than 70% of the rental structures are more than 40 years old and some rental units may be 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. However, the rehabilitation of older rental units can be one of the most effective ways to produce decent, safe and sanitary affordable housing.

Recommendation: We recommend that the City of Madison 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, Inter-Lakes Community Action Partnership, 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. Continue to promote owner-occupied housing rehabilitation efforts

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

It is estimated that approximately 50% of the single family homes in Madison are more than 50 years old. Also, a visual survey of the City's older neighborhoods identified a significant number of homes that need repair. Without rehabilitation assistance, the affordable housing stock will shrink in Madison.

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

Inter-Lakes Community Action Partnership and Grow South Dakota currently have several housing programs to assist households with the rehabilitation of their homes. Also, Inter-Lakes Community Action Partnership provides Weatherization funds for Madison and Lake 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 Madison households to utilize these housing rehabilitation programs.

17. Develop a Neighborhood Revitalization Program

Findings: The City of Madison 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, there has been housing and neighborhood revitalization projects in the neighborhoods including housing rehabilitation, the demolition of dilapidated housing, the development of new housing and public facility improvements. We recommend that the City of Madison, area housing agencies, and the private housing sector continue these efforts. We recommend that the City select a neighborhood and develop and implement a Neighborhood Revitalization Program.

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. In 2022, there were 1,273 rental units in the City of Madison, over 70% of which are more than 40 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.

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

Health and Safety

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

Age of Housing Stock

- Much of the existing rental housing stock in Madison is more than 40 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 Madison's buyers want more amenities and conveniences, and less maintenance, thus, they may be less likely to purchase older homes. Some owner-occupied homes are converting to rental units.

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

- ▶ Madison has a significant number of rental property owners. Many of these 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 Madison comply with housing laws and codes. The Program assures that Madison rental units are safe and sanitary, thus, removing blighted and unsafe conditions.

Madison Other Housing Initiatives

Other Housing Initiatives

19. Continue to acquire and demolish dilapidated structures

Findings: There are single family houses in Madison that are dilapidated and too deteriorated to rehabilitate. There are also single family houses in Madison that need major repair and some of these homes may be too dilapidated to rehabilitate. To improve the quality of the housing stock and to maintain the appearance of the City, dilapidated structures should be demolished. The City of Madison and private developers have been active in demolishing dilapidated structures.

Recommendation: We recommend that Madison continue to work with property owners on an ongoing basis to demolish dilapidated homes. The appearance of the City is enhanced when blighted and dilapidated structures are removed. Also, some of the cleared lots can be utilized for the construction of new affordable housing units.

Also, we recommend that the City maintain an inventory of structures that may be candidates for future acquisition and demolition. Additionally, an inventory of in-fill lots for future development should be maintained. Local contractors have been successful in developing new twinhomes and condominiums on in-fill lots.

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

Findings: Madison will continue to need staff resources in addition to existing City, Lake Area Improvement Corporation and Madison Housing and Redevelopment Commission staff to plan and implement many of the housing recommendations advanced in this Study.

The City of Madison has access to Inter-Lakes Community Action Partnership, Grow South Dakota, the South Dakota Housing Development Authority, USDA Rural Development and the First District Association of Local Governments. These agencies all have experience with housing and community development programs.

Recommendation: Madison 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. 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 Madison 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 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 Madison'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 trails, parks, ball fields, etc., that directly have a positive impact on Madison.

22. Strategies for downtown redevelopment and commercial development

Findings: The City of Madison’s downtown has buildings that have been renovated and have high quality commercial space. There are also buildings that need renovation. This recommendation provides an outline of actions that could be taken to complement the ongoing renovation and redevelopment initiatives to renovate the downtown, to maximize the usage of downtown buildings and to promote new downtown businesses.

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 downtown commercial district is an important factor in their decision making process.

Recommendation: We are recommending the initiation or continuation of the following actions for downtown Madison:

- ▶ Interview all downtown property owners and tenants to develop a database and to determine their future plans (expanding, selling, renovations, etc.)
- ▶ Develop an overall plan for the downtown (potential new businesses, address parking needs, develop an overall theme, art and cultural opportunities, etc.)
- ▶ Develop a mini-plan for each downtown property and each downtown block. This may include:
 - ▶ Commercial building rehab and renovations
 - ▶ Facade work
 - ▶ Building demolition
 - ▶ New construction
 - ▶ Recruiting new businesses
 - ▶ Housing development
 - ▶ Upper floor renovations
- ▶ Identify funding sources
 - ▶ Property owner funds
 - ▶ City of Madison
 - ▶ Lake Area Improvement Corporation
 - ▶ Madison Housing and Redevelopment Commission
 - ▶ Federal Home Loan Bank
 - ▶ Special tax districts

- ▶ Tax increment financing
- ▶ Tax abatement and deferment
- ▶ Funds from South Dakota State Agencies
- ▶ Funds from the Governors Office of Economic Development

- ▶ Work with stakeholders to identify roles, secure funding, develop and implement programs and projects
 - ▶ Property owners
 - ▶ City of Madison
 - ▶ Lake Area Improvement Corporation

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 Madison, the Lake Area Improvement Corporation and other stakeholders have been active in promoting and marketing housing in Madison. We recommend the continuation or consideration of the following:

- ▶ Determine the City of Madison’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 (Madison and the entire region) to provide employees with housing opportunities
- ▶ Work with housing agencies to provide down payment assistance, low interest loans, gap financing, home owner education and home owner counseling programs
- ▶ Consider an annual Housing Fair that provides information on lots, builders, finance programs, etc. Developers, builders, lenders, realtors, public agencies and local businesses could participate

- ▶ Work with builders and developers to make the construction of new homes or rental units a very user friendly process
- ▶ Continue to develop new home construction and home purchase incentive programs
- ▶ Continue to work on the creation of jobs and the development of retail, service and recreational opportunities that make Madison a “full service” community
- ▶ Continue to 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 local 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

24. Develop mobile home park improvement programs

Findings: Madison has three mobile home parks. A significant number of mobile/manufactured homes in the three parks need repairs or are dilapidated and beyond repair.

However, some substandard and dilapidated mobile homes have been removed and replaced with higher quality newer homes.

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

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

It may be appropriate for the community to initiate programs to improve the quality of mobile homes, even if these programs can only address a few units per year.

Currently, Madison has an ordinance that only allows newer mobile homes into the City limits. In addition to this regulation, we recommend that the City consider a time of sale/rent program.

Some of the innovative programs that have been used in other communities to address mobile home conditions and mobile home park issues include:

- ▶ ***Operation Safe Mobile Home Park*** - Owners of substandard mobile homes are given the option of voluntarily selling their substandard mobile home to the City or an area housing agency for a fixed minimum price. The mobile homes are then removed from the park and demolished/salvaged. The owner can then use the funds from the sale to help purchase a new home. Mobile home dealerships have sometimes participated by buying the salvaged homes.
- ▶ ***Time of Sale/Rent Inspection Program*** - This inspection program is designed to provide safe living conditions through the identification and elimination of basic life/safety hazards in older mobile homes. Mobile homes are subject to inspection prior to their rental or sale. All identified safety hazards must be corrected before the unit is sold or rented.
- ▶ ***Cooperative/Land Trust*** - Some mobile home parks have created a cooperative or a land trust which enables the home owners to own the mobile home park land and facilities. This ownership often creates pride which results in a clean, safe park atmosphere.
- ▶ ***Acquisition of the Mobile Home Park*** - In some mobile home parks, a number of the mobile homes may be substandard or vacant, and the park may be on land that has a better use. In these situations, it may be advantageous to purchase the park and relocate the remaining tenants.
- ▶ ***Down Payment Assistance Program*** - Some cities have developed a down payment assistance program that assists households with purchasing a mobile home. Mobile and manufactured homes are an affordable housing ownership option for low and moderate income households.

Agencies and Resources

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

Inter-Lakes Community Action Partnership

111 North Van Eps
PO Box 268
Madison, SD 57042
(605) 256-6518

South Dakota Housing Development Authority

P.O. Box 1237
3060 E. Elizabeth Street
Pierre, SD 57501
(605) 773-3181

USDA Rural Development

810 10th Ave. SE
Watertown, SD 57201
(605) 886-8202

First District Association of Local Governments

PO Box 1207
Watertown, SD 57201
(605) 882-5115

Grow South Dakota

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