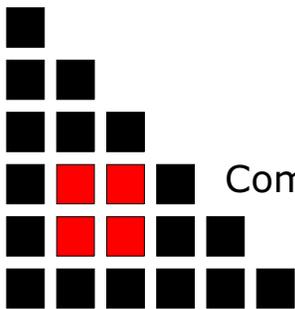


City of Vermillion HOUSING STUDY

May 2022

An analysis of the housing needs
of the City of Vermillion and the surrounding area



Community Partners Research, Inc.

Faribault, MN

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Introduction

Overview

Community Partners Research, Inc., was hired by the City of Vermillion and the Vermillion Area Chamber and Development Company in 2021 to complete a comprehensive study of the housing market conditions in the City and the surrounding area.

Methodology

A variety of resources were utilized to obtain information for the Housing Study. Community Partners Research, Inc., collected and analyzed data from December 2021 to April 2022. Data sources included:

- U.S. Census Bureau
- Demographic data from the State Data Center
- 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 Clay County
- Data from the SD Department of Labor
- Data provided by the Multiple Listing Service
- Interviews with community leaders and City staff
- Interviews with people familiar with the area's housing conditions including realtors, property managers, and developers
- Area housing agencies
- Rental property owner/manager surveys
- Housing and mobile home condition surveys

Limitations

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

During the course of the research for this project, a global pandemic was still underway, which has had widespread impacts 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. At the time that research was completed for this Study, 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 some undefined time in 2022.

The global pandemic had not only impacted the Census release schedule, but it also affected the data collection in 2020. 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 Study 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 2019, so a significant data-lag exists. The estimates were derived from five-year sampling, obtained between 2015 and 2019. Due to the global pandemic, the American Community Survey estimates for 2020 also have a delayed release schedule.

This Study 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 also utilized estimates and projections from Esri. Both of these private data reporting services are widely used by financial and government entities.

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

Population Estimates and Trends

Table 1 Population Trends - 1990 to 2020						
	1990 Census	2000 Census	% Change 1990-2000	2010 Census	% Change 2000-2010	2020 Census
Vermillion	10,034	9,728	-3.0%	10,571	8.7%	11,695
Clay County	13,186	13,537	2.7%	13,864	2.4%	14,967

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 Vermillion was 11,695 people. When compared back to the 2010 Census, the City had added 1,124 permanent residents, for a population increase of 10.6%.
- ▶ The 2020 Census shows the largest population increase for the City of Vermillion in recent decades. In the 1990s, the City's population actually decreased by 3%. The City then grew between 2000 and 2010, but at a lower rate than the 10.6% achieved from 2010 to 2020.
- ▶ It is important to note that population growth in Vermillion is impacted by a student population attending the University of South Dakota. Additional details on students will be provided on following pages.
- ▶ There are 2021 population estimates available, although these were issued prior to the release of any 2020 Census data. These estimates will not be revised to incorporate the new 2020 benchmark data until sometime in 2022.
- ▶ Applied Geographic Solutions (AGS), the data source utilized by the Governor's Office of Economic Development, estimates that the City of Vermillion has 11,032 permanent residents. This estimate is well below the Census count of 11,695 people at the time of the 2020 Census.
- ▶ An estimate for Vermillion was also obtained from Esri, Inc. This showed a 2021 population of 11,441 people. This estimate was also lower than the 2020 Census count, although there is a one-year time difference in effective dates.

- ▶ Vermillion is the dominant geography for Clay County, with more than 78% of all County residents living in the City. The 2020 Census for Clay County showed 14,967 permanent residents.
- ▶ While the County has a consistent pattern of population growth in recent decades, this has generally been due to the impact of Vermillion. If Vermillion is removed, the remainder of the County actually had a minor decrease of residents between 2010 and 2020, and between 2000 and 2010.
- ▶ The Applied Geographic Solutions estimate for Clay County shows 13,987 people in 2021, well below the level reported in the 2020 Census.

Population by Race/Ethnicity

- ▶ In 2020, nearly 83% of Vermillion's residents were identified as White for race. The next largest racial designation was for people listing "Two or more races", at nearly 6% of the City's population. Native Americans represented nearly 5% of the City's population.
- ▶ At the time of the 2020 Census, less than 3% 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 Vermillion’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 Vermillion: 1990 to 2020				
	1990 Census	2000 Census	2010 Census	2020 Census
Vermillion	2,427	1,600	2,152	2,393

Source: U.S. Census

- ▶ According to the 2020 Census, the size of the City’s group quarters population increased over the past decade by 241 people. This represented more than 21% of the citywide population gain between 2010 and 2020.

Table 3 Group Quarters Housing Types: 2010 to 2020			
	2010 Census	2020 Census	Change
Institutionalized Facilities	10	16	6
Skilled Nursing Facilities	67	80	13
College/University Housing	1,966	2,257	291
Noninstitutionalized Facilities	109	40	-69
Total	2,152	2,393	241

Source: U.S. Census

- ▶ The largest population of group quarters housing residents lives in student housing facilities. Between 2010 and 2020 this group added 291 residents.
- ▶ There were limited changes in some of the other group quarters subsets, but the number of people living in noninstitutional facilities, such as a residential group home, decreased by 69 people over the decade.

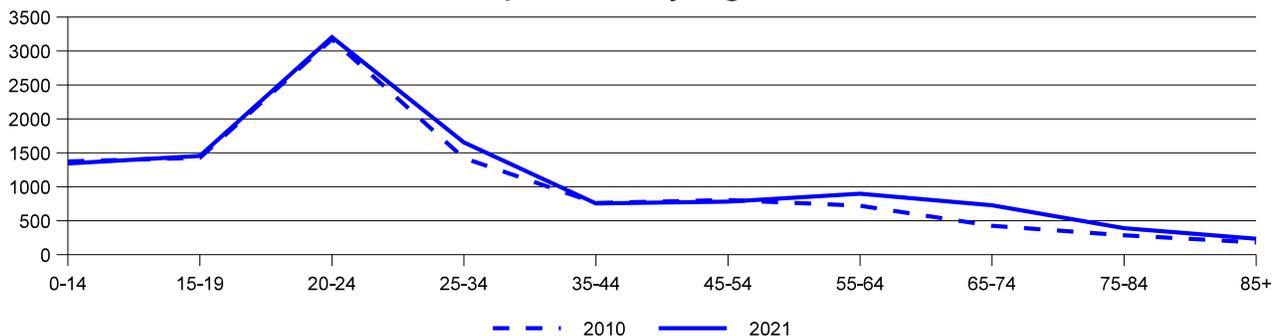
Vermillion Population by Age Trends: 2010 to 2021

The 2021 population estimates from Esri include information on the age distribution of residents. The following table compares population by age in 2010 and 2021 for the Vermillion, along with the numeric changes. It does appear that Esri has underestimated the City’s population in 2021, when compared to the 2020 Census, however, the difference is less than 3% and the Esri estimates are viewed as informative on age patterns.

Table 4 Vermillion Population by Age - 2010 to 2021			
Age	2010	2021	Change
0-14	1,373	1,344	-29
15-19	1,427	1,455	28
20-24	3,173	3,205	32
25-34	1,422	1,653	231
35-44	761	754	-7
45-54	805	781	-24
55-64	720	897	177
65-74	426	727	301
75-84	286	390	104
85+	180	235	55
Total	10,573	11,441	868

Source: U.S. Census; Esri

Vermillion Population by Age: 2010 to 2021



- ▶ The age distribution patterns for the City of Vermillion are directly impacted by the large student population attending USD. This results in a “spike” in the younger adult age groups as evident in the previous chart.
- ▶ When the 2021 estimates from Esri are compared to the 2010 Census data, there have often been very limited changes in the population.
- ▶ The City did experience some solid growth in the younger adult range between 25 and 34 years old, with the estimated addition of 231 people.
- ▶ The City also had strong growth in the population age 55 and older. In total, these estimates show the City adding more than 580 people in the combined age groups between 55 and 84 years old. The older senior population, age 85 and above, also increased in size, but most of the population increase was from younger seniors in the range between 65 and 74 years old.

Household Estimates and Trends

Table 5 Household Trends - 1990 to 2020						
	1990 Census	2000 Census	% Change 1990-2000	2010 Census	% Change 2000-2010	2020 Census
Vermillion	3,275	3,640	11.1%	3,811	4.7%	4,226
Clay County	4,433	4,878	10.0%	5,110	4.8%	5,564

Source: U.S. Census

- ▶ According to the Census, Vermillion had 4,226 permanent resident households in 2020, up by 415 households since 2010, for an increase of 10.9%.
- ▶ If viewed as an annual average, Vermillion added approximately 42 households per year over the past decade. This has continued a consistent pattern of adding households. In the 1990s the City added approximately 37 households per year. From 2000 to 2010, this average decreased to 17 households per year.
- ▶ The 2021 estimate from Applied Geographic Solutions shows 4,134 households in Vermillion. Once again this estimate is lower than the 2020 Census count of 4,226 households living in the City.
- ▶ The 2021 estimate from Esri shows 4,197 households in Vermillion. Esri's 2021 estimate appears to be too low, but the probable difference is less than 1% before adjusting for the difference in the effective dates.
- ▶ The 2020 Census counted 5,564 permanent resident households in Clay County. If Vermillion is removed, the remainder of the County added 39 households over the decade in the other combined jurisdictions.
- ▶ The 2021 estimate from AGS showed 5,352 households in Clay County, well below the Census count of 5,564 households in 2020.

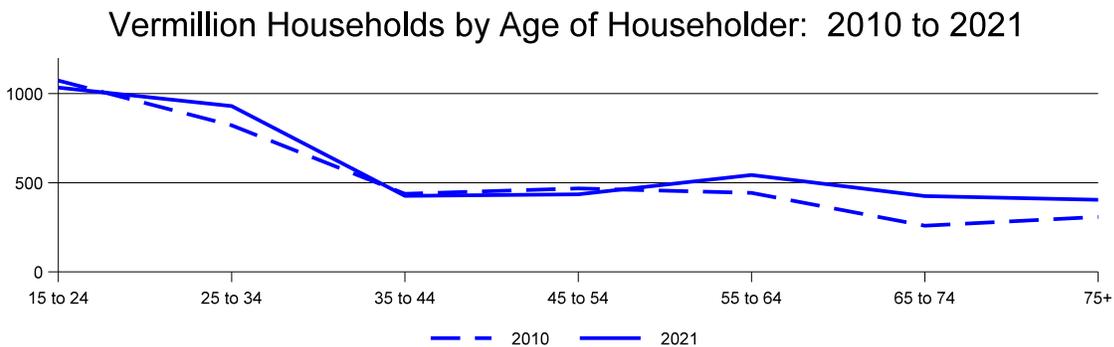
Household by Age Trends: 2010 to 2021

The following table compares households by age of householder in the 2010 Census and for 2021 from Esri for Vermillion, along with the numeric changes.

Table 6 Vermillion Households by Age of Householder - 2010 to 2021			
Age	2010	2021	Change
15-24	1,073	1,034	-39
25-34	822	930	108
35-44	438	426	-12
45-54	468	435	-33
55-64	443	543	100
65-74	259	425	166
75+	308	404	96
Total	3,811	4,197	386

Source: U.S. Census; Esri

- ▶ Consistent with the population by age data presented earlier, the household patterns show most of the net change occurring in the “baby boom” age groups. For the City of Vermillion, the largest net growth in households occurred in the 10-year age groups between 65 and 74 years old and between 55 and 64 years old. Citywide, there was an estimated increase of 362 households age 55 and older, but a net gain of only 24 households age 54 and younger.
- ▶ There was strong estimated growth within the younger adult range between 25 to 34 year old. However, all of the other younger age groups decreased slightly in size.



Average Household Size

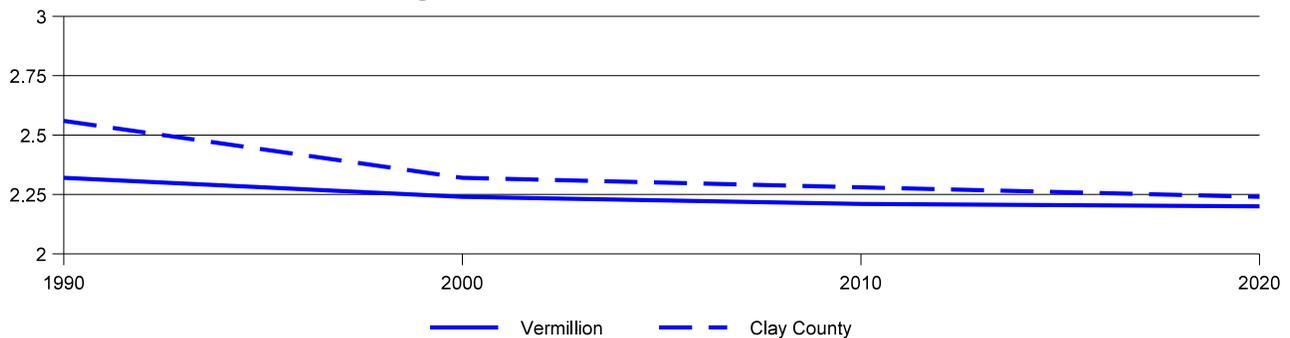
The following table provides information on average household size.

Table 7 Average Number of Persons Per Household: 1990 to 2020				
	1990 Census	2000 Census	2010 Census	2020 Census
Vermillion	2.32	2.24	2.21	2.20
Clay County	2.56	2.32	2.28	2.24

Source: U.S. Census

- ▶ Household formation has been occurring at a different rate than population change in recent decades due to a gradual decrease in average household size. This is typically caused by household composition changes, such as more single person and single parent families, fewer children per family, and more senior households due to longer life spans.
- ▶ While Vermillion’s average household size has been consistently decreasing, the reduction has been very small over the past 20 years, going from 2.24 persons per household in 2000 to 2.20 persons in 2020.

Average Household Size: 1990 to 2020



- ▶ Clay County has followed a similar pattern, reflecting the impact that Vermillion has on countywide totals. While consistently decreasing since 1990, the average household size for the County has remained larger than the average in the City.

Housing Tenure

The 2020 Census has not yet released any information on home owner and renter status. The 2019 American Community Survey does provide an estimate of the tenure distribution patterns. In the following table, the 2019 estimates have been presented, along with the 2010 Census data for comparison.

Table 8 Households by Tenure - 2010 and 2019				
	2010 Census		2019 ACS	
	Percent Owned	Percent Rented	Percent Owned	Percent Rented
Vermillion	42.5%	57.5%	44.3%	55.7%
Clay County	53.0%	47.0%	53.7%	46.3%

Source: U.S. Census; ACS

- ▶ According to the American Community Survey, the home ownership tenure rate in Vermillion increased over the past decade. However, most households in the City are renters, and the overall rental rate approached 56% in 2019.
- ▶ In the opinion of the analysts, the American Community Survey estimate has probably overstated the tenure shift toward a higher rate of home ownership. Building permit issuance since 2010, which is provided later in this document, shows that many more rental units than owner-occupancy units have been built in the City, and it is unlikely that the rate of home ownership has been increasing.
- ▶ The American Community Survey estimates also show a slight increase in the home ownership rate Countywide, although this would probably be due to the estimate for Vermillion, which is the largest jurisdiction in Clay County.

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Population Projections

The following table presents population projections from Applied Geographic Solutions and Esri. These projections extend to the year 2026, and are based off of each company’s 2021 estimates. The 2020 Census totals are provided for comparison.

Table 9 Population Projections Through 2026				
	2020 Census	2021 Estimate	2026 Projection	Projected Change
Vermillion-AGS	11,695	11,032	11,817	785
Vermillion-Esri	11,695	11,441	11,783	342
Clay County-AGS	14,967	13,987	14,842	855

Source: AGS; Esri

- ▶ Based on the 2020 Census, AGS has underestimated the population level for the City of Vermillion in 2021. However, despite the under count of past growth, AGS expects the City to add 785 residents over the 5-year projection period, for an annual average of 157 additional residents per year. For comparison, the City averaged approximately 112 additional residents per year between 2010 and 2020.
- ▶ While the population projection from AGS appears to be somewhat high, growth in Vermillion will be impacted by students. Increased enrollment of Vermillion-based students could result in faster growth going forward.
- ▶ The population projection from Esri also starts from a lower base year (2021) estimate, although the difference between the 2020 Census and Esri’s 2021 estimate was less than 2.2%, without an adjustment for the time difference. However, Esri is projecting less growth going forward, with the expected addition of 342 residents by 2026, or an annual average of 68 people per year. When compared to average growth over the prior decade, the Esri projection seems to be overly conservative.
- ▶ AGS is projecting that Clay County will add 885 people between 2021 and 2026, with most of this attributed to the City of Vermillion. If the City is removed, the remaining jurisdictions are projected to add only 70 residents over the next five years. While the projected growth outside of Vermillion is not large, it would still represent a change in patterns, as the remainder of Clay County has been losing population outside of Vermillion over the past two decades.

In addition to the population forecasts obtained from Applied Geographic Solutions and Esri, trend-based projections have also been reviewed. Using the annualized growth rates between 2010 and 2020, it is possible to generate an approximate projection going forward to the year 2026.

Table 10 Trend-based Population Projections Through 2026			
	2020 Census	2026 Projection	Average Annual Change
Vermillion	11,695	12,441	124 people/year
Clay County	14,967	15,681	119 people/year

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

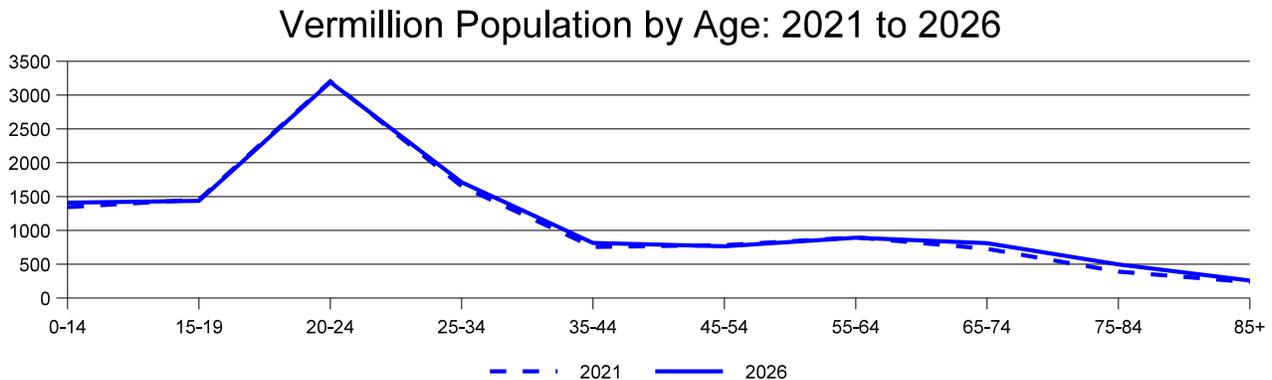
- ▶ A trend-based projection method anticipates that Vermillion will have 12,441 residents by 2026, or an annual average increase of 124 people per year going forward. This forecast is between the AGS and Esri projections provided earlier.
- ▶ A trend-based projection for all of Clay County indicates that there will be 15,681 people by 2026, or an annual average increase of 119 people per year going forward. This forecast expects that the remainder of Clay County, outside of the City of Vermillion, will see a minor loss of population by 2026, consistent with the trends over the past two decades.
- ▶ The AGS projection for Clay County, provided earlier, expected some minor growth in the County’s population in the combined jurisdictions outside of Vermillion. However, even with some minor growth, AGS expected that most of the population change within the County would occur in Vermillion.

Population by Age Projections: 2021 to 2026

Esri provides age-based projections for future population levels. These projections for Vermillion have been compared to the 2021 estimates from Esri to predict changes over the next few years. It is important to note that Esri does show the least amount of expected growth in population going forward of the three forecasting sources reviewed in this Study, and should be viewed as a conservative projection of future change.

Table 11 Vermillion Projected Population by Age - 2021 to 2026			
	2021 Estimate	2026 Projection	Change
0-14	1,344	1,409	65
15-19	1,455	1,436	-19
20-24	3,205	3,191	-14
25-34	1,653	1,712	59
35-44	754	814	60
45-54	781	765	-16
55-64	897	891	-6
65-74	727	811	84
75-84	390	496	106
85+	235	258	23
Total	11,441	11,783	342

Source: Esri



- ▶ Esri's population by age projections show only limited change in many of the defined age groups between 2021 and 2026.
- ▶ The largest numeric changes are projected within the senior citizen age groups, with an increase of 106 people age 75 to 84 years old, an increase of 84 people in the 65 to 74 year old range, and an increase of 23 people age 85 and older. Combined, these senior age groups are projected to add more than 220 people by 2026.
- ▶ Esri does expect some minor growth among children age 14 and younger, with a projected increase of 65 people.
- ▶ Although there is a very large post-secondary student population living in Vermillion, the Esri projections expect very little change in the number of residents in the age ranges between 15 and 24 years old, with an expected decrease of 33 people in this 10-year age grouping.
- ▶ Some growth is being projected within the younger adult age ranges between 25 and 34 years old, and between 35 and 44 years old. Combined, this 20-year age range is expected to add nearly 120 people.
- ▶ Only a very small reduction is expected in the middle-aged adult ranges between 45 and 64 years old.
- ▶ If combined into larger aggregations, Esri is projecting that Vermillion will add 213 people age 65 and older, but only 129 people age 64 and younger between 2021 and 2026.

Household Projections

Household projections are also available to the year 2026. Once again the 2020 Census count for households is provided for comparison.

In the opinion of the analysts, the household projections from Applied Geographic Solutions and Esri are overly conservative for Vermillion, thus, trend-based growth projections have also been reviewed. These trend-based forecasts have been generated by Community Partners Research, Inc., using annualized growth rates achieved in the past, and trended forward to the year 2026.

Table 12 Trend-based Household Projections Through 2026			
	2020 Census	2026 Projection	Average Annual Change
Vermillion	4,226	4,502	46 households/year
Clay County	5,564	5,861	49 households/year

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

- ▶ A trend-based projection method anticipates that Vermillion will have approximately 4,500 total households by 2026, or an annual average increase of 46 households per year going forward. This forecast is significantly higher than the Esri projection showing 30 to 31 households in an average year.
- ▶ A trend-based projection for Clay County expects 5,861 total households by 2026, or an annual average increase of 49 households per year going forward. The Clay County projection would include the expected increase within Vermillion, so excluding the City yields the expectation that only limited annual household growth will occur in the remainder of the County. This is generally consistent with the AGS projection provided earlier, showing nearly all of the Countywide growth occurring within the City of Vermillion.

The household forecasts from AGS and Esri have also been reviewed.

Table 13 Household Projections Through 2026				
	2020 Census	2021 Estimate	2026 Projection	Change
Vermillion - AGS	4,226	4,134	4,185	51
Vermillion - Esri	4,226	4,197	4,349	152
Clay County - AGS	5,564	5,352	5,356	4

Source: U.S. Census; AGS; Esri

- ▶ When compared to the 2020 Census, the base-year estimate from AGS for 2021 was somewhat low. Going forward, this source is projecting that the City will only add 51 households over the 5-year time period, or an average of 10 households per year. Growth at this level would be much lower than achieved between 2010 and 2020, when Vermillion was averaging annual growth of approximately 42 households per year.
- ▶ It is important to note that the AGS population projection was high, while their household projection is low. This may imply that they are largely expecting near-term growth to be from a student population living in student housing.
- ▶ The 2021 estimate from Esri was also somewhat low, but closer to the 2020 Census count. Going forward, Esri is projecting that Vermillion will add 152 households over the 5-year time period, or an average of 30 to 31 households per year. While this forecast does expect the City to continue growing, the rate of growth is also slower than in the past, and it would appear that the Esri forecast for future growth is overly conservative.
- ▶ The AGS forecast for all of Clay County is low, reflecting their belief that Vermillion will experience only limited household growth through 2026. If the City is removed, the remaining County jurisdictions are projected to lose 47 households by 2026.

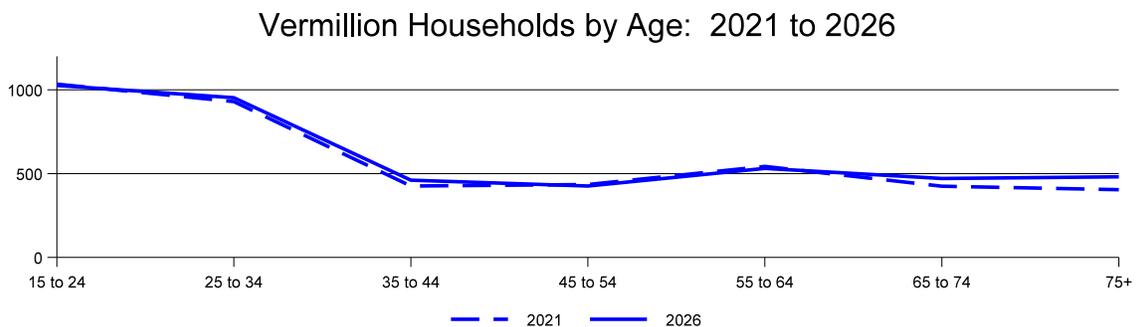
Household by Age Projections: 2021 to 2026

Although Esri’s projections for Vermillion area are viewed as conservative, Esri does provide data within defined 10-year age groups, which can be used to anticipate future changes in the demographic composition.

Table 14 Vermillion Projected Households by Age - 2021 to 2026			
Age	2021 Estimate	2026 Projection	Change
15-24	1,034	1,026	-8
25-34	930	953	23
35-44	426	461	35
45-54	435	426	-9
55-64	543	531	-12
65-74	425	471	46
75+	404	481	77
Total	4,197	4,349	152

Source: Esri

- ▶ Esri’s household by age projections show only limited changes in many of the defined age ranges. However, the largest net growth will be due to senior-headed households, age 65 and older, with an increase of 123 households.
- ▶ Some growth is also being projected in the younger adult age ranges, with an expected addition of 58 households in the 20-year range between 25 and 44 years old. Relative stability is projected in the number of households age 24 and younger, which primarily reflects students.



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Median Income Data

Annual income estimates are available through the Census Bureau’s American Community Survey. The most recently released data are for 2019. Information from 2019 can be compared to 2010 to track changes over time.

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

Table 15 Median Household Income - 2010 to 2019			
	2010 Median	2019 Median	% Change
Vermillion	\$30,534	\$40,874	33.9%
Clay County	\$37,198	\$50,724	36.4%
South Dakota	\$46,369	\$58,275	25.7%

Source: ACS

- ▶ According to the American Community Survey, the median household income in the City of Vermillion increased by nearly 34% between 2010 and 2019, and was at \$40,874 in 2019. Despite the increase over the decade, the City’s median household income was well below the comparable Statewide median.
- ▶ The median household income for all of Clay County had increased by more than 36% from 2010, but remained approximately \$7,550 lower than the median for South Dakota.

Table 16 Median Family Income - 2010 to 2019			
	2010 Median	2019 Median	% Change
Vermillion	\$56,750	\$88,245	55.5%
Clay County	\$61,159	\$88,307	44.4%
South Dakota	\$58,958	\$75,168	27.5%

Source: ACS

- ▶ The median family income in Vermillion was above \$88,000 in 2019, and had increased rapidly after 2010. Student households would not typically be classified as family households unless related students were living together.

- ▶ Reflecting the impact of Vermillion, the County's median family income was also relatively high and well above the comparable Statewide level in 2019.
- ▶ Family household incomes tend to be higher than the overall household median, as families have at least two household members, and potentially more income-earners, while non-family households may have only one household member.
- ▶ Median income levels can also be used to establish a benchmark for affordable housing thresholds. 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 Vermillion could afford approximately \$1,022 per month for ownership or rental housing in 2019. However, as will be detailed later in this section, renter households tend to be below the overall median, while owner households tend to be above the overall median level.
- ▶ A family in Vermillion at the median income level in 2019 could apply more than \$2,200 to housing costs without experiencing a cost burden.

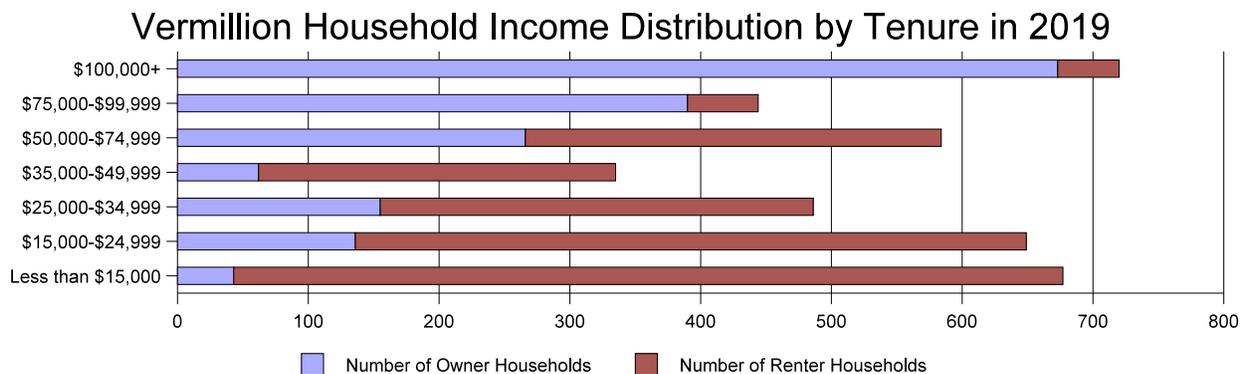
Vermillion Income Distribution by Housing Tenure

The American Community Survey provides an income estimate by owner and renter status. The following table examines income distribution within the City of Vermillion.

Since the estimates are based on limited sampling, there is a margin of error. For total households, the American Community Survey reported 3,895 households in the City in 2019, compared to 4,226 households counted in the 2020 Census, so the American Community Survey represents an undercount of households, but this source still represents the best information on income distribution by tenure.

Household Income	Owner Households	Renter Households	Total Households
\$0 - \$14,999	43	634	677
\$15,000 - \$24,999	136	513	649
\$25,000 - \$34,999	155	331	486
\$35,000 - \$49,999	62	273	335
\$50,000 - \$74,999	266	318	584
\$75,000 - \$99,999	390	54	444
\$100,000+	673	47	720
Total	1,725	2,170	3,895

Source: American Community Survey



- ▶ Income and housing tenure are often linked for most households, with home owners generally having higher annual income levels, and renters having lower incomes.
- ▶ In 2019, more than 68% of all renter households in Vermillion had an annual income below \$35,000. At 30% of income, these households would have \$875, or less, that could be applied to monthly housing costs. Although age details are not available, presumably many of these lower income renter households were students.
- ▶ The median income for all renter households was \$24,134 in 2019. At 30% of income, a renter at the median level could afford approximately \$603 per month for housing costs.
- ▶ Conversely, most owner households had a substantially higher income level. Nearly 62% of all owner households had an annual income of \$75,000 or more. The estimated median household income for owners in 2019 was \$89,981. At 30% of income, an owner at the median level could afford approximately \$2,250 per month for housing costs.

Estimated Income and Housing Costs - Renters

The household income and tenure information in the American Community Survey can be analyzed to determine the number of lower income households that pay a disproportionate share of their income for housing.

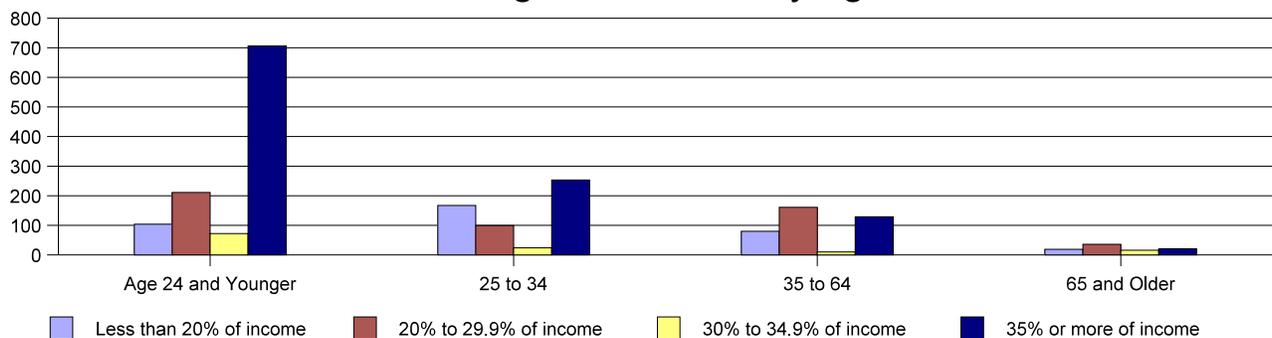
The table provides information for households paying rent, and excludes those households where a percentage of income could not be computed. This is for renter households in the City of Vermillion in 2019, and is available within some broad age ranges.

The goal of most housing assistance programs is to keep housing costs at 30% or less of household income. When 30% or more of income is required, it is the generally defined as a “housing cost burden”. Households applying 35% or more of their income for housing may have a “severe housing cost burden”.

Table 18 Vermillion Rental Housing Costs by Age - 2019						
Age	Less than 20%	20% to 29%	30% to 34%	35% or More	Not Computed	Total
15 to 24	104	211	72	706	28	1,121
25 to 34	167	99	24	253	27	570
35 to 64	80	161	10	129	0	380
65+	19	36	16	21	7	99
Total	370/17.0%	507/23.4%	122/5.6%	1,109/51.1%	62/2.9%	2,170

Source: American Community Survey

Rental Housing Cost Burden By Age - 2019



- ▶ A large percentage of renter households were experiencing a housing cost burden in 2019. Overall, nearly 57% of renters were applying 30% or more of their income for housing costs. Most of these households were actually using 35% or more of their income, and would be defined as having a “severe cost burden” for housing.
- ▶ While these percentages are very high, they are impacted by student households living in the community. The American Community Survey does not specifically define younger households as students, but more than 63% of all cost burdened renter households were age 24 or younger, and nearly 86% were age 34 or younger.
- ▶ Some housing cost burden did exist among older adult households, but approximately 37% of renters age 35 to 64 reported a cost burden, and 37% of senior-headed households were applying 30% or more of income to gross rent.
- ▶ The large majority of households reporting a cost burden had an annual income below \$35,000 in 2019.

Estimated Income and Housing Costs - Owners

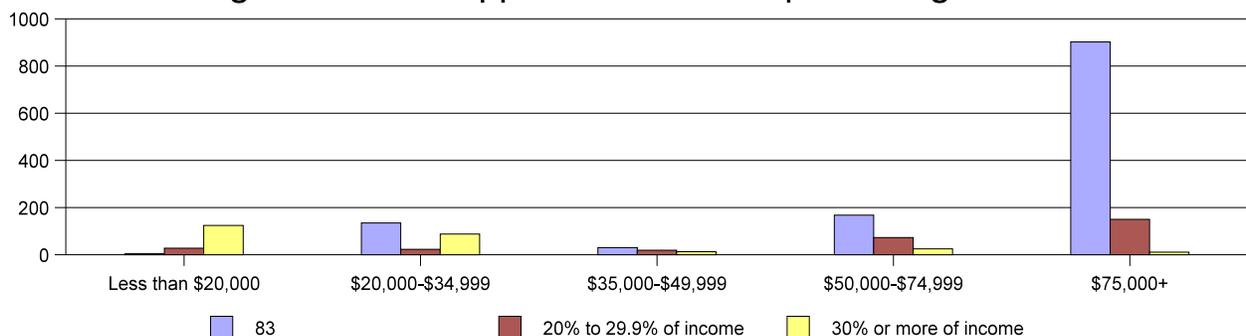
The American Community Survey also provided housing cost estimates for owner-occupants. The following table provides estimates of the number of households in Vermillion that are paying different percentages of their gross household income for housing costs.

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%. The following table includes owner households both with and without a mortgage.

Table 19 Vermillion Home Owner Income and Housing Costs - 2019			
Household Income	Less than 20% of Income	20% to 29% of Income	30% or More of Income
\$0 - \$19,999	5	0	83
\$20,000 - \$34,999	135	23	88
\$35,000 - \$49,999	30	19	13
\$50,000 - \$74,999	168	73	25
\$75,000 +	902	150	11
Total	1,240 / 71.9%	265 / 15.4%	220 / 12.7%

Source: American Community Survey

Percentage of Income Applied to Ownership Housing Costs - 2019



- ▶ Most home owners have higher household income levels. Overall, nearly 62% of all owner-occupants in Vermillion in 2019 had an annual income of \$75,000 or more. This significantly increases the amount of monthly income that can be applied to housing costs, and lowers the chance of a cost burden.

- ▶ Approximately 19% of all home owners had an annual income below \$35,000, according to the 2019 American Community Survey. These lower income households had the greatest frequency for a housing cost burden. More than 51% of home owners with an annual income below \$35,000 had to apply 30% or more of their income for housing.
- ▶ Fewer than 21% of households between \$35,000 and \$49,999 for annual income reported a housing cost burden. For households with an annual income of \$50,000 or more, the percentage paying 30% or more for housing dropped to less than 3%.

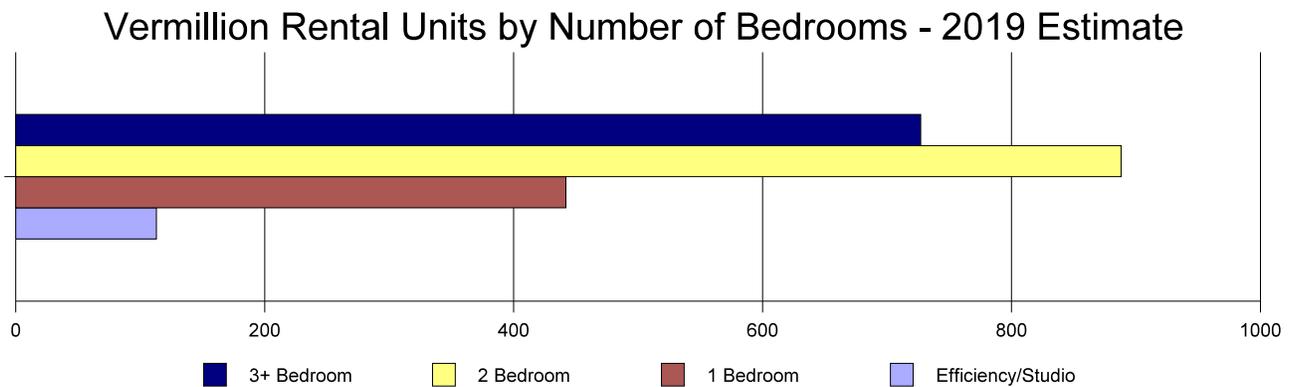
Rental Housing Costs and Comparison to Renter Incomes

American Community Survey Rental Inventory Data

The 2019 American Community Survey provides estimates on rental units in Vermillion and the gross rents, including tenant-paid utilities, for these units.

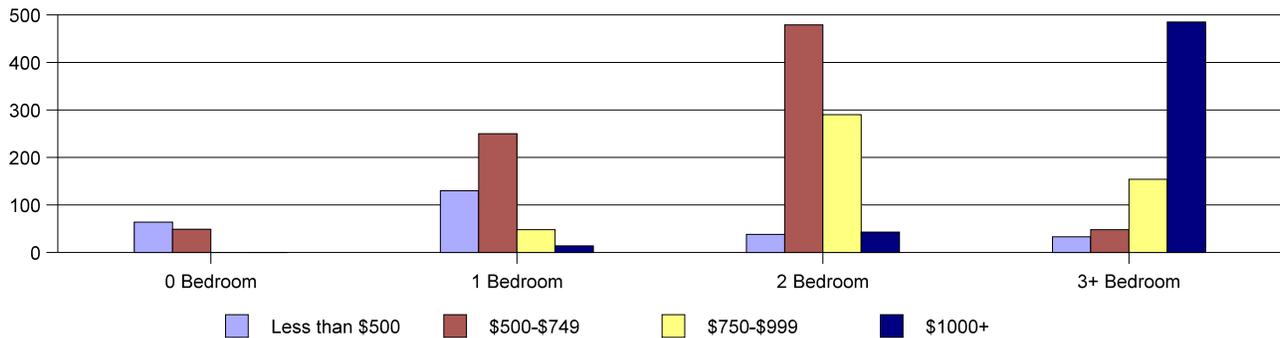
Table 20 Vermillion Rental Distribution by Bedrooms and Rent - 2019						
Unit Size	Rent less than \$500	Rent \$500 to \$749	Rent \$750 to \$999	Rent \$1,000+	No cash rent	Total Units
Efficiency/Studio	64	49	0	0	0	113/5.2%
1 Bedroom	130	250	48	14	0	442/20.4%
2 Bedroom	38	479	290	43	38	888/40.9%
3+ Bedroom	33	48	154	485	7	727/33.5%
Total	265	826	492	542	45	2,170

Source: American Community Survey



According to the American Community Survey, most of the rental housing units in Vermillion have two or more bedrooms. Two-bedroom rental units represented nearly 41% of all rental options in the City, while even larger units with three or more bedrooms accounted for nearly 34% of all rental housing. One-bedroom options represented more than 20% of the rental stock and efficiency/studio type units represented approximately 5% of the rental stock in 2019.

Vermillion Gross Rent Distribution by Bedroom Size - 2019



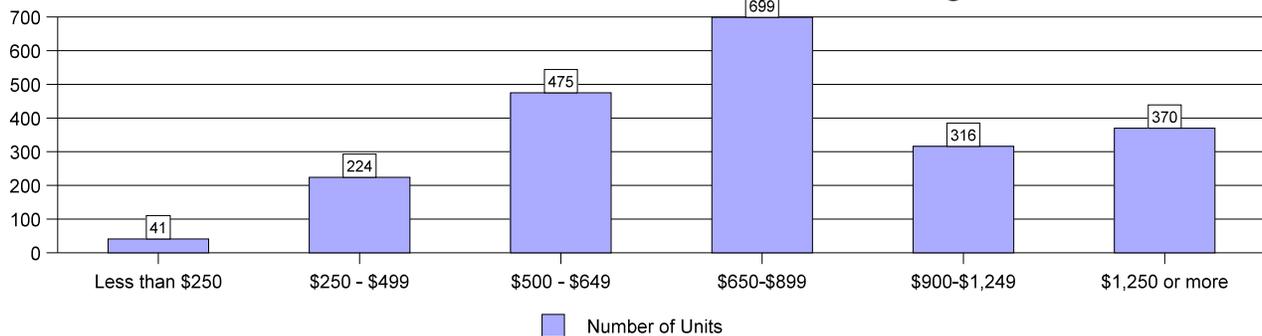
The American Community Survey also provided an estimate of the median gross rents in the City:

- ▶ \$740 median gross rent for all units in Vermillion
- ▶ \$493 for studio/efficiency units
- ▶ \$529 for one-bedrooms
- ▶ \$715 for two-bedrooms
- ▶ \$980 for three-bedrooms
- ▶ \$1,621 for four-bedrooms

The estimated median rent levels in 2019 were generally within a moderate range, especially for one and two-bedroom rental options. Rents increased substantially for larger units offering four or more bedrooms.

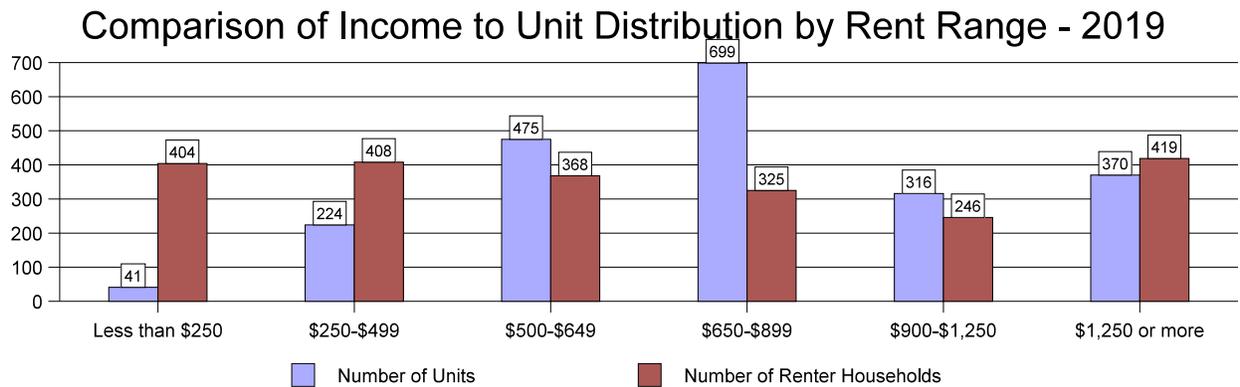
The median rents and rent distribution tables from the American Community Survey also do not differentiate between different segments of the market. Since all types of renter households are surveyed, the rent distribution should include subsidized units, tax credit units, and probably some specialized senior housing. However, the vast majority of units in Vermillion would represent conventional, market rate housing, including units oriented to the City’s large student population.

Vermillion Rental Unit Distribution by Rent Range - 2019



Using the overall distribution of gross monthly rents and renter households by income, presented earlier in this Study, it is possible to compare rents and income. The following chart displays the overall rent distribution within defined price ranges as estimated for all rental units in Vermillion.

This information is then compared to the number of renter households that would need a unit within this same basic price range, using a standard that 30% of income can be applied to housing costs.



Comparing supply and demand, based on the price needed versus unit distribution, shows some distinct patterns. First, there were more lower income households that need a unit priced less than \$500 than there were units available in 2019. However, this disparity may have been caused by student households, with limited incomes while attending the University.

In the \$500 to \$899 price range than there were many more units than households within these basic income ranges. The overall median gross rent level in Vermillion in 2019 was \$740 per month, and a large number of rental options in the City exist within these moderate price ranges.

The supply of units in the \$900 and higher price ranges was generally well matched to the number of renter households with an annual income of \$36,000 or higher in 2019. The conventional rental market has been able to produce new units in this price range in recent years, expanding the local supply.

Since 2019, some new conventional rental housing may have been added to the local inventory and may have expanded the supply in the higher price ranges.

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Building Permit Trends

The following table presents information on annual building permit reporting obtained from the City of Vermillion and the U.S. Census Bureau.

Table 21 Vermillion Housing Unit Construction: 2010 to 2021				
Year	Single Family Detached	Single Family Attached	Multifamily/ Apartments	Total Units
2021*	10	2	16	28
2020	14	4	40	58
2019	17	0	0	17
2018	10	0	243	253
2017	20	4	0	24
2016	27	8	0	35
2015	13	6	44	63
2014	12	3	25	40
2013	12	8	16	36
2012	18	0	46	64
2011	13	0	30	43
2010	15	0	20	35
TOTAL	181	35	480	696

Source: City of Vermillion; Census Bureau

Over the past 12 years, from 2010 through 2021, 696 new housing units were constructed in Vermillion based on building permit issuance and Census Bureau reporting. Of this total, 181 units were in traditional single family detached houses and 35 units were in attached single family structures, including twin homes and town houses. There were 480 units created in multifamily structures, presumed to be for rental use.

From 2010 through 2015 the City averaged 47 new housing units per year. From 2016 through 2021, this annual average increased to 69 units per year. Much of the increase over the past six years was due to the construction of 243 rental housing units that were permitted in 2018.

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 22 Housing Units, Occupancy and Vacancy - 2020									
	Total Housing Units			Occupied Units			Vacant Units		
	2010	2020	Change	2010	2020	Change	2010	2020	Change
Vermillion	4,043	4,631	588	3,811	4,226	415	232	405	173

Source: U.S. Census

- ▶ Comparing 2020 to 2010 Census housing totals, Vermillion added 588 housing units over the decade.
- ▶ On the previous page, annual building permits were reported. From 2010 through 2019, records indicate that approximately 610 new construction units were permitted, a number generally similar to the reported increase of 588 units in the City's housing stock over the decade.
- ▶ The City added 415 occupied housing units between 2010 and 2020, along with 173 vacant units. No further details have been released on the type of housing that was vacant in 2020.
- ▶ It is important to note that the vacancy data collected by the 2020 Census may have been impacted by the Covid pandemic. Some units may have been vacated by April 1, 2020, the effective date of the Census tabulation.

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 in Vermillion, the estimated median year of construction is 1972. More than 63% of all owner-occupancy houses in the City were constructed prior to 1980.

Median Year of Construction - Renter-occupancy Housing

For renter-occupancy units in Vermillion, the estimated median year of construction is 1980. Nearly 50% of all renter-occupancy units in the City were constructed prior to 1980.

Mobile Homes

According to the American Community Survey estimates there were 334 occupied mobile homes in the City of Vermillion in 2019. For the occupied mobile homes, 58% were listed as rental housing with the remaining 42% identified as owner-occupancy housing.

Housing Value Data

The American Community Survey includes information on housing values and costs.

For owner-occupied units in Vermillion, the estimated median home value was \$159,600 in 2019.

For all rental units, the estimated median gross rent in 2019 was \$740 per month, inclusive of tenant-paid utilities.

Existing Home Sales

This section examines houses that have been sold in Vermillion from 2016 through 2021. It is important to note that the number of houses that sell each year can vary and may not be an accurate indicator of overall home values in the City. However, this sample does provide some insight into those units that have turned-over during this time period.

The information was obtained from the South Dakota Department of Revenue website, based on sales reports submitted by the Clay County Equalization Office. The Equalization Office collects and utilizes information from residential sales for its annual sales ratio study. The County compares the actual sale price to the estimated taxable value for each property. As a result, the County information for sales primarily reflects existing homes that have an established tax value. 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 sorts the residential sales into different groupings, rejecting certain sales. The primary reason that sales are rejected is because the house was not actively listed for sale in the open market. Only the “good” sales have been used in the analysis that follows.

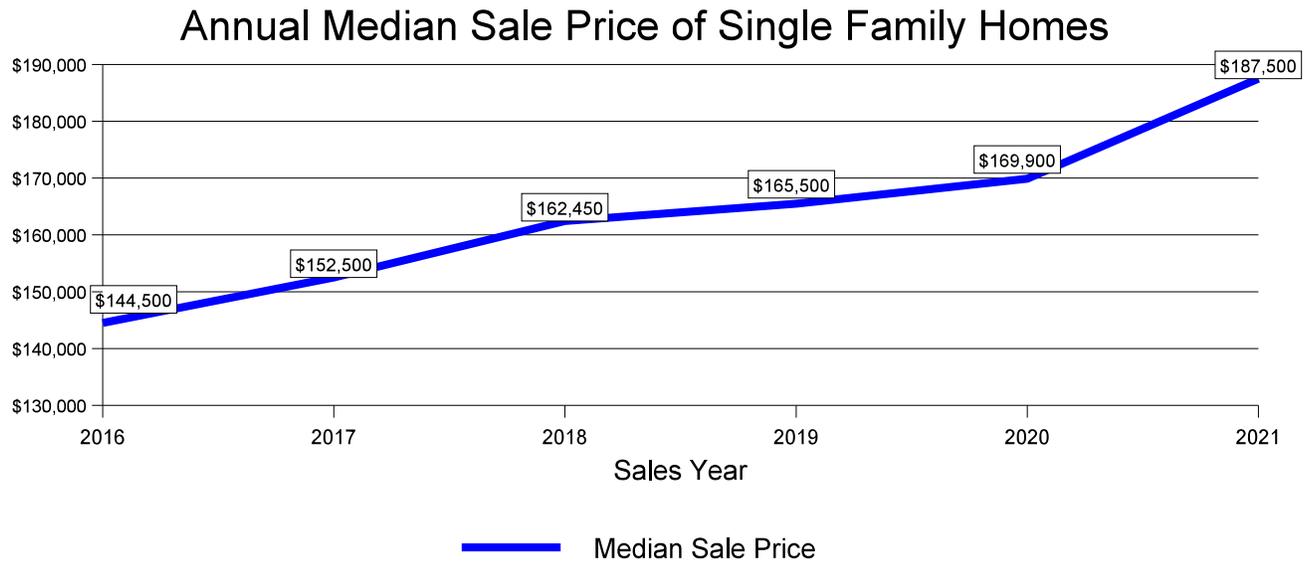
The County’s sale year differs slightly from a calendar year, and begins on November 1st and extends to October 31st.

Table 23 Median Value of Recent Residential Sales - 2016 to 2021

Year	Number of Sales	Median Sale Price	Highest Sale	Lowest Sale
2021	142	\$187,500	\$605,000	\$40,000
2020	109	\$169,900	\$500,000	\$55,000
2019	112	\$165,500	\$435,000	\$14,000
2018	138	\$162,450	\$725,000	\$16,000
2017	134	\$152,500	\$490,000	\$9,000
2016	150	\$144,500	\$465,000	\$24,000

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

As tracked by the median annual sales price, home values in Vermillion have been continually increasing over the past six years, with a rapid increase evident between 2020 and 2021. The median price for 2021, at \$187,500, had increased by approximately 10.4% from the 2020 median.



In each of the years reviewed at least one home has been sold for \$435,000 or more. There have also been some lower valued home sales, with at least one transaction for less than \$25,000 in four of the six years reviewed.

An alternate estimate of home values exists in the American Community Survey. In 2019, the estimated median value for all owner-occupied housing in Vermillion was \$159,600. This estimate was slightly lower than the median sale price recorded in 2019 of \$165,500.

Neighborhood Housing Condition Survey

Community Partners Research, Inc., representatives conducted a visual 'windshield' survey of 308 single family/duplex houses in a defined older neighborhood in Vermillion. Structures that appeared to contain more than two units were not rated.

The boundaries of the neighborhood are:

North - Dartmouth Street
 South - Main Street
 East - Dakota Street
 West - Carr/Franklin Street

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

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

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

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

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

Table 24 Windshield Survey Condition Estimate - 2021

	Sound	Minor Repair	Major Repair	Dilapidated	Total
Neighborhood	84 / 27.3%	130 / 42.2%	73 / 23.7%	21 / 6.8%	308

Source: Community Partners Research, Inc.

- ▶ The existing housing stock in the defined older neighborhood is generally in good condition, although most houses do need some level of repair. More than 27% of the houses in the neighborhood were rated as Sound, the highest rating used, but nearly 73% of the houses were rated in one of the lower condition categories.
- ▶ Approximately 42% of the houses were rated as Minor Repair.
- ▶ Nearly 24% of the houses were rated in the Major Repair category. These structures will generally require a significant investment in rehabilitation and repair to return to Sound condition.
- ▶ There were 21 houses, or nearly 7% of all rated structures, that were given the lowest condition rating of Dilapidated. It may not be economically feasible to rehabilitate these houses, and they may be candidates for demolition and clearance.

Mobile Home Condition Survey

Community Partners Research, Inc. representatives also viewed and rated 350 mobile homes in six mobile home parks in Vermillion. The same rating classifications were used as defined on the previous pages.

Table 25 Mobile Home Survey Condition Estimate - 2021					
	Sound	Minor Repair	Major Repair	Dilapidated	Total
Suburban	36 / 50.7%	11 / 15.5%	18 / 25.4%	6 / 8.4%	71
Suburban Estates	7 / 26.0%	9 / 33.3%	9 / 33.3%	2 / 7.4%	27
Vermillion MHP	3 / 23.1%	3 / 23.1%	5 / 38.4%	2 / 15.4%	13
Westgate/Cherrywood	67 / 39.9%	39 / 23.2%	36 / 21.4%	26 / 15.5%	168
Midwest	33 / 64.7%	16 / 31.4%	2 / 3.9%	0 / 0%	51
Plum Vista	3 / 15.0%	9 / 45.0%	6 / 30.0%	2 / 10%	20
Total	149/42.6%	87/24.9%	76/21.7%	38/10.8%	350

Source: Community Partners Research, Inc.

- ▶ Between 7% and 8% of all housing units in the City of Vermillion exist in mobile homes. Units in six mobile home parks in the City were viewed and rated.
- ▶ In Suburban Mobile Home Park nearly 51% of the units were rated as Sound, and more than 66% of all mobile homes were in one of the two highest condition categories. However, there were 18 units rated as needing Major Repair and 6 homes were rated as Dilapidated.
- ▶ In Suburban Estates, 26% of the units were rated as Sound, and more than 59% of all mobile homes were in one of the two highest condition categories. However, there were 9 units rated as needing Major Repair and 2 homes were rated as Dilapidated.
- ▶ In Vermillion Mobile Home Park approximately 23% of the units were rated as Sound, and approximately 46% of all mobile homes were in one of the two highest condition categories. Most units were in one of the lowest two condition categories with 5 units rated as needing Major Repair and 2 homes rated as Dilapidated.

- ▶ Westgate/Cherrywood is the largest mobile home park in Vermillion and contains nearly 50% of the City's mobile home inventory. Approximately 40% of the units in this park were rated as Sound, and approximately 63% were in one of the two highest condition categories. However, there were 36 units rated as needing Major Repair and 26 mobile homes rated as Dilapidated, the lowest condition used.
- ▶ Midwest Mobile Home Park had the largest percentage of Sound units within the six parks that were surveyed, with nearly 65% of the mobile homes rated in the highest condition category. Approximately 96% of all mobile homes were in one of the two highest condition categories, with only 2 units rated as needing Major Repair and no homes were rated as Dilapidated.
- ▶ In Plum Vista Mobile Home Park only 15% of the units were rated as Sound, the smallest percentage of the six parks in the City. However, 45% of all mobile homes were in the Minor Repair category, placing 60% of all units within one of the two highest condition categories. There were 6 units rated as needing Major Repair and 2 homes were rated as Dilapidated.
- ▶ In the combined six mobile home parks in Vermillion nearly 43% of the units were rated as Sound and nearly 25% were in the Minor Repair category. Citywide there were 76 of all mobile homes that were rated as needing Major Repair and 38 homes rated as Dilapidated and probably beyond the point of economically feasible rehabilitation.

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Student Population Data

Vermillion has a large population of post-secondary students, primarily attending the University of South Dakota (USD). 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 USD.

Student Populations in Vermillion - Census Bureau Data

The Census Bureau has two data sources that provide some insight into post-secondary students living in Vermillion.

The 2020 Census identified 2,257 people living in “group quarters University housing”. Although both Census data collection and reporting were impacted by the global pandemic, this student count should have reflected occupancy on April 1, 2020.

Based on the inventory of on-campus student housing at USD, the capacity would have been for approximately 2,361 students. This bed capacity appears to be very consistent with the Census student count. At the start of the fall 2019 term, there would have been a high rate of bed utilization. Throughout the academic year there would be some expected attrition. An occupancy rate of nearly 96% in April 2020 would therefore appear to be a reliable count of on-campus students.

Additional estimates of student populations exist in the annual American Community Survey, although the most recent data are for 2019. The American Community Survey is based on random sampling and does have a margin of error.

The American Community Survey estimated that there were 4,333 residents of Vermillion that were enrolled in college undergraduate or graduate/professional school programs in 2019. When compared to the total population estimate from this source, the post-secondary students represented approximately 40.3% of all Vermillion residents in 2019.

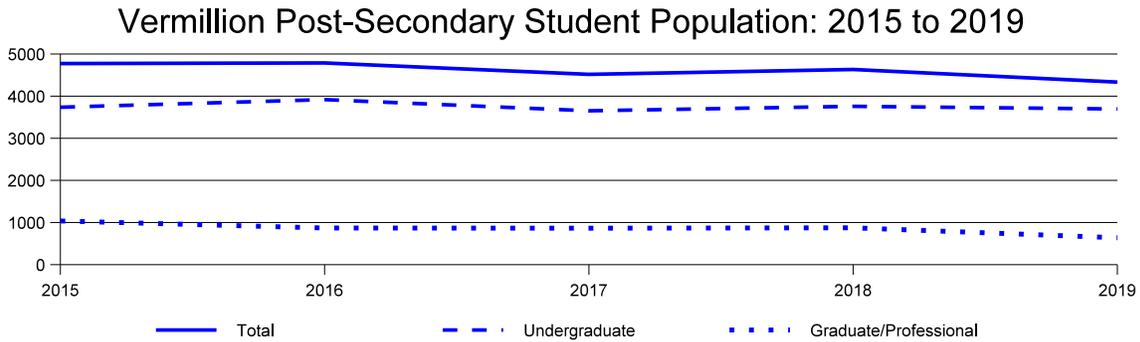
Some additional details were provided in the American Community Survey, including an estimate that 3,696 students were enrolled in undergraduate programs and 637 people were in graduate/professional schools.

Some age details were also included, with 3,937 of the post-secondary students in the age range between 18 and 24 years old. This “traditional student” age group represented nearly 91% of all post-secondary students living in Vermillion.

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

Table 26 ACS Post-Secondary Population Totals - 2015 to 2019					
Enrollment Status	2015	2016	2017	2018	2019
Undergraduate	3,737	3,918	3,652	3,758	3,696
Graduate/Professional	1,037	869	864	874	637
Total	4,774	4,787	4,516	4,632	4,333

Source: American Community Survey



Based on the American Community Survey estimates, there had been a gradual decrease in the number of post-secondary students living in Vermillion. Between 2015 and 2019, there was a decrease of 9.2% in the overall student count. Much of this reduction was due to fewer residents enrolled in graduate/professional programs.

University of South Dakota Data

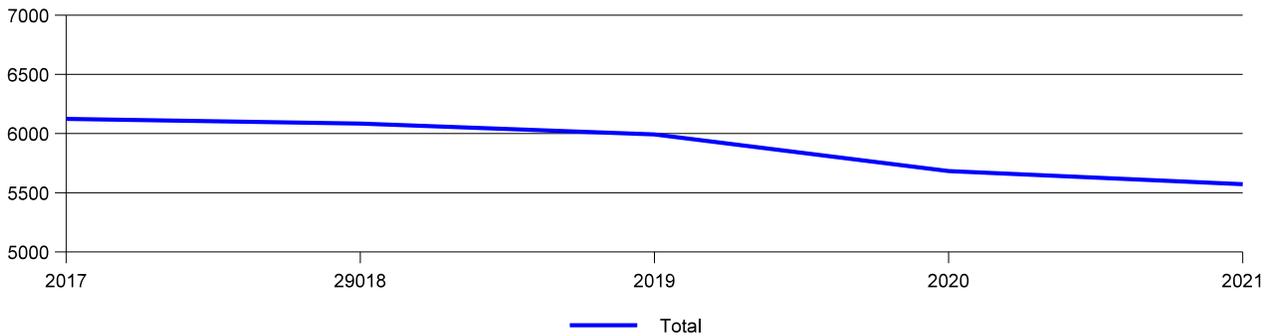
The Enrollment Dashboard on the USD website provides information on enrollment patterns for the past few years. The count is made in the fall, at the start of a new academic year, and includes both graduate and undergraduate students.

USD also offers classes at locations that are outside of Vermillion, including internet-based opportunities and remote campuses. The enrollment presented below is identified as “Students Taking a USD Main Campus Section”.

Table 27 USD Vermillion-based Enrollment - 2017 to 2021					
	2017	2018	2019	2020	2021
Enrollment	6,124	6,084	5,993	5,683	5,572

Source: University of South Dakota Enrollment Dashboard

Vermillion-based Fall Enrollment: 2017 to 2021



Over the past five years there has been a gradual but consistent decrease in the number of USD students taking classes in Vermillion. It should be noted, however, that some of the decrease between 2020 and 2021 may be related to the global pandemic.

If the fall term for 2021 is compared to fall 2017, there were 552 fewer students, for a decrease of 9% on the Vermillion campus.

USD does not produce enrollment projections. However, initial information for the fall 2022 academic term is pointing to stable or increasing enrollment, with indications of enrolling a larger freshman class. Admissions staff did acknowledge demographic projections that show a trend of declining high school graduation numbers in the region over the next few years.

Comparison of USD and ACS Data

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

In 2019, the enrollment total showed 5,993 students attending classes in Vermillion. The American Community Survey estimates showed 4,333 total post-secondary students living in Vermillion. This would imply that approximately 72% of the Vermillion-based students were also living in the City, including in on-campus housing options.

If this same calculation is applied to enrollment data for fall 2021, there were an estimated 4,029 post-secondary students living in the City.

On-Campus Student Housing

The University of South Dakota has multiple options for on-campus living, ranging from traditional dormitories to apartment units. There is a requirement that most undergraduate students live on-campus for their freshman and sophomore years, but some limited exceptions apply.

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

- ▶ Traditional Dormitories - 1,593 capacity
- ▶ Coyote Village Suites and Apartments - 533 capacity
- ▶ McFadden Apartments - 101 capacity
- ▶ Brookman Hall - 134 capacity

In total, there is capacity for 2,361 students to live in University housing options in 2022. However, in the fall of 2022, Brookman Hall will be demolished and the dorm beds will not be replaced. For the 2022/23 academic year the on-campus housing capacity will be reduced to 2,227 students.

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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. Estimates for 2019 do exist in the American Community Survey.

At the time of the 2010 U.S. Census, there were 2,190 occupied rental units and 126 unoccupied rental units in Vermillion, for a total estimated rental inventory of 2,316 units. The City's rental tenure rate in 2010 was 57.5%, significantly above the Statewide rental rate of 31.9%.

Rental Unit Construction in Vermillion

From 2010 to 2021, more than 460 rental units have been constructed in Vermillion. Over the past several years, from 2018 to 2021, 283 rental units have been constructed including:

- ▶ The Quarters - 169 units
- ▶ The Heights - 72 units
- ▶ Madison Park Townhomes II - 40 units

A high percentage of the tenants in The Quarters and The Heights are students. Madison Park Townhomes II is a tax credit project that provides a rental option for moderate income households.

With the rental units that have been constructed from 2010 to 2021, it is estimated that Vermillion has approximately 2,600 rental units. Factoring in the owner-occupied units that have been constructed from 2010 to 2021, it is estimated that in 2022 approximately 56% of all units in the City of Vermillion are intended for renter-occupancy.

Pending Rental Projects

We are not aware of any new rental projects that are currently in the planning phase. However, several developers and rental property owners have stated that they may construct additional rental units in the future.

Also, some level of tenure conversion is ongoing, as owner-occupancy homes are converted to rentals or vice versa.

Rental Housing Survey

As part of this housing study, a telephone survey was conducted of multifamily projects in the City of Vermillion. The survey was conducted during the months of January and February, 2022.

Emphasis was placed on contacting properties that have 12 or more units. For the purpose of planning additional projects in the future, multifamily properties represent the best comparison of market potential.

Multiple attempts were made to contact each building. Information was tallied separately for different types of rental housing, including conventional market rate units, tax credit/moderate rent units, subsidized housing, student and senior with services housing. All of the tax credit/moderate rent, subsidized and senior with services projects were surveyed. Also, we attempted to survey all of the market rate rental projects with 12 or more units and information was obtained on a high percentage of these projects.

There were 1,420 rental units of all types that were contacted in the survey. The 66-bed skilled nursing home was also surveyed. The units that were successfully contacted include:

- ▶ 1,158 conventional, market rate units
- ▶ 80 tax credit/moderate rent units
- ▶ 158 subsidized units for general occupancy
- ▶ 24 senior assisted living units

The findings of the survey by unit type are provided below.

Market Rate Summary

Usable information was obtained from 28 market rate rental projects. Combined, these projects have 1,158 conventional rental units. All of the units in the survey were multifamily buildings or town homes. We have included student housing in the market rate section. Many market rate projects reported a high percentage of student tenants. However, only one project reported that they were exclusively student housing. Therefore, student housing is included in the market rate section.

Unit Mix

We obtained unit size information on all of the 1,158 units from property owners/managers. The bedroom mix breakdown of the 1,158 units is as follows:

- ▶ Studio - 25 units (2.2%)
- ▶ One-bedroom - 250 units (21.6%)
- ▶ Two-bedroom - 567 units (49.0%)
- ▶ Three-bedroom - 273 units (23.5%)
- ▶ Four-bedroom - 43 units (3.7%)

Occupancy / Vacancy

At the time of the survey, there were 16 vacant multi-family market rate units in the 1,158 market rate rental units that were surveyed. This represents an overall vacancy rate of 1.4%. The property owners/managers reported excellent occupancy rates. A 3% to 5% vacancy rate is considered a healthy vacancy rate. Nine of the 28 multi-family projects surveyed, reported no vacancies.

Rental Rates

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

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

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

<u>Unit Type</u>	<u>Lowest/Highest Gross Rents</u>
Studio	\$450-\$550
One-bedroom	\$520-\$700
Two-bedroom	\$650-\$950
Three-bedroom	\$900-\$1,450

In addition to the above rent ranges, several projects that were surveyed have targeted the student market and rent units by the bedroom. The per bedroom monthly rents in these projects range from \$435 to \$620.

Student Tenants in Market Rate Housing

Many of the market rate units that were surveyed have a significant number of student tenants. Three of the rental property management companies that provided information for this Study estimated that more than 70% of the units that are in their management portfolios are occupied by students. Several projects have the location, rent structure and amenities to specifically target the student market.

Tax Credit/Moderate Rent Summary

There are two rental projects in Vermillion with a total 80 units that have received an allocation of low income housing tax credits and provide affordable rental housing.

In South Dakota, tax credits are awarded annually on a competitive basis. Two rental projects have received a tax credit award. Madison Park Townhomes I used tax credits for the construction of 40 town home-style units in 2013. Madison Park Townhomes II opened in 2020, with 40 additional units. All units in Madison Park Townhomes I and II serve households at or below 60% of the median income level, with some units set-aside for households at 40% or 50% of the median income level.

Several other rental projects in Vermillion have received low income tax credits over the past 30 years. However, these projects also received another source of funding such as USDA Rural Development funds. Therefore, these projects are included in the following subsidized section or have converted to market rate housing and were included in the previous market rate section.

Unit Mix

The following unit breakdown of the 80 tax credit units is based on the specific information obtained from the property manager:

- ▶ Two-bedroom - 45 units (56.3%)
- ▶ Three-bedroom - 35 units (43.7%)

Tax credit housing is often oriented to working-age families, and most units tend to have two or more bedrooms.

Occupancy / Vacancy

At the time of the survey, there were no vacant units in the 80 tax credit units. The property manager reported high occupancy rates on an ongoing basis and high demand for the units. The projects have waiting lists.

Rental Rates

The tax credit program has maximum rent limits that are set as part of the financial assistance package. The rents in Madison Park Townhomes I are \$682 for a two-bedroom unit and \$791 for a three-bedroom unit. The rents in Madison Park Townhomes II are \$1,018 for a two-bedroom unit and \$1,138 for a three-bedroom unit.

Subsidized Summary

The research completed for this Study surveyed the six federally subsidized projects in Vermillion that provide rental opportunities for lower income households. These projects have a combined 158 subsidized units. Three projects with 76 units are family/general occupancy and three projects with 82 units is senior housing. The subsidized projects were developed with HUD Section 8 assistance or USDA Rural Development assistance, and some projects also included low income housing tax credits.

The six subsidized rental projects in Vermillion include:

- ▶ **Riverwood Apartments** - Riverwood Apartments is a 24-unit USDA Rural Development general occupancy project. The 24 units include six one-bedroom and 18 two-bedroom units.
- ▶ **Parkwood Apartments** - Parkwood Apartments is a 24-unit HUD/Section 8 general occupancy project. The 24 units include six one and 18 two-bedroom units.
- ▶ **Oakwood Apartments** - Oakwood Apartments is a 28-unit HUD Section 8 general occupancy project. The 28 units include 24 two-bedroom units and four three-bedroom units.
- ▶ **River Court Apartments** - River Court Apartments is a 12-unit senior USDA Rural Development project. The 12 units include eight one-bedroom and four two-bedroom units.
- ▶ **Town Square Apartments I** - Town Square Apartments I is a 30-unit Section 8/Tax Credit project for senior occupancy. All of the units are one-bedroom.
- ▶ **Town Square Apartments II** - Town Square Apartments II is a 40-unit Section 8/Tax Credit senior project. There are 36 one-bedroom units and four two-bedroom units.

Rental Rates

The subsidized units have access to project-based rent assistance. These units charge rent based on 30% of the tenant's household income. The subsidized projects have a market rent and tenants do not pay more than the market rent.

Unit Mix

The bedroom mix breakdown for the 158 subsidized units in Vermillion is as follows:

- ▶ One-bedroom - 86 (54.4%)
- ▶ Two-bedroom - 68 (43.1%)
- ▶ Three-bedroom - 4 (2.5%)
- ▶ Total - 158

Occupancy / Vacancy

There were 13 vacant units identified in the 158 subsidized units, for an 8.2% vacancy rate. At the time of the survey, Parkwood Apartments had five vacancies, Oakwood Apartments had four vacancies, Town Square Apartments II had two vacancies and Riverwood and River Court Apartments each had one vacancy.

Subsidized Housing Gains/Losses

Federal subsidy sources for low income rental housing have been very limited for the past few decades. Most subsidized projects were constructed in the 1960s, 1970s, 1980s and early 1990s. Some of these older projects may have completed their compliance requirements and have the opportunity to leave their subsidy program and convert to conventional rental housing. In communities with low vacancy rates, private property owners may have an incentive to convert subsidized units to conventional housing. The research for this Study identified five subsidized projects that have left its subsidy program in recent years and converted to market rate. These five projects have a total of 100 units. These projects are:

- ▶ Dakota View I - 24 units
- ▶ Dakota View II - 24 units
- ▶ River Court Apartments - 12 units
- ▶ Cressman Apartments - 16 units
- ▶ Applewood Apartments - 24 units

Tenant-Based Housing Choice Vouchers

There are also tenant-based rent assistance Housing Choice Vouchers available for Vermillion and Clay County tenants. The Voucher Program is administered by the Vermillion Housing and Redevelopment Commission. 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.

In January 2022, there were approximately 150 renter households receiving Voucher assistance in Vermillion and Clay County. A significant majority of these households live in Vermillion. 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.

The waiting list for the Housing Choice Voucher is approximately three to four months.

Senior Housing with Services Summary

There are two projects in Vermillion that provide senior housing with services:

- ▶ **Dakota Gardens** - Dakota Gardens is a 24-room assisted living facility that is part of the Sanford Health campus. There are 20 single rooms and four double rooms, thus, the facility has a 28-resident capacity. The facility provides the full array of senior services, including meals, bathing, laundry, medication management, etc. There were several vacant beds at the time of the survey.
- ▶ **Sanford Health Care Center** - Sanford Health Care Center is a 66-bed skilled nursing facility. Twelve beds are designated for memory care residents. There were several vacant beds at the time of the survey.

Housing for People with Disabilities

Sesdac (Services and Support for People with Disabilities) manages three rental housing projects for people with disabilities with a total of 30 units. The rental projects include:

- ▶ **Franklin St. Apartments** - Franklin St. Apartments is a 14-unit project. All of the units are one-bedroom. The project was developed with USDA Rural Development funds.
- ▶ **Monroe House** - Monroe House is a six-unit project. All of the units are one-bedroom. The project was developed with SDHDA Neighborhood Revitalization funds. The units were fully occupied at the time of the survey.
- ▶ **Walnut St. Apartments** - Walnut St. Apartments is a 10-unit project. All of the units are one-bedroom. The project was developed with HUD Section 8 funds. The units were fully occupied at the time of the survey.

Table 28 Vermillion Multifamily Rental Housing Inventory

Name	Number of Units /Bedroom Mix	Rent	Vacancy/ Wait List	Tenant Mix	Comments
Market Rate					
Campus Crossing Apartments	<u>12 - 3 bedroom</u> 12 total units	\$1,125	No vacancies	General occupancy	Campus Crossing Apartments is a 12-unit general occupancy market rate project that was constructed in 2008 and 2009. All of the units are three-bedroom. The rent is \$1,125. There were no vacancies at the time of the survey.
Countryside Apartments	<u>24 - 3 bedroom</u> 24 total units	\$1,170	No vacancies	General occupancy	Countryside Apartments is a 24-unit market rate general occupancy project that was constructed in 2014 and 2017. All of the units are three-bedroom. The rent is \$1,170. The manager reported that there were no vacancies at the time of the survey.
Hazel Heights	36 - 1 bedroom 29 - 2 bedroom <u>1 - 3 bedroom</u> 66 total units	\$630 \$815 \$967	No vacancies	General occupancy	Hazel Heights is a 66-unit market rate project constructed in 2008, 2014 and 2015. There are 36 one-bedroom, 29 two-bedroom units and one three-bedroom unit. Rent ranges from \$630 to \$967. The manager reported no vacancies at the time of the survey.
Saracen Court Apartments	44 - 1 bedroom <u>48 - 2 bedroom</u> 92 total units	\$510 \$610	Several vacancies	General occupancy	Saracen Court Apartments is a 92-unit market rate general occupancy project. There are 44 one-bedroom and 48 two-bedroom units. Rent is \$510 for a one-bedroom unit and \$610 for a two-bedroom unit. Tenants also pay heat and electricity. The manager reported that there were several vacancies at the time of the survey.
Lamplighter Apartments	23 - studio 12 - 1 bedroom <u>3 - 2 bedroom</u> 38 total units	\$395 \$475-\$525 \$525-\$800	1 studio vacancy	General occupancy	Lamplighter Apartments includes 38 market rate general occupancy units. Three of the units are mobile homes. There are 23 studio, 12 one-bedroom and three two-bedroom units. The one and two-bedroom units have a rent range based on unit type and size. The utilities that tenants pay also vary. Approximately 70% of the tenants are students. The manager reported one vacant studio unit at the time of the survey.

Table 28 Vermillion Multifamily Rental Housing Inventory

Name	Number of Units /Bedroom Mix	Rent	Vacancy/ Wait List	Tenant Mix	Comments
Market Rate					
Adams/ Prentis Apartments	2 - studio <u>14 - 2 bedroom</u> 16 total units	\$475 \$650	88% occupancy	General occupancy	Adams/Prentis Apartments is a 16-unit market rate general occupancy project constructed in 1963. There are two studio and 14 two-bedroom units. Rent is \$475 for a studio and \$650 for a two-bedroom unit. The project had an 88% occupancy rate at the time of the survey.
Adams Street Apartments	<u>12 - 3 bedroom</u> 12 total units	\$850	No vacancies	General occupancy	Adams Street Apartments is a 12-unit general occupancy market rate project. All of the units are three-bedroom. Rent is \$850 and includes utilities. One unit was vacant at the time of the survey, but the vacancy was due to remodeling.
Applewood Apartments	12 -1 bedroom <u>12 - 2 bedroom</u> 24 total units	Not provided	No vacancies	General occupancy	Applewood Apartments is a 24-unit market rate general occupancy project. There are 12 one-bedroom and 12 two-bedroom units. The project was a USDA Rural Development/Tax credit project, but has converted from subsidized to market rate. The manager did not provide rent information. At the time of the survey, the project had no vacancies.
Austree Apartments	3 - 1 bedroom <u>19 - 2 bedroom</u> 22 total units	\$510 \$610	No vacancies	General occupancy	Austree Apartments is a 22-unit market rate general occupancy project. There are three one-bedroom and 19 two-bedroom units. Rent is \$510 for a one-bedroom unit and \$610 for a two-bedroom unit. Tenants also pay electricity. At the time of the survey, the manager reported no vacancies.
Cherry Lane Apartments	24 - 1 bedroom <u>24 - 2 bedroom</u> 48 total units	\$560 \$715	98% occupancy	General occupancy	Cherry Lane Apartments is a 48-unit market rate general occupancy project constructed in 1965. There are 24 one-bedroom and 24 two-bedroom units. Rent is \$560 for a one-bedroom unit. The manager reported a 98% occupancy rate at the time of the survey.

Table 28 Vermillion Multifamily Rental Housing Inventory

Name	Number of Units /Bedroom Mix	Rent	Vacancy/ Wait List	Tenant Mix	Comments
Market Rate					
Clark's Landing	<u>46 - 3 bedroom</u> 46 total units	\$1,185 \$395 per person	No vacancies	General occupancy - primarily students	Clark's Landing is a 46-unit market rate general occupancy project. The units are in six buildings. All of the units are three-bedroom, three-bath. Rent is \$1,185/\$395 per person. Tenants also pay gas, electricity and water. The tenants are primarily students. At the time of the study, the manager reported no vacancies. The six buildings were constructed from 2010 to 2014.
Cottonwood Apartments	<u>12 - 3 bedroom</u> 12 total units	\$800-\$850	No vacancies	General occupancy	Cottonwood Apartments is a 12-unit general occupancy market rate project. All of the units are three-bedroom. Rents range from \$800 to \$850. Tenants also pay utilities. There were no vacancies at the time of the survey.
Cressman Court Apartments	<u>8 - 1 bedroom</u> <u>8 - 2 bedroom</u> 16 total units	\$595 \$695	No vacancies	General occupancy	Cressman Court Apartments is a 16-unit market rate general occupancy project that was previously a HUD Section 8 project. There are eight one-bedroom and eight two-bedroom units. The rent for a one-bedroom unit is \$595 and includes utilities. The rent for a two-bedroom unit is \$695 plus electric. The manager reported no vacancies at the time of the survey.
Elm Street Apartments	<u>48 - 2 bedroom</u> 48 total units	\$600	1 vacancy	General occupancy	Elm Street Apartments is a 48-unit general occupancy market rate project. All of the units are two-bedroom and are in four 12-plexes. Rent is \$600 and tenants pay electricity. Approximately 70% of the tenants are students. The manager reported one vacancy at the time of the survey. Elm St. Apartments was a subsidized HUD HOME project, but has converted to market.
110 Forest Ave	<u>12 - 2 bedroom</u> <u>6 - 3 bedroom</u> 18 total units	\$650 \$850	No vacancies	General occupancy	110 Forest Ave. is an 18-unit general occupancy market rate project. There are 12 two-bedroom and six three-bedroom units. Rents are \$650 for a two-bedroom and \$850 for a three-bedroom. Tenants also pay utilities. The manager reported no vacancies at the time of the survey.

Table 28 Vermillion Multifamily Rental Housing Inventory

Name	Number of Units /Bedroom Mix	Rent	Vacancy/ Wait List	Tenant Mix	Comments
Market Rate					
Harvard House	<u>12 - 2 bedroom</u> 12 total units	\$600	No vacancies	General occupancy	Harvard House is a 12-unit general occupancy market rate project. All of the units are two-bedroom. Rent is \$600 plus heat and electric. The manager reported no vacancies at the time of the survey.
The Heights	1 bedroom 2 bedroom 3 bedroom <u>4 bedroom</u> 74 total units	\$950 \$455-\$550 per bedroom	2 vacant units/ several vacant bedrooms	Primarily students	The Heights is a 74-unit student housing project constructed in 2019. There are one, two, three and four-bedroom units. The units are furnished. Rent ranges from \$980 for a one-bedroom unit to \$450 to \$550/bedroom a two, three or four-bedroom units. Tenants also pay utilities. The facility includes amenities such as a pool and workout facility. At the time of the survey, the manager reported two vacant four-bedroom units and several vacant bedrooms.
Hidden Acres Apartments	<u>12 - 1 bedroom</u> 12 total units	\$450	No vacancies	General occupancy	Hidden Acre Apartments is a 12-unit general occupancy market rate project. All of the units are one-bedroom. Rent is \$450 plus heat and electricity. The manager reported no vacancies at the time of the survey.
Madison Court & Madison Heights	6 - 1 bedroom 10 - 2 bedroom <u>8 - 3 bedroom</u> 24 total units	\$625-\$695 \$730-\$930 \$1,215	No vacancies	General occupancy	Madison Court and Madison Heights includes 24 units in two 12-plexes. There are six one-bedroom, 10 two-bedroom and eight three-bedroom units. There is a rent range for one and two-bedroom units as there is a variation in unit sq. ft., type of garage, etc. Tenants pay all utilities. The manager reported no vacancies at the time of the survey.
Marble Arch Lincoln Apartments	24 - 1 bedroom <u>12 - 2 bedroom</u> 36 total units	\$420 \$550	Two vacancies	General occupancy	Marble Arch Lincoln Apartments is a 36-unit market rate general occupancy project. There are 24 one-bedroom and 12 two-bedroom units. Rents average \$420 for a one-bedroom unit and \$550 for a two-bedroom unit. Tenants also pay utilities. There were two vacancies at the time of the survey.

Table 28 Vermillion Multifamily Rental Housing Inventory

Name	Number of Units /Bedroom Mix	Rent	Vacancy/ Wait List	Tenant Mix	Comments
Market Rate					
Plum Villa Apartments	<u>60 - 2 bedroom</u> 60 total units	\$550-\$785 (lower rate is single occupancy)	No vacancies	General occupancy	Plum Villa Apartments is a 60-unit market rate general occupancy project. Rent ranges from \$550 to \$785 plus utilities. Some of the units have one tenant and pay a lower rate. The majority of the tenants are students. The manager reported no vacancies at the time of the survey.
Quarters Apartments	45 - 2 bedroom 90 - 3 bedroom <u>34 - 4 bedroom</u> 169 total units	\$510 \$435-\$535 \$450 (rent is per bedroom)	5 vacant bedrooms - no totally vacant units	General occupancy	Quarters Apartments is a market rate general occupancy 169-unit project. The project was constructed in 2019. There are 45 two-bedroom, 90 three-bedroom and 34 four-bedroom units. The units have multiple bathrooms and other amenities. The project also has amenities including a pool and workout facility. Units are rented by the bedroom, thus, the stated rents are the per bedroom rents. The majority of the tenants are students. At the time of the survey, there were no totally vacant units, but five vacant bedrooms in several units.
River Court Townhomes	<u>12 - 3 bedroom</u> 12 total units	\$900	No vacancies	General occupancy	River Court Townhomes is a 12-unit general occupancy market rate project. All of the units are three-bedroom. Rent is \$900 and tenants also pay water and sewer. At the time of the survey, there were no vacancies.
Sprucewood Apartments	62 - 2 bedroom <u>2 - 3 bedroom</u> 64 total units	\$625 \$695	No vacancies	Primarily students	Sprucewood Apartments is a 64-unit market rate project. There are 62 two-bedroom units. The tenants are primarily students. The rent ranges from \$625 to \$695. The tenants also pay all utilities. Sixteen units are new units, thus, these units have the higher rents. The manager reported no vacancies at the time of the survey.
Stacy K's Apartments 214 Bower	12 - 2 bedroom <u>12 - 3 bedroom</u> 24 total units	\$700 \$900	No vacancies	General occupancy	Stacy K's Apartments is a 24-unit market rate general occupancy project. There are 12 two-bedroom and 12 three-bedroom units. Rent is \$700 for a two-bedroom unit and \$900 for a three-bedroom unit. Tenants also pay heat and electricity. The manager reported no vacancies at the time of the survey.

Table 28 Vermillion Multifamily Rental Housing Inventory

Name	Number of Units /Bedroom Mix	Rent	Vacancy/ Wait List	Tenant Mix	Comments
Market Rate					
Stringfellow Apartments	48 - 1 bedroom 12 - 1 bdrm large <u>24 - 2 bedroom</u> 84 total units	\$510 \$575 \$650	1 vacancy	General occupancy	Stringfellow Apartments is an 84-unit market rate general occupancy project. There are 48 one-bedroom units, 12 large one-bedroom units and 24 two-bedroom units. Tenants pay electricity in addition to rent. Approximately 70% of the tenants are students and faculty. The manager reported 1 one-bedroom vacancy at the time of the survey.
Sunset Apartments	<u>32 - 2 bedroom</u> 32 total units	\$675	No vacancies	General occupancy	Sunset Apartments is a 32-unit market rate general occupancy project. All of the units are two-bedroom. Rent is \$675 plus all utilities. The manager reported no vacancies at the time of the survey.
Sycamore Apartments	52 - 2 bedroom <u>8 - 3 bedroom</u> 60 total units	\$650 \$770	97% occupancy	General occupancy	Sycamore Apartments is a 60-unit market rate general occupancy project constructed in 1965 and 1966. There are 52 two-bedroom and eight three-bedroom units. Rent is \$650 for a two-bedroom unit and \$770 for a three-bedroom unit. The manager reported a 97% occupancy rate.

Table 28 Vermillion Multifamily Rental Housing Inventory

Name	Number of Units /Bedroom Mix	Rent	Vacancy/ Wait List	Tenant Mix	Comments
Tax Credit/Moderate Rent					
Madison Park Townhomes I	20 - 2 bedroom <u>20 - 3 bedroom</u> 40 total units	\$682 \$791	No vacancies, waiting list	General occupancy	Madison Park Townhomes I is a 40-unit tax credit project constructed in 2013. There are 20 two-bedroom and 20 three-bedroom units. Tenants must meet income limits. Rent is \$682 for a two-bedroom unit and \$791 for a three-bedroom unit. Tenants also pay heat and electricity. Students can rent a unit if they meet income limits. At the time of the survey, there were no vacancies and there is a waiting list.
Madison Park Townhomes II	25 - 2 bedroom <u>15 - 3 bedroom</u> 40 total units	\$1018 \$1138	No vacancies, waiting list	General occupancy	Madison Park Townhomes II is a 40-unit tax credit project constructed in 2020. There are 25 two-bedroom and 15 three-bedroom units. Tenants must meet income limits. Rent is \$1,018 for a two-bedroom unit and \$1,138 for a three-bedroom unit. Tenants also pay heat and electricity. Students can rent a unit if they meet income limits. At the time of the survey, there were no vacancies and there is a waiting list.

Table 28 Vermillion Multifamily Rental Housing Inventory

Name	Number of Units /Bedroom Mix	Rent	Vacancy/ Wait List	Tenant Mix	Comments
Subsidized - Senior/Disabled Occupancy					
River Court Apartments	8 - 1 bedroom 4 - 2 bedroom 12 total units	\$575 \$610 30% of income	1 vacancy	Senior designated	River Court Apartments is a 12-unit Senior USDA Rural Development project. Tenants pay 30% of their income up to the market rent. The project has eight one-bedroom and four two-bedroom units. The manager reported one vacancy at the time of the survey.
Town Square I Apartments	30 - 1 bedroom 30 total units	\$854 30% of income	No vacancies	Senior designated	Town Square I Apartments is a Section 8/Tax Credit 30-unit project. All of the units are one-bedroom. Tenants must meet income requirements and pay 30% of their income for rent up to the market rent of \$854. The manager reported no vacancies at the time of the survey.
Town Square II Apartments	36 - 1 bedroom 4 - 2 bedroom 40 total units	\$848 \$953 30% of income	2 vacancies	Senior designated	Town Square II Apartments is a 40-unit Section 8/Tax Credit project. There are 36 one-bedroom and four two-bedroom units. Tenants must meet income requirements and pay 30% of their income up to the market rent. The manager reported two vacancies at the time of the survey.

Table 28 Vermillion Multifamily Rental Housing Inventory					
Name	Number of Units /Bedroom Mix	Rent	Vacancy/ Wait List	Tenant Mix	Comments
Subsidized - General Occupancy					
Oakwood Apartments	24 - 2 bedroom <u>4 - 3 bedroom</u> 28 total units	\$786 \$996 30% of income	4 vacancies	General occupancy	Oakwood Apartments is a 28-unit subsidized HUD Section 8 project. There are 24 two-bedroom and four three-bedroom units. Tenants pay 30% of their income up to the market rent. The manager reported four vacancies at the time of the survey and there typically are vacancies.
Parkwood Apartments	6 - 1 bedroom <u>18 - 2 bedroom</u> 24 total units	\$837 \$910 30% of income	5 vacancies	General occupancy	Parkwood Apartments is a 24-unit general occupancy USDA Rural Development/Tax Credit project. There are six one-bedroom and 18 two-bedroom units. Tenants pay 30% of their income up to the market rent. The manager reported five vacancies at the time of the survey.
Riverwood Apartments	6 - 1 bedroom <u>18 - 2 bedroom</u> 24 total units	\$805 \$900 30% of income	1 vacancy	General occupancy	Riverwood Apartments is a 24-unit USDA Rural Development general occupancy project. There are six one-bedroom units and 18 two-bedroom units. The project was constructed in 1996. Tenants pay 30% of their income up to the market rent. The manager reported one vacancy at the time of the survey.

Table 28 Vermillion Multifamily Rental Housing Inventory

Name	Number of Units /Bedroom Mix	Rent	Vacancy/ Wait List	Tenant Mix	Comments
Senior Housing with Services					
Dakota Gardens Sanford Health	20 - single rooms <u>4 - double rooms</u> 24 total	Based on level of services and room type	Several vacant rooms	Assisted Living Center	Dakota Gardens is an assisted living facility that provides the full array of senior services including bathing, meals, laundry, medication management, etc. The facility has 24 rooms, 20 singles and 4 doubles. There were several vacant rooms/beds at the time of the survey.
Sanford Care Center	66 resident capacity	Based on level of services	Several vacant units	Skilled nursing home	Sanford Care Center is a 66-bed skilled nursing facility. Twelve of the beds are designated for memory care residents. At the time of the survey, there were several vacant beds.
Housing for people with disabilities					
Franklin Street Homes	<u>14 - 1 bedroom</u> 14 total units	N/A	No vacancies	People with disabilities	Franklin Street Homes is a 14-unit USDA Rural Development project for people with disabilities. All 14 units are one-bedroom. Tenants receive rental assistance. The units were fully occupied at the time of the survey.
Monroe House	<u>6 - 1 bedroom</u> 6 total units	N/A	No vacancies	People with disabilities	Monroe House is a six-unit project for people with disabilities. All of the units are one-bedroom. The project was constructed utilizing SDHDA Neighborhood Stabilization Program funds. The units were totally occupied at the time of the survey.
Walnut Street Apartments	<u>10 - 1 bedroom</u> 10 total units	N/A	No vacancies	People with disabilities	Walnut Street Apartments is a 10-unit project for people with disabilities. All of the units are one-bedroom. The project was constructed utilizing HUD Section 8 funds. The units were totally occupied at the time of the study.

Source: Community Partners Research, Inc.

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Employment and Local Economic Trends Analysis

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

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

The City of Vermillion and the Vermillion Area Chamber and Development Company have been aggressively pursuing economic development and job growth. While working on attracting new business to the area, the City has also worked with existing businesses to facilitate job expansion.

Labor Force and Unemployment

Employment information is available at the County level. The labor force statistics in the tables below track people by place of residence, rather than place of employment.

Table 29 Clay County Average Annual Labor Statistics: 2010 to 2021						
Year	Labor Force	Employed	Unemployed	Unemployment Rate - County	Unemployment Rate - SD	Unemployment Rate - US
2010	7,427	7,117	310	4.2%	5.0%	9.6%
2011	7,568	7,270	298	3.9%	4.6%	8.9%
2012	7,507	7,235	272	3.6%	4.1%	8.1%
2013	7,132	6,874	258	3.6%	3.7%	7.4%
2014	7,138	6,898	240	3.4%	3.3%	6.2%
2015	7,055	6,842	213	3.0%	3.0%	5.3%
2016	7,023	6,810	213	3.0%	3.0%	4.9%
2017	7,135	6,916	219	3.1%	3.1%	4.4%
2018	7,248	7,049	199	2.7%	2.9%	3.9%
2019	7,414	7,190	224	3.0%	3.0%	3.7%
2020	7,157	6,834	323	4.5%	4.6%	8.1%
2021	7,223	7,023	200	2.8%	2.8%	5.3%

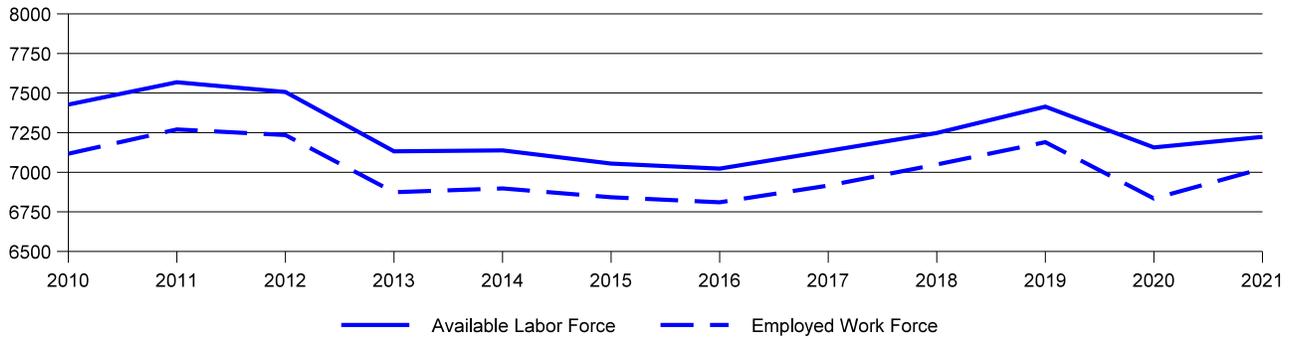
Source: South Dakota Department of Labor & Regulation - Not seasonally adjusted

For the first half of the last decade Vermillion had experienced some decrease in the available labor force. However, in the years immediately preceding the pandemic, the County’s labor force had generally been growing, and most of the prior loss had been recovered. If 2019 is compared to 2010, the Clay County labor force had decreased by only 13 people.

The County’s labor force then decreased again between 2019 and 2020, presumably due to the global pandemic. However, some of this loss was then recovered between 2020 and 2021.

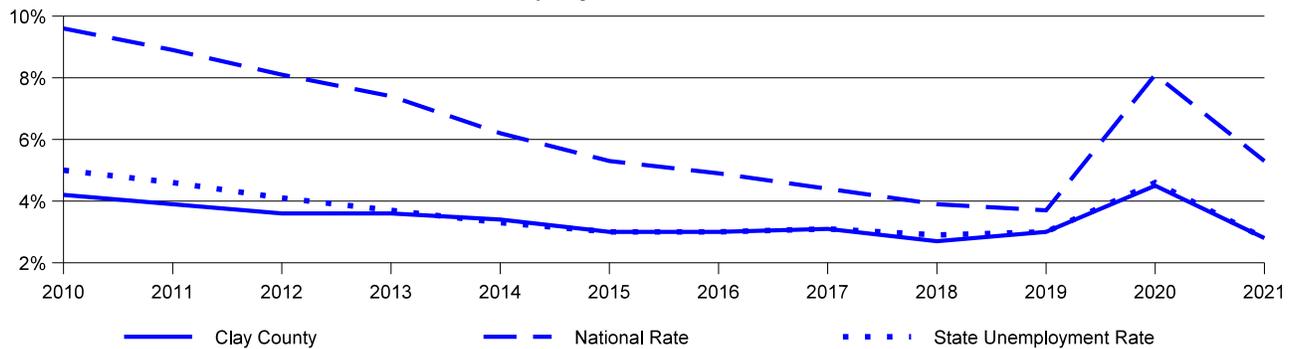
The County’s work force has generally followed a similar pattern, with a decrease of employed County residents, followed by an increase until the start of the pandemic.

Clay County Labor Force and Employed Work Force



If 2019 is compared to 2010, the County had added 73 employed residents. The employed work force then decreased between 2019 and 2020, before recovering some of this loss between 2020 and 2021.

Annual Unemployment Rate: 2010 to 2021



Throughout the time period reviewed, the unemployment rate in Clay County has remained well below the national rate, and has generally been similar to the rate for all of South Dakota. The Covid pandemic in 2020 did cause a spike in the County’s unemployment rate, but by 2021, the rate had dropped again to only 2.8%.

Employment and Wages by Industry Sector

The following table shows the annual employment and average annual wages by major employment sector in 2020, the last full year of data. Covered employment and wages are based on the location of the job, not the residency of the worker. This information is for all of Clay County. It is important to note that the major employment sectors listed do not represent all employment in the County.

Please note that the industry sector details in the following table only display information for private employers. No similar information could be obtained from this source on public or government employers. However, the total for all industries does include both public and private employment.

Table 30 Clay County Average Wages by Industry Detail: 2020		
Industry	Employment	Average Weekly Wage
Total All Industry	5,643	\$810
Natural Resources, Mining	19	\$814
Construction	159	\$848
Manufacturing	220	\$1,052
Trade, Transportation, Utilities	1,046	\$667
Information	17	\$860
Financial Activities	157	\$1,103
Professional and Business Services	208	\$840
Education and Health Services	644	\$779
Leisure and Hospitality	742	\$269
Other Services	87	\$683

Source: South Dakota Department of Labor & Regulation

The average weekly wage for all industry (both private and public) in 2020 was \$810. At full-time employment this would yield an average annual wage of \$42,120.

The highest paying private industry sector was Financial Activities, with an annual weekly wage above \$1,100. At full-time employment this sector would have annual wages of above \$57,350.

The private industry sector with the largest number of employees was Trade, Transportation and Utilities. The average annual wage for this sector was approximately \$34,700.

The lowest paying wage sector was Leisure and Hospitality, with an average annual wage of approximately \$14,000.

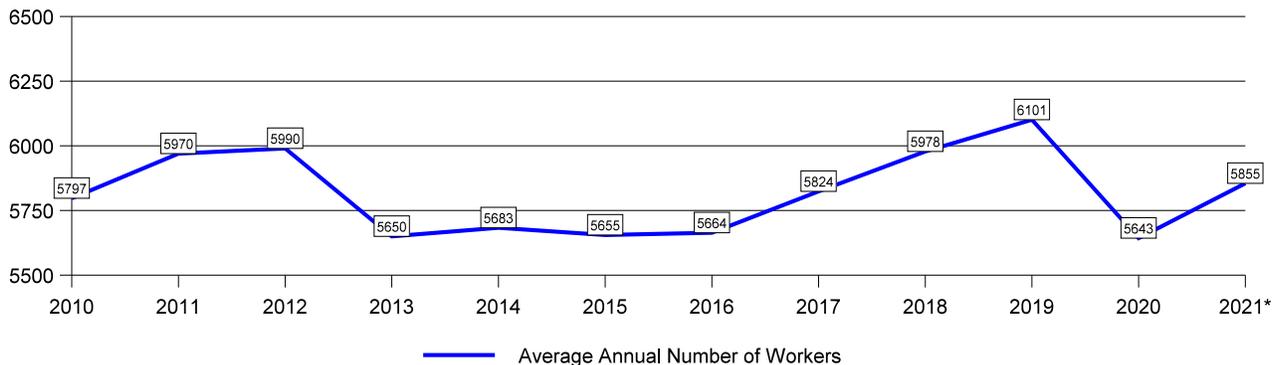
Annual Covered Employment

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

Table 31 Clay County Average Annual Employment			
Year	Total Covered Employment	Year	Total Covered Employment
2010	5,797	2016	5,664
2011	5,970	2017	5,824
2012	5,990	2018	5,978
2013	5,650	2019	6,101
2014	5,683	2020	5,643
2015	5,655	2021*	5,855

Source: SD Department of Labor & Regulation

Number of Covered Workers in Clay County



After some decrease in employment between 2012 and 2016, there had been a pattern of growing employment in Clay County to 2019, as tracked by reporting for unemployment compensation. If total employment in 2019 is compared to the year 2010, there had been an increase of more than 300 jobs.

There was then some reduction between 2019 and 2020, probably caused by the Covid pandemic. But partial-year information for 2021 indicates that some of these lost jobs may be starting to recover.

Commuting Patterns of Area Workers

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

Table 32 Commuting Times for Vermillion Residents - 2019		
Travel Time	Number	Percent
Less than 10 minutes	3,081	56.9%
10 to 19 minutes	1,034	19.1%
20 to 29 minutes	434	8.0%
30 minutes +	870	16.1%
Total	5,419	100%

Source: American Community Survey

The large majority of Vermillion’s residents were commuting less than 20 minutes to work in 2019. Overall, 76% of residents commuted 19 minutes or less for their primary employment. However, more than 16% of the City’s residents had a longer-distance commute of 30 minutes or more.

The American Community Survey also identifies travel time by location of the job. For people that worked in Vermillion, the following travel times were identified. This would include people that both lived and worked in the City.

Table 33 Commuting Times for Vermillion Employees - 2019		
Travel Time	Number	Percent
Less than 10 minutes	2,784	58.0%
10 to 19 minutes	1,055	22.0%
20 to 29 minutes	401	8.3%
30 minutes +	564	11.7%
Total	4,804	100%

Source: American Community Survey

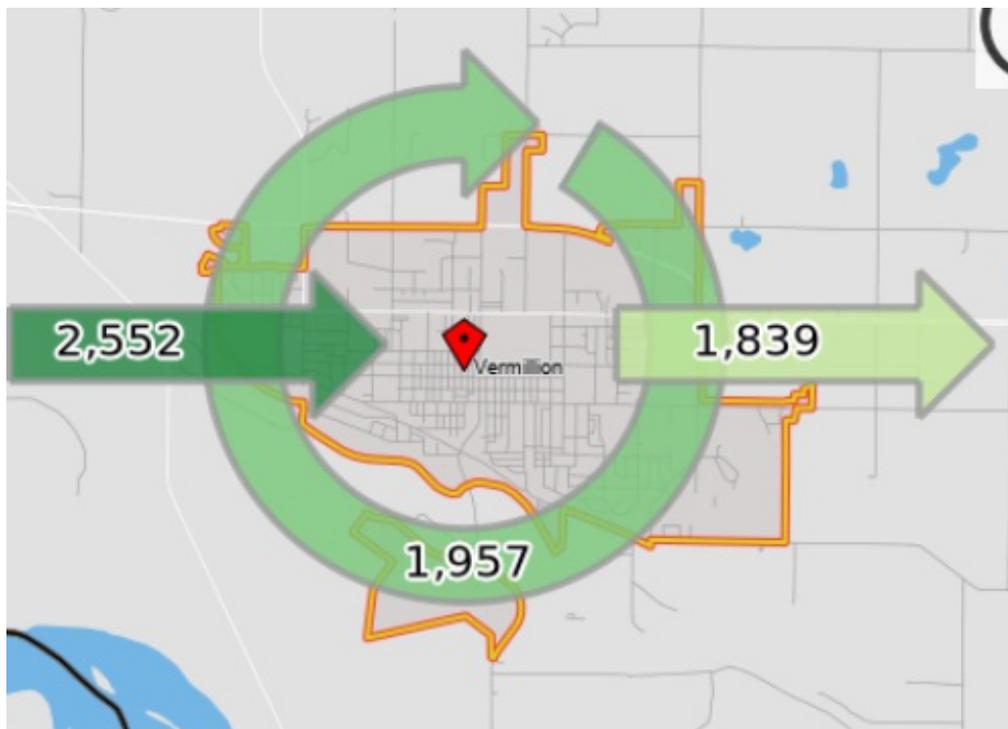
Overall, 80% of the people that were employed within Vermillion had a travel time of 19 minutes or less. This would include a large number of people that both live and work in the City. However, more than 960 people traveled to Vermillion from greater distances and had a drive time of 20 minutes or more.

Census On the Map

The Census Bureau also produces commuter reports through its Center for Economic Studies division. This information is also based on reports for the year 2019, and provides a further breakdown of worker movement patterns.

According to the report for Vermillion, there were 4,509 people that were employed within the city limits in 2019. Approximately 43% of these Vermillion-based employees also lived within the City, but 2,552 employees lived outside the City limits and commuted in daily. Sioux Falls, Yankton, Vermillion Township, Fairview Township, Elk Point and Sioux City were the primary identified locations that were supplying workers to Vermillion.

Although most Vermillion residents also worked within the City, 1,839 residents were leaving in 2019 for their primary job. Among the primary destinations for commuting residents were Sioux Falls, Yankton and Sioux City.



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Summary of Growth Trends

The Demographic section of this report has presented information on the recent estimates and past trends for the City of Vermillion and Clay County. Over the past three decades, Vermillion has demonstrated a consistent pattern of growth, adding households in each decade.

The 2020 Census established a new benchmark to measure the rate of recent growth. Between 2010 and 2020, the City had average growth of 42 households per year. This rate of average numeric growth has been increasing. From 2000 to 2010, this average was 37 households per year. In the 1990s the City added approximately 17 households per year.

The City's population has also increased since the year 2000. However, as home to the University of South Dakota, some of the past population growth may have been due to post-secondary students, including people living in university housing or dormitories.

Age-based demographic data have not yet been released from the 2020 Census, and estimates have been used instead. These estimates continue to show a large number of young adult residents in the City, consistent with USD students.

Vermillion is the largest single jurisdiction in Clay County, and directly impacts Countywide totals. Based on the 2020 Census, the remainder of Clay County outside of Vermillion has added a few households over the past decade, but actually had a small decrease in population, as fewer people tend to live in the average household.

Summary of Growth Projections

Although demographic projection information exists from different sources, a primary method for projecting future household growth is based on the continuation of past patterns.

The analysts have examined projection data from national sources such as Applied Geographic Solutions and Esri, but in general these forecasts underestimate the growth potential of the City. As a result, trend-based calculations have been used for anticipating future growth.

Going forward, the analysts have proceeded with the assumption that the City of Vermillion has the potential to add an average of 48 households per year through the year 2026. Some additional growth is possible for the remaining jurisdictions in Clay County, but most of the added households will be within the City of Vermillion.

The City will continue to have a large number of younger adult households, as many USD students live in conventional housing options in the City. However, age-based projections from Esri expect that the household count within most of the younger and middle-aged adult households will remain relatively stable through the year 2026.

There is some projected growth in the senior age ranges, age 65 and older. However, compared to most communities in South Dakota, Vermillion has a small distribution of senior citizens as a percentage of all households.

It is important to state that enrollment patterns for Vermillion-based students at USD will have the single greatest impact of future growth in Vermillion.

Summary of Vermillion Growth Projections by Age

The Demographic section of this Study presented Vermillion projection information on anticipated changes by age group from 2021 to 2026. This information can be informative in determining new housing that may be needed due to age patterns of the area population. The projections are based on past growth trends.

Growth is projected in four of the age ranges. The largest household growth from 2021 to 2026 will occur among households in the 65 and older age ranges with an increase of 204 households. From 2021 to 2026, Vermillion is also projected to gain 113 households in the 25 to 44 age ranges.

The 15 to 24 age range is projected to lose 12 households. Also, the 45 to 64 age ranges are forecast to lose 29 households.

While projections can be informative in planning for change, it is important to note that they may be altered in the future. To the extent that Vermillion can continue to attract in-migration, the demographic profile of future residents may not always match historical patterns, and it is possible that more young adults will move to the area.

<u>Age Range</u>	<u>Projected Change in Households 2021 to 2026</u>
15 to 24	-12
25 to 34	55
35 to 44	58
45 to 54	-13
55 to 64	-16
65 to 74	76
75 and older	<u>128</u>
Total	276

Findings on Unit Demand by Age and Type of Housing

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

Age 24 and Younger - The projections used for this Study expect a decrease of 12 households in the 15 to 24 age range through the year 2026. Past tenure patterns indicate that a significant majority of these households in Vermillion will rent their housing. A small loss of households in this age range should mean that rental demand from younger households will remain relatively stable during the projection period.

25 to 34 Years Old - The projections show a substantial increase in this age cohort of 55 households by 2026. Within this age range households often move from rental to ownership housing. An increase in the number of households within this age range will mean additional demand for both first-time home buyer and rental opportunities.

35 to 44 Years Old - This 10-year age cohort has a projected gain of 58 households between 2021 and 2026 in Vermillion. In the past, this age group had a high rate of home ownership in Vermillion. Households within this range often represent both first-time buyers and households looking for trade-up housing, selling their starter home for a more expensive home.

45 to 54 Years Old - The projections for this age range show a loss of 13 households through 2026. This age group historically has had a high rate of home ownership, and will often look for trade-up housing opportunities. With marginal household losses in this age group, the demand for trade-up housing from this age range will remain relatively stable.

55 to 64 Years Old - The projections show a decrease of 16 households in this 10-year age range by the year 2026. This age range has traditionally had a rate of home ownership in Vermillion. Age-appropriate housing, such as town house or twin home units, is often well suited to the life-cycle preferences of this age group, as no maintenance/low maintenance housing has become a popular option for empty-nesters. Also, a percentage of households in this age range will seek trade-up housing.

65 to 74 Years Old - Strong household growth is expected in Vermillion within this age range, with the projections showing an increase of 76 households by the year 2026. While this group will begin moving to life-cycle housing options as they age, the younger seniors are still predominantly home owners. Once again, preferences for age-appropriate units should increase from household growth within this age cohort.

75 Years and Older - A very substantial gain of 128 households is projected among seniors. Seniors in this age range often seek senior maintenance-free independent housing or senior housing with services options.

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

Strengths for Housing Development

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

- ▶ **Vermillion serves as a regional center for the area** - The City of Vermillion provides employment opportunities, retail/commercial options, health facilities, education opportunities, governmental services, recreational opportunities and housing options for a geographical area that surrounds the City.
- ▶ **Vermillion is located near Sioux Falls, Sioux City and Yankton, which are also regional centers** - Vermillion is approximately 64 miles from Sioux Falls, 37 miles from Sioux City and 26 miles from Yankton. These larger communities also provide employment opportunities, retail/service options, government services, health and professional services, and cultural amenities to a large surrounding trade area.
- ▶ **Increasingly diverse housing stock** - The City has a good mix of housing options, including rental housing units for lower income, moderate income, market rate and student households. The City also has town houses, twin homes, and senior with services facilities.
- ▶ **Median home price** - Vermillion's median priced home, based on 2021 sales activity, is approximately \$187,500. This matches well with new homes, which is an incentive for new home construction.
- ▶ **Adequate land for development** - The City has adequate land available for residential development.
- ▶ **Population and household growth for the City** - The City has sustained strong population and household growth over the past two decades and the City is projected to continue to grow in the future.
- ▶ **Active housing developers in the City** - Vermillion has housing developers that are willing to invest in housing projects in the community. Developers have been active in rental housing, attached ownership housing and single family development.

- ▶ **School system** - The City has a public K-12 school and a K-5 parochial school.
- ▶ **University of South Dakota** - The University of South Dakota is located in Vermillion and provides excellent educational opportunities, cultural and recreational opportunities, sports activities, employment, etc.
- ▶ **Infrastructure** - The City's public utilities and infrastructure are in good condition and can facilitate future expansion.
- ▶ **Recreational opportunities** - The City has developed attractive parks and recreational opportunities that make the community a desirable place to live.
- ▶ **Commercial development** - Vermillion's commercial districts are adequate to meet daily needs and new commercial development is ongoing.
- ▶ **Available lots and lot development** - The City currently has available lots for housing. Also, subdivision and lot development is ongoing.
- ▶ **Vermillion Area Chamber and Development Company** - The Vermillion Area Chamber and Development Company is very active in promoting industrial, commercial and housing development.
- ▶ **Vermillion Housing and Redevelopment Commission** - The Vermillion Housing and Redevelopment Commission is active in promoting housing in Vermillion and administers the Housing Choice Voucher Program.
- ▶ **Commuters** - Approximately 2,552 people are commuting into Vermillion daily for employment. These commuters are a potential market for future housing construction.
- ▶ **Health facilities** - Vermillion has excellent health facilities including a hospital, medical clinics and senior with services facilities.
- ▶ **Job creation** - New jobs are being created in several sectors.

Barriers or Limitations to Housing Activities

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

- ▶ **Proximity to Yankton** - Although it is a strength to be located in close proximity to Yankton, it is also a barrier as Vermillion must compete with Yankton, which also offers attractive residential opportunities and other amenities and services.
- ▶ **Age and condition of the housing stock** - While most of the housing stock is in good to excellent condition, some of Vermillion's existing stock is in need of improvements to meet expectations of potential buyers.
- ▶ **Multi-family lots/parcels available for development** - It appears that there are a limited number of lots that are available for multi-family development. However, large tracts of undeveloped land do exist.
- ▶ **Lower-paying jobs** - Although Vermillion has job opportunities, some jobs are at the lower end of the pay scale and employees with these jobs have limited housing choices.
- ▶ **Competition with rural lots** - The Vermillion area has rural lot opportunities, which may compete with available lots within the city limits of Vermillion.
- ▶ **Cost of new construction** - The cost of land, infrastructure and housing unit construction make it difficult to develop affordable work force housing.

Recommendations, Strategies and 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 Vermillion. They are based on the following strategies:

- ▶ **Develop life cycle housing** - It is vital for a self-contained community to provide housing opportunities for all ages and household types. These housing opportunities enable a community to thrive, and allow households to live in the community throughout their lives.
- ▶ **Promote new construction** - New construction provides housing opportunities, stimulates the economy and upgrades the community's housing stock. Both new owner-occupied single family homes and rental units are needed to provide households in Vermillion with housing options and to assure a healthy housing stock into the future.
- ▶ **Maintenance and improvement of the housing stock that already exists** - While significant housing construction will occur in coming years, most of the housing opportunities will continue to be provided by the housing stock that is already on the ground. This is especially important for affordable housing opportunities, as it will almost always be less expensive to offer an affordable unit through rehabilitation versus new construction. Units that are lost due to deterioration and obsolescence cannot be replaced for a similar price. Evidence suggests that the majority of the existing stock is generally being well maintained, however, some of the housing needs repair. Emphasis on continued housing rehabilitation will be important to meet future housing needs.
- ▶ **Promote home ownership** - Home ownership is the preferred option for most households. Home ownership assists in creating community stability and commitment to the community. There are many younger families that are renting their housing. These households may be interested in home ownership, if an affordable opportunity is available.
- ▶ **Prioritize community housing goals** - Many of the recommendations in the Study will require staff-intensive efforts. The City should prioritize its housing goals and establish a plan to achieve its goals.

It is very difficult to meet all of the objectives as the balance of the objectives are very sensitive. An overly aggressive or overly passive approach to any of the objectives can cause problems in achieving the other objectives. For example, overbuilding new rental housing units could lead to vacancy problems in older, less marketable units in the community, causing these units to deteriorate in quality. The recommendations of this section attempt to provide a balanced approach to addressing the housing needs of Vermillion.

Summary of Findings/Recommendations

The findings/recommendations for the City of Vermillion have been formulated through the analysis of the information provided in the previous sections. The 2022 Vermillion Housing Study includes a total of 24 recommendations divided into the following five categories:

- ▶ **Rental Housing Development**
- ▶ **Home Ownership**
- ▶ **Single Family New Construction**
- ▶ **Housing Rehabilitation**
- ▶ **Other Housing Initiatives**

The findings/recommendations for each category are as follows:

Findings and Recommendations for the City of Vermillion	
Rental Housing Development	
1.	Develop 56 to 60 market rate rental units
2.	Consider the development of 40 to 44 additional tax credit units
3.	Develop 12 to 14 subsidized rental housing units
4.	Develop 16 to 20 additional senior housing service intensive (assisted living units)
5.	Develop 30 to 34 senior independent/light services market rate units
6.	Develop mixed-use commercial/housing projects
7.	Continue to utilize the Housing Choice Voucher Program
8.	Findings on student-oriented housing
Home Ownership	
9.	Utilize and promote all programs that assist with home ownership
10.	Monitor the need to develop a purchase/rehabilitation program

Findings and Recommendations for the City of Vermillion	
New Construction	
11.	Lot availability and development
12.	Develop additional residential lots and subdivisions
13.	Promote townhouse and twin home development
14.	Strategies to encourage continued residential lot sales and new home construction in Vermillion
15.	Coordinate with agencies/nonprofits that develop affordable housing
Housing Rehabilitation	
16.	Promote rental housing rehabilitation programs
17.	Promote owner-occupied housing rehabilitation programs
18.	Continue the Rental Registration and Inspection Program
Other Housing Initiatives	
19.	Encourage employer involvement in housing programs
20.	Acquire and demolish dilapidated structures
21.	Develop mobile home park improvement programs
22.	Create a plan and continue coordination among housing agencies
23.	Strategies for Downtown Redevelopment and Commercial Development
24.	Develop home ownership and new construction marketing programs

Vermillion - Recommendations Rental Housing Development

Rental Housing Development

Overview

The City of Vermillion has been successful in attracting new rental housing construction activity. From 2010 to 2021, approximately 480 rental units have been constructed or are under construction in Vermillion. Of the total 480 rental units constructed since 2010, 400 units are conventional market rate housing and 80 units are moderate rent tax credit units.

With the rental housing construction in Vermillion from 2010 to 2021, the City's rental tenure rate has probably been increasing, it is estimated that the rental rate in Vermillion may be as high as 60% in 2022.

Demand for new rental housing in Vermillion is generated from three factors:

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

Household projections for Vermillion expect significant household growth. From 2021 to 2026, it is projected that there will be a gain of approximately 276 households in Vermillion. Approximately 50% of these households will be rental households, thus, there will be growth-generated demand for 138 additional rental units 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 only three to four rental units per year from 2021 to 2026. 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. Also, in some cases, the unit replacement may be due to single family rental houses converting to owner-occupancy.

Pent-up demand also exists. As part of this study, a rental survey was conducted. There were 1,420 rental units that were contacted and surveyed. The survey found a 1.4% vacancy rate in general occupancy market rate units, no vacancies in the moderate rent tax credit units, and an 8.2% vacancy rate in the City’s subsidized projects. The senior with services project reported several vacant beds, although this may have been due in part to staffing limitations.

Based on low rates of vacancy in certain segments, we identified pent-up demand for market rate units, tax credit/moderate rent units, subsidized units, senior independent/light services units and assisted living in Vermillion.

These three demand generators, after factoring current vacancy rates, show a need for 154 to 172 rental units in Vermillion over the next five years. Based on the factors stated above, we recommend the development of the following new rental units from 2022 to 2026.

▶ General Occupancy Market Rate	56-60 units
▶ Tax Credit/Moderate Rent	40-44 units
▶ Subsidized	12-14 units
▶ Senior (Independent/Light Services)	30-34 units
▶ Senior with Services (Assisted Living)	<u>16-20 units</u>
Total	154-172 units

For 154 to 172 additional rental units to be developed over the next five years, affordable land and infrastructure must be available for multi-family construction. Additionally, the City of Vermillion should continue to develop amenities that make Vermillion an attractive residential option for households. Also, student enrollment will continue to have a significant impact on rental housing demand in the future.

1. Develop 56 to 60 general occupancy market rate rental units

Findings: Approximately 87% of the rental housing in the City of Vermillion 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. Compared to other similar sized cities, Vermillion’s percentage of market rate rental housing is relatively high.

The entire rental inventory in the City included approximately 2,600 total units in 2021. We believe that approximately 2,264 of these units are best described as market rate rental housing. It should be noted that although a high percentage of the rental housing in Vermillion is considered market rate, it is estimated that 60% to 70% of the market rate units are occupied by students.

Of the 1,158 market rate rental units we surveyed, we found 16 vacancies for a vacancy rate of 1.4%, which is significantly below the healthy market range of 3% to 5%. The rental property owners and managers reported high occupancy rates and good demand for market rate housing.

There is a wide variation in rental rates in the market rate segment in the City of Vermillion. The prevailing gross rent range is \$450 to \$550 for a studio unit, \$520 to \$700 for a one-bedroom unit, \$650 to \$950 for a two-bedroom unit and \$900 to \$1,450 for a three-bedroom unit.

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 the production of 56 to 60 market rate rental units over the next five years from 2022 to 2026.

Based on our research, there is a need for all sizes of rental units, thus, the new units constructed over the next five years should be 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 Vermillion. One segment is seeking a high quality unit and can afford a higher rent. The second segment is seeking work force housing and a more modest rent. This segment may not qualify for subsidized or tax credit rental units, but affordability is still an issue.

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

There are developers that have constructed rental units in Vermillion and may have an interest in continuing to develop rental housing in Vermillion. Also, SDHDA has programs available for rental housing development including the DakotaPlex Program.

We recommend the development of 56 to 60 rental units over the next five years, with a unit mix and rent levels as follows:

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

<u>Unit Type</u>	<u>No. of Units</u>	<u>Size/Sq. Ft.</u>	<u>Rent</u>
One Bedroom	10-11	650 - 800	\$800 - \$1,050
Two Bedroom	34-36	850 - 1,050	\$900 - \$1,400
Three Bedroom	<u>12-13</u>	1,100 - 1,250	\$1,200 - \$1,600
Total	56-60		

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

If possible, it would be advantageous for some of the units to have a rent structure at or below the rent limits for the Housing Choice Voucher Program. This would allow lower income renter households to use a Voucher and expand the number of households that could afford the proposed rents. In 2022, the rent limits that apply to the Voucher Program are:

- ▶ 1 bedroom - \$656
- ▶ 2 bedroom - \$863
- ▶ 3 bedroom - \$1,207

2. Consider the development of 40 to 44 tax credit/moderate rent housing units

Findings: Vermillion has two tax credit projects, Madison Park Townhomes I and II, with a total of 80 units. The projects have no vacancies and waiting lists. There have been additional rental projects in Vermillion that have also utilized tax credits, but these projects have also utilized funding sources that have enabled the projects to have a deep subsidy rent structure. We continue to see unmet need for more affordable/moderate rent units. Federal low income housing tax credits are the most available development financing resource that is available for more affordable rental housing development. The tax credit projects in Vermillion were constructed in 2013 and 2020.

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

Since nearly all tax credit units have a moderate gross rent, there is also a higher effective income limit, as households below 30% of the HUD median may not be able to afford the monthly rent. This lower limit can be eliminated if the household has a rent assistance Housing Choice Voucher or some form of project-based rent assistance. A Housing Choice Voucher enables rental households to pay approximately 30% of their income for rent.

Most of the renter households currently residing in Vermillion are in the moderate to lower income ranges. Although some of Vermillion's renter households have a very low income, and can not afford a moderate rent unit without rent assistance, a significant percentage of all renters have an annual income between \$20,000 and \$45,000. These basic income ranges are typically targeted by tax credit projects.

The growth projections provided earlier expect the City to add as many as 138 renter households over the next five years. Over half of these households would potentially be income-qualified for a tax credit unit. However, this growth-generated demand will gradually be added over the five-year period. Additional demand would be generated from existing Vermillion and Clay County households that would move into a newly constructed affordable unit and from the pent-up demand that currently exists for moderate income rental housing in Vermillion and Clay County.

Recommendation: We recommend the development of 40 to 44 tax credit units in Vermillion during the next five years based on the following:

- ▶ The City of Vermillion currently has 80 tax credit/moderate rent units. There were no vacant units at the time of the survey and the manager reported that the projects have waiting lists.
- ▶ Vermillion is projected to add approximately 138 new renter households from 2022 to 2026. Past history indicates that a high percentage of these households will be in a moderate to lower income range.

- ▶ Approximately 57% of all renter households are within the income range from approximately \$20,000 to \$45,000. These households will generally be income-qualified for a moderate rent tax credit unit. Some of these moderate income renter households cannot afford a market rate unit, but also do not qualify to live in a subsidized unit.
- ▶ Approximately 57% of the renter households in Vermillion are paying more than 30% of their income for rent. A majority of these households are actually paying more than 35% of their income for rent.
- ▶ Vermillion is experiencing industrial and commercial growth and adding employees. Some of these employees have moderate incomes and a tax credit rental project would address their housing needs.

The 40 to 44 tax credit/moderate rent units should be primarily two and three-bedroom units and serve families. It should be noted that if a local developer received financial assistance such as tax increment financing and/or land at a reduced price, rental units could potentially be developed with a rent that serves some moderate income households without utilizing tax credits.

The State of South Dakota awards tax credits annually based on a point system. Therefore, it would be necessary for the City of Vermillion to work with a developer to successfully develop a competitive tax credit project.

3. Develop 12 to 14 subsidized rental housing units

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

The research completed for this Study found six federally subsidized rental projects that offer subsidized housing with rent based on income. The six projects have a total of 158 units, which include three family/general occupancy projects with 76 units and three senior projects with 82 units.

The six subsidized rental projects in Vermillion include:

- ▶ **Riverwood Apartments** - Riverwood Apartments is a 24-unit USDA Rural Development general occupancy project. The 24 units include six one-bedroom and 18 two-bedroom units.
- ▶ **Parkwood Apartments** - Parkwood Apartments is a 24-unit HUD/Section 8 general occupancy project. The 24 units include six one and 18 two-bedroom units.
- ▶ **Oakwood Apartments** - Oakwood Apartments is a 28-unit HUD Section 8 general occupancy project. The 28 units include 24 two-bedroom units and four three-bedroom units.
- ▶ **River Court Apartments** - River Court Apartments is a 12-unit senior USDA Rural Development project. The 12 units include eight one-bedroom and four two-bedroom units.
- ▶ **Town Square Apartments I** - Town Square Apartments I is a 30-unit Section 8/Tax Credit senior project. All of the units are one-bedroom.
- ▶ **Town Square Apartments II** - Town Square Apartments II is a 40-unit Section 8/Tax Credit senior project. There are 36 one-bedroom units and four two-bedroom units.

The 158 units in the six subsidized projects include:

- ▶ 86 one-bedroom units
- ▶ 68 two-bedroom units
- ▶ 4 three-bedroom units

At the time of the survey, there were 13 vacancies in the 158 subsidized units. This is a vacancy rate of 8.2%.

There were an additional five subsidized projects in Vermillion with a total 100 units, but their subsidy contracts ended and the projects converted to market rate.

There are additional “deep subsidy” resources available to Vermillion residents through the tenant-based Housing Choice Voucher Program, however, the Voucher Program has a waiting list. The Vouchers allow tenants to pay approximately 30% of their income for housing in suitable private-market rental units. The Voucher Program for the City and Clay County is administered by the Vermillion Housing and Redevelopment Commission.

Approximately 6.1% of the City of Vermillion’s rental housing stock is in the subsidized category. While the percentage of subsidized housing is very small in Vermillion, the City also has 80 tax credit units and a significant number of households with a tenant-based Housing Choice Voucher. Therefore, overall approximately 14% of the City’s total households have some source of housing subsidy or some form of income limits and/or rent restrictions in place in 2022.

Despite the number of income-based rental options that do exist, the 2019 American Community survey estimated that approximately 57% of all renters in the City were paying 30% or more of their income for rent. The large majority of these households were actually paying 35% or more of their income for housing. Many of the households with a severe rent burden had very low annual incomes, and would be under the income limits for subsidized housing.

Recommendation: Based on the cost burden data contained in the American Community Survey, the limited number of deep subsidy three-bedroom units in Vermillion and the number of subsidized units that have converted to market rate, we recommend that the City look to expand the supply of deep subsidy rental housing for lower income renters. Over the next five years, we recommend that the City attempt to construct 12 to 14 units that achieve a rent level that would be affordable to very low income households earning less than \$25,000 per year.

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

In the opinion of the analysts, the highest priority would be to create general occupancy units for families and should be primarily three-bedroom units. The rent burden statistics cited above show that 86% of the cost burdened households are age 64 and younger.

Another important community strategy will be to prevent the future loss of the remaining project-based subsidized housing projects. It may be appropriate for public or nonprofit housing agencies to become involved in attempts to preserve subsidized housing resources. In some cases, private developers have utilized housing tax credits for preservation and rehabilitation of older subsidized projects that were at risk of being lost.

Continued efforts to expand the Housing Choice Voucher Program may also be appropriate. Although Vouchers are tenant-based, and may not remain in the City if the tenant moves, the Voucher can eliminate a severe rent burden by allowing the household to apply approximately 30% of income for gross rent. The Voucher Program has a three to four-month waiting list.

4. Develop 16 to 20 additional senior service intensive (assisted living) housing with services units

Findings: Senior housing that provides some level of services for residents can exist in a wide range of different options. Under South Dakota law, the Department of Health is required to license the more service-intensive forms of senior housing, including Skilled Nursing Facilities and Assisted Living Centers. Lower-service forms of senior housing, referred to as Residential Living Centers by the State, are required to register with the Department of Health, but are not licensed and subject to the more stringent requirements, such as inspections, that apply to more service-intensive housing.

Vermillion currently has two senior housing with services facilities:

- ▶ **Dakota Gardens - Sanford Health** - Dakota Gardens is an assisted living facility with a 28-resident capacity. The facility provides the full array of senior assisted living services including bathing, meals, laundry, medication management, social activities, etc. At the time of the survey, the facility had several vacancies. However, the staff reported that the facility often has no vacancies and there is a waiting list.
- ▶ **Sanford Care Center** - The Sanford Care Center is a 66-bed skilled nursing facility. Twelve of the beds are designated for memory care. At the time of the survey, the facility had several vacancies, partially due to the pandemic and staffing issues.

In 2021, there were 625 senior citizens, age 75 and above, that were living in Vermillion and 825 seniors living in Clay County. By the year 2026, the number of seniors over the age of 75, is projected to increase by 129 seniors in the City and there will be an increase of approximately 165 seniors in the County.

Recommendation: Based on the research completed for this Study, we recommend the development of 16 to 20 additional assisted living units in Vermillion over the next five years. We are also recommending the development of 30 to 34 independent/light services units as described in the following recommendation.

Assisted Living - There are 28 total assisted living beds in Dakota Gardens. To be fully occupied, the facility needs a 3.4% capture rate of Clay County seniors over the age of 75. It is our recommendation that the County could support an additional 16 to 20 assisted living beds, which would be a total of 39 to 44 to 48 beds. This would be approximately a 5.3% to 5.8% capture rate.

Skilled Nursing Home - The research for this Study points to a decreasing reliance on nursing homes as a long-term residence 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 moratorium that limits expansion in most cases. No recommendations are offered for this type of specialized housing. Vermillion has a well-established provider, Sanford Care Center, with 66 beds, that serves this section of the market. Currently, the Sanford Care Center has vacancies.

Memory Care Housing - There are 12 memory care beds in the Sanford Care Center. We recommend that the Vermillion senior with services housing facilities continue to monitor the future need for additional memory care beds.

The purpose of the senior with services recommendations is to provide general guidance to potential developers. A developer or existing senior with services facility planning a specific project should have a project specific study conducted.

5. Develop 30 to 34 senior independent/light services market rate units

Findings: We are not aware of any senior independent/light services market rate rental units in Vermillion.

In 2021, there were approximately 830 households age 65 or older in Vermillion. It is projected that there will be an additional 123 households age 65 and older in Vermillion by the year 2026.

We are estimating that 3.5% to 4.0% of senior households age 65 and older in Vermillion would move into a senior independent/light services rental project. Also, the project will attract tenants from the area surrounding Vermillion.

Recommendation: We are recommending a 30 to 34-unit independent/light services senior project in Vermillion. The project should be designed to allow seniors to live in a unit independently. The senior project could be a one-level apartment building or town home-style units.

The project's amenities and features should include:

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

Unit features should include:

- ▶ 30 to 34 units
 - ▶ 6 to 8 one-bedroom
 - ▶ 24 to 26 two-bedroom
- ▶ Floor plans that promote accessibility
- ▶ Fully equipped kitchen
- ▶ Large storage area
- ▶ Ample closet space
- ▶ Laundry hookups
- ▶ Open floor plan
- ▶ Private patio
- ▶ Individually controlled heat and AC
- ▶ Raised outlets, lever door handles, lowered kitchen cabinets
- ▶ Expansive windows

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

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

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

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

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

6. Develop a Mixed-Use Commercial/Housing Projects

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

The City of Vermillion has several active commercial areas. A mixed-use rental housing/commercial project could complement the City's ongoing efforts to maintain vibrant commercial areas.

Recommendation: We recommend the development of mixed-use buildings in Vermillion's commercial areas. There are several potential sites in each area for a mixed-use project.

Prior to construction, a portion of the commercial space should be leased to an anchor tenant who would complement existing businesses and attract people to the commercial area. Also, there should be sensitivity to the timing of the project and type of commercial tenants the project will have, to assure the project is an asset to the commercial areas.

The rental units should be primarily market rate units, but could be mixed income with some moderate income units. The units should be one 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 or buildings were constructed, the number of units recommended previously should be reduced.

Ideally, a private developer would construct and own the building. The City may have a role in the project by providing tax increment financing, 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, is registered and has a reasonable gross rent when compared to area prevailing rents.

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.

Currently, approximately 57% of Vermillion households are paying more than 30% of their income for rent.

The Housing Choice Voucher Program is administered in Vermillion by the Vermillion Housing and Redevelopment Commission. In January 2022, there were approximately 150 renter households receiving voucher assistance in Clay County. A significant majority of those households live in Vermillion. The waiting list for the Voucher Program is approximately three to four months.

Recommendation: From a practical standpoint, the Housing Choice Voucher Program is the single best way that Vermillion can provide affordable housing for low income households. Although current funding is very limited, we recommend those low/moderate income renter households that are paying more than 30% of their income for rent, apply for a Housing Choice Voucher.

8. Findings on Student-Oriented Housing

Findings: Vermillion has a large population of post-secondary students, primarily attending the University of South Dakota (USD). Students have a major impact on the local housing market. Earlier sections of this document provided information on student populations in Vermillion, along with trends in enrollment at USD, on-campus housing and off-campus housing options.

The 2020 Census identified 2,257 people living in “group quarters University housing”. Although both Census data collection and reporting were impacted by the global pandemic, this student count should have reflected occupancy on April 1, 2020.

A separate Census Bureau data source, the American Community Survey, estimated that there were 4,333 residents of Vermillion that were enrolled in college undergraduate or graduate/professional school programs in 2019. When compared to the total population estimate from this source, the post-secondary students represented approximately 40.3% of all Vermillion residents in 2019.

According to the American Community Survey, approximately 85% of the post-secondary students in Vermillion were enrolled in undergraduate programs and 15% were in graduate/professional schools. Nearly 91% of all students living in Vermillion were in the age range between 18 and 24 years old.

A review of past information from the American Community Survey shows a gradual decrease in the number of post-secondary students living in Vermillion. Between 2015 and 2019, there was a decrease of 9.2% in the overall student count. Much of this reduction was due to fewer residents enrolled in graduate/professional programs.

Some gradual decrease in Vermillion-based students is also consistent with enrollment data on the USD website. If the fall term in 2021 is compared to the fall of 2017, there were 552 fewer students, for a decrease of 9% on the Vermillion campus. It should be noted, however, that some of the decrease between 2020 and 2021 may be related to the global pandemic.

USD does not produce enrollment projections. However, initial information for the fall 2022 academic term is pointing to stable or increasing enrollment, with indications of enrolling a larger freshman class. Admissions staff did acknowledge demographic projections that show a trend of declining high school graduation numbers in the region over the next few years.

The University of South Dakota has multiple options for on-campus living, ranging from traditional dormitories to apartment units. There is a requirement that undergraduate students live on-campus for their freshman and sophomore years.

The options with bed capacity are as follows:

- ▶ Traditional Dormitories - 1,593 capacity
- ▶ Coyote Village Suites and Apartments - 533 capacity
- ▶ McFadden Apartments - 101 capacity
- ▶ Brookman Hall - 134 capacity

In total, there is capacity for 2,361 students to live in University housing options in 2022. However, in the fall of 2022, Brookman Hall will be demolished and the dorm beds will not be replaced. For the 2022/23 academic year the on-campus housing capacity will be reduced to 2,227 students.

Off-campus there are approximately 2,600 rental units in the City of Vermillion. A few of the rental complexes are exclusively for students or have a very high percentage of student tenants. It is estimated that 60% to 70% of the market rate rental units in Vermillion are occupied by students.

Students have a variety of rental housing options including large new student-orientated rental complexes, multi-family rental complexes, small rental buildings, town homes, single family homes, mobile homes, etc.

Although there are many off-campus housing options for students, the rental unit vacancy rate in Vermillion is very low.

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

- ▶ USD student on-campus enrollment
- ▶ Future vacancy rates in Vermillion's existing rental housing stock
- ▶ Impact that the closing of Brookman Hall will have on student housing demand
- ▶ Continued requirement that USD freshman and sophomores must live on campus
- ▶ Number of market rate rental units that will be constructed in Vermillion over the next five years
- ▶ Level of increased rental housing demand from Vermillion's non-student households

Vermillion - Home Ownership Recommendations

Home Ownership Recommendations

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 of existing homes in Vermillion based on 2021 sales is estimated to be \$187,500. With approximately 50% of the homes in Vermillion valued less than \$187,500, Vermillion has a limited market for first-time home buyers and households seeking moderately priced homes.

The number of Vermillion households in the 25 to 44 age ranges is expected to increase significantly from 2022 to 2026. While some of these households already own their housing, those households 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 and will be seeking affordable homes.

Our analysis of Vermillion's demographic trends also shows projected strong population growth from 2022 to 2026 in the 65 and older age ranges. Increasingly, the older age ranges within this group look for lower maintenance housing options, such as twin homes or town house developments.

Some households in these age ranges as well as the other age ranges may need assistance to purchase a housing unit. To assist in promoting the goal of home ownership, the following activities are recommended.

9. Utilize and promote all programs that assist with home ownership

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

First-time home buyer assistance, down payment assistance, low interest loans, gap financing and home ownership counseling and training programs can help to address affordable housing issues. Vermillion has a significant supply of houses that are price-eligible for these assistance programs. The home value estimates used in this study indicate that some 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 low mortgage rates, 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: The City of Vermillion and local financial institutions should continue to work with regional housing agencies and the South Dakota Housing Development Authority to utilize all available home ownership assistance programs. Private and nonprofit agencies should also be encouraged to provide home ownership opportunities.

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

10. Develop a Purchase/Rehabilitation Program

Findings: Vermillion has a limited stock of older, lower valued homes, many of which need repairs. Our analysis of recent sales activity indicates that a limited number of the homes in Vermillion are valued less than \$100,000. As some lower valued homes come up for sale, they may not be attractive options for potential home buyers because of the amount of repair work that is required.

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

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

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

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

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

Also, some private individuals are purchasing homes in Vermillion, 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.

Vermillion - New Housing Construction

New Housing Construction

Findings: The City of Vermillion has experienced significant single family owner-occupied housing construction. Based on city records, from 2010 to 2021, approximately 216 units in single family structures and twin homes have been constructed in the City of Vermillion, which is an average of approximately 18 housing units per year. From 2010 to 2015, an average of 17 single family owner-occupancy units has been constructed annually. From 2016 to 2021, approximately 116 owner-occupied units were constructed which is an average of 19 units annually.

The attractiveness of the area, the City's amenities, its job opportunities, and educational facilities, including the University of South Dakota, will result in the continued construction of new homes annually. However, there must continue to be attractive residential lot options available for new home construction.

Overall household projections for Vermillion indicate good demand for owner-occupied housing construction with the gain of approximately 230 households from 2022 to 2026. Vermillion is projected to gain more than 185 households in the 65 and older age ranges from 2022 to 2026. Households in these age ranges tend to be predominantly home owners, and form a market for low maintenance housing such as town homes and twin homes. The 25 to 44 year old ranges are expected to gain approximately 53 households through 2026. Many of the households in these age ranges are first time home buyers, trade-up buyers or new home builders.

It is our opinion that if the City of Vermillion, the Vermillion Area Chamber and Development Company, housing agencies, builders and developers are proactive, 26 to 32 owner-occupied housing units should be constructed in Vermillion annually over the next five years from 2022 to 2026 to address demand. This is a total of 130 to 160 units over the five-year projection period. Our projection for single family housing starts includes homes built in new subdivisions and on infill lots, and includes single family attached housing units, such as twin homes and town houses.

The breakdown of our projection of 26 to 32 new owner-occupied housing units annually over the next five years is as follows:

Demand Projection for Annual Owner-Occupancy Housing Construction		
Unit Type	Approximate Price Range	Projected Annual Demand Projection
Single Family Projected Demand		
Affordable	Less than \$275,000	9 to 11 units
Mid-Priced	\$275,000- \$425,000	10 to 12 units
Higher-Valued	\$425,000+	7 to 9 units

Source: Community Partners Research, Inc.

We have defined **affordable homes** as single family units that would typically sell for less than \$275,000. While many people may view this as a high price for affordable housing, it is increasingly difficult to construct new houses at a lower cost. Houses within this price range often appeal to younger buyers, first-time buyers, or those households trading-up from an older, lower valued house or mobile home. To achieve a price less than \$275,000, assistance may be needed such as land at a reduced price, tax increment financing, etc. Also, financial assistance may be needed from state agencies.

Additionally, affordable homes may be constructed by organizations such as Habitat for Humanity. This housing often serves a segment of the market that could not otherwise access newly constructed units. Also, affordable homes could include Governors Houses, modular homes and twin homes/town houses.

We have defined **mid-priced homes** within a price range of \$275,000 to \$425,000. This price can generally be achieved by private housing developers. Vermillion has traditionally had active construction activity occurring within this price range. The higher end of the price range represents a portion of the trade-up housing market.

We have defined **higher-valued homes** as those priced at \$425,000 and above. Once again, the private housing market has been successful at serving this segment of the market in the Vermillion area. This should continue to be a strong market segment going forward. Many households purchasing a high valued home will be selling an existing home and have an equity position that can be used to purchase a home in this price range.

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 Vermillion.

Currently, there is one active subdivision in Vermillion, Bliss Pointe II with 54 lots. Seven of the 54 lots are for twin homes. All of the twin home lots had received offers or were unclosed pending sales at the time of this Study, but had not yet been sold. Several of the lots for detached homes have been sold. The subdivision is owned by the Vermillion Area Chamber and Development Company.

Bliss Pointe I, which was developed by the Vermillion Area Chamber and Development Company, is a 72-lot residential subdivision with three commercial lots. All of the residential lots in this subdivision and one commercial lot have been sold.

There are also several miscellaneous infill lots scattered around the city that we did not attempt to count. We also do not know the availability of some of these infill lots. Also, we are promoting the acquisition and demolition of dilapidated houses. Some of the cleared lots may be sites for new housing construction.

Therefore, it is estimated that there are approximately 60 buildable residential lots currently available in the City of Vermillion.

In addition to the approximately 60 available lots, there are larger parcels available for residential development in the Vermillion area. The Vermillion Area Chamber and Development Company and private developers have developed preliminary concepts and plans for lot development on some of these parcels.

Recommendation: We use a standard that a 2 ½ year supply of lots should be available in the marketplace based on annual lot usage. With projections that 26 to 32 new owner-occupied housing units could be constructed per year, the City should have approximately 65 to 80 residential lots available to meet the expected demand. Part of this demand would be for attached unit construction.

With approximately 60 available lots, the City of Vermillion will need additional lots to meet expected construction demand. The Vermillion Chamber and Development Company and developers have shown the ability to create lots in a timely manner as dictated by demand.

With the projection of 26 to 32 owner-occupied units constructed annually, a total of 182 to 224 residential lots will be needed over the five-year projection period. This will provide the lots needed for the five-year projection period from 2022 to 2026 and will also provide a two-year supply of lots for years 2027 and 2028. With 60 lots currently available, 122 to 164 additional lots will need to be developed over the next five years.

We recommend that the City, the Vermillion Chamber and Development Company and developers continue to monitor the actual number of housing units that are constructed which will dictate the number of lots that are needed.

12. Develop additional residential lots and subdivisions

Findings: A 2 ½ year supply of lots should be available on an ongoing basis to address the projected demand for new housing construction. Therefore, it will be necessary to develop additional residential lots and subdivisions in Vermillion. At the time of this Study, approximately 60 residential lots are available. If expected demand comes to fruition, 122 to 164 lots will be needed over the next five years.

Recommendation: To achieve the level of new home construction potential that has been identified, we would recommend the development of residential lots and subdivisions based on the following:

- ▶ The lots should have covenants that assure quality development. However, the covenants should not be so restrictive that they eliminate the target market's ability to construct a home.
- ▶ The lots and subdivisions should accommodate a variety of home designs and home prices.
- ▶ All stakeholders should be involved in promoting and publicizing the lots.
- ▶ To be successful, the homes must be available to households with as wide an income range as possible.
- ▶ Lots should be available for twin home/town house development

- ▶ Successful lot development will need the cooperation of financial institutions, funding agencies, employers, home builders, developers, the City of Vermillion and Vermillion Chamber and Development Company. Financial assistance such as tax increment financing and assistance from SDHDA and the Governors Office of Economic Development, may be necessary to make the development of lots feasible for affordable homes.
- ▶ The lots and subdivisions must be as aesthetically acceptable as possible and include high quality amenities.
- ▶ The subdivisions, if possible, should have land available for future development phases.
- ▶ The development process should be as user-friendly and streamlined as possible.

We also recommend that the City research all of the vacant lots and parcels in the City to determine their availability and viability for new construction. Also, additional lots could become available through the demolition and clearance of dilapidated structures. A lot inventory, based on the research, should be maintained and available for future buyers.

13. Promote town house and twin home development

Findings: Vermillion has experienced significant owner-occupied attached housing development from 2010 to 2021. Many communities over the past decade have seen attached housing take an increasingly large share of new construction. In cities the size of Vermillion, 20% to 25% of the housing starts are typically twin homes/town homes. Over the past 12 years, approximately 16% of the owner-occupied housing units constructed in Vermillion have been twin homes/town homes.

Attached housing provides desirable alternatives for empty nesters and seniors to move out of their single family homes, thus, making traditional single family homes available for families. It is estimated that in the 55 and older age ranges there were 1,372 households in Vermillion in 2021. These age ranges are projected to increase by 111 households from 2021 to 2026. It is important for the City to offer a range of life-cycle housing options as many of these households will be seeking to downsize into low maintenance housing options. There are also young families seeking affordable twin homes/town homes.

Recommendation: It is our projection that approximately six to eight of Vermillion’s new owner single family units per year should be twin homes or town houses over the next five years, which is a total of 30 to 40 units during the five-year period. This is approximately 24% of the total projected single family owner occupied housing construction in Vermillion over the next five years.

For a twin home/town home development to be successful, the following should be considered:

- ▶ Twin home/town home lots must be available for development
- ▶ Senior friendly home designs
- ▶ Maintenance, lawn care, snow removal, etc. all covered by an Association
- ▶ Cluster development of a significant number of homes which provides a sense of community
- ▶ Homes at a price that is acceptable to the market

The public sector’s role in any owner-occupancy attached housing development may be limited, as the private sector can often meet this housing need if a demand exists. The City’s role should include assuring that adequate land is available for development and that zoning allows for attached housing development.

14. Strategies to encourage continued residential lot sales and new home construction in Vermillion

Findings: Over the past 12 years from 2010 to 2021, Vermillion has averaged 18 new single family housing units annually. To continue new single family housing construction at its current rate and to increase new construction, we recommend several strategies.

Recommendation: We recommend that the City of Vermillion, the Vermillion Area Chamber and Development Company, developers, builders, realtors and other 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*** - There are a substantial number of housing units constructed annually in the City. There are currently developers, builders, and buildable lots in the City. The City and its stakeholders have a working formula for new home construction and the City should maintain its momentum.
- ▶ ***Continue competitive pricing*** - There are lots available in communities throughout the region. To continue to attract new home construction in Vermillion, lots should remain competitively priced in comparison to other options in the area.
- ▶ ***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 Vermillion, the Vermillion Area Chamber and Development Company and developers should continue long-term development planning to assure lots are available on an ongoing basis to meet demand for all types and pricing of new housing.
- ▶ ***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.
- ▶ ***Lot availability for twin home/town home development*** - It is our opinion that there will be a demand for twin homes/town houses over the next five years. Lots should continue to be available for 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. Also, smaller infill lots with fewer amenities could be marketed for affordable homes.

- ▶ **Marketing** - The City of Vermillion and the Vermillion Area Chamber and Development Company will need to continue a comprehensive marketing strategy to sell 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 Vermillion and its amenities should be marketed.
- ▶ **Consider developing an exclusive builder(s) relationship** - Several lots could be sold to a builder or builders. Momentum can be created when a builder has access to several lots. This allows for marketing opportunities and efficiencies in the home building process. The subdivision owners, however, should assure that the builder is obligated to construct a minimum number of homes within a defined time period. Builders are more willing to enter a market when the lots are attractive and very affordable. Several lots available to an exclusive builder or developer should be explored, even if price concessions are required.
- ▶ **Covenants** - Some of the subdivisions in Vermillion have covenants that assure quality development. The covenants should be reviewed to assure that they protect the integrity of the subdivision, but are not a barrier to new construction.
- ▶ **Lot Availability for affordable homes** - Lots should be available for affordable homes including modular homes and governor's homes.
- ▶ **Incentives** - Many cities throughout South Dakota are offering incentives to construct new homes, including reduced lot prices, reduced water and sewer hookup fees, tax increment, cash incentives, etc. It does not appear that incentives are needed in Vermillion to promote new construction at this time. However, incentives may be needed if new construction slows in the future.
- ▶ **Publically-owned subdivision** - Private developers often have limited incentive to develop lower-priced lots and houses. A possible approach is to develop a publically-owned subdivision, which could offer lower-priced lots for affordable homes.
- ▶ **Infill lot Home Development** - Infill lots in existing neighborhoods are often affordable and have existing City services.

- ▶ ***Housing Programs*** - The South Dakota Housing Development 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 Developments may have funds available for subdivision development in the future.
- ▶ ***Manufactured, Modular Homes and Governors Homes*** - Manufactured, modular and governor's homes can provide affordable opportunities for moderate income households.

15. Coordinate with agencies/nonprofits that develop affordable housing

Findings: With the difficulty of producing new housing units that are affordable for moderate income households, it is important to take advantage of opportunities presented by housing agencies, nonprofit groups and organizations such as Habitat for Humanity that may have the capacity to construct affordable homes in Vermillion.

Modular, manufactured and Governors Houses are potential affordable housing options. Also, infill lots in existing neighborhoods could be utilized for affordable homes.

Recommendation: We recommend that the City coordinate with housing agencies and nonprofit organizations that help to produce housing units for moderate income ownership. The City may be able to contribute to the development of affordable homes through land donations, tax increment financing, grant writing, or project coordination activities.

Vermillion - Housing Rehabilitation

Housing Rehabilitation

Findings: Vermillion has an asset in its existing housing stock. Existing units, both now and into the future, will represent the 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. Efforts and investment in housing rehabilitation activities will be critical to offering affordable housing opportunities and in preventing the deterioration of existing neighborhoods.

Housing options for households will largely be met by the existing, more affordable housing stock. As this existing stock ages, more maintenance and repair are required. Without rehabilitation assistance, the affordable stock will shrink, creating an even more difficult affordability situation.

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

16. Promote rental housing rehabilitation programs

Findings: Based on the U.S. Census and City data, the City of Vermillion has approximately 2,600 rental units in 2022. These rental units are in multi-family projects, small rental buildings, duplexes, single family homes and mobile homes. Approximately 50% of these rental units are more than 40 years old and some of these units need improvements.

The City of Vermillion has a Rental Registration and Inspection Program that requires rental units to comply with local housing codes.

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

Recommendation: Vermillion and local housing agencies should seek funds that can be dedicated to the rehabilitation of rental units. For a rental rehabilitation program to be workable and successful, the funds should to the extent possible, allow for program design flexibility.

Potential funding sources include USDA Rural Development, the Federal Home Loan Bank, the South Dakota Housing Development Authority, and local funds.

17. Promote owner-occupied housing rehabilitation programs

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

In December 2022, Community Partners Research, Inc., conducted a housing condition survey and rated 308 single family homes in one of the City’s older residential areas. The survey found that 130 homes needed minor repairs and 73 homes needed major repairs. There are also houses in other Vermillion neighborhoods that are in need of rehabilitation. Without rehabilitation assistance, there is the potential that the affordable housing stock will shrink in Vermillion.

The Rural Office of Community Services, Inc., currently has housing programs to assist area households with the rehabilitation of their homes, including the Weatherization Program and the Home Rehabilitation Program.

Recommendation: We continue to recommend that Vermillion and area housing agencies continue to seek local, state and federal funds to assist in financing housing rehabilitation. USDA Rural Development, the South Dakota Housing Development Authority and the Federal Home Loan Bank are potential funding sources. Vermillion should coordinate with the Rural Office of Community Services, Inc., to assure Vermillion households have access to housing rehabilitation funds.

18. Continue the Rental Registration and Inspection Program

Findings: The City of Vermillion has a Rental Registration and Inspection Program. The Program is a valuable tool in improving the quality of the City’s rental housing. In 2022, there are 2,587 registered rental units Vermillion, approximately 50% 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 Registration and Inspection Program is successfully implemented.

The need for an ongoing Rental Registration and Inspection 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 Vermillion 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, rental property 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 Vermillion's buyers seeking owner-occupancy housing want more amenities and conveniences, and less maintenance, thus, they are less likely to purchase older homes. Some of these older homes convert to rental use.

Maintenance Efforts

- A large number of rental property owners are providing quality 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

- Vermillion has a significant number of rental property owners. Many of these rental property owners do an excellent job; however, some 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 Registration and Inspection Program provides a record of rental units and owners.
- ▶ The program provides a better opportunity for coordination of city programs and codes.

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

Vermillion - Other Housing Initiatives

19. Encourage employer involvement in housing

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

Although the jobs being created may have good wages for the area, many jobs do not pay wages sufficient for workers to buy or improve their housing. Housing for new employees is a concern for employers. 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 Vermillion’s housing needs. Several funding sources have finance programs that include employers. Additionally, the funding agencies often view funding applications favorably that include employers in the problem solving process.

Employer involvement can include direct assistance to their employees such as a grant, loan, forgivable loan, deferred loan, down payment assistance, loan guarantee, etc. In many cases, employers do not wish to provide assistance to specific employees, but are willing to contribute to an overall city project such as an affordable residential subdivision or a moderate rent housing project. Employers can also continue to support other city projects such as trails, parks, ball fields, etc., that directly have a positive impact on housing in Vermillion.

20. Acquire and demolish dilapidated structures

Findings: The housing condition survey of one of the City’s oldest areas identified 21 homes that are dilapidated and too deteriorated to rehabilitate. The survey also identified 73 homes as needing major repair. Several of these homes may be too dilapidated to rehabilitate upon a more detailed inspection. There are also homes in other Vermillion neighborhoods that may be dilapidated and beyond repair. Some dilapidated houses have been demolished in Vermillion in the past.

Recommendation: We recommend that Vermillion continue to demolish severely dilapidated structures. The City is enhanced when blighted and dilapidated structures are removed. Also, some of the cleared lots can possibly be utilized for the construction of new affordable housing units.

We also recommend that the City of Vermillion maintain an inventory of structures that may be candidates for future acquisition and demolition. An inventory of in-fill lots for future development should also be maintained.

21. Develop mobile home park improvement programs

Findings: In the 2021 mobile home survey, we identified six mobile home parks in the City of Vermillion with a total 350 mobile homes.

The condition survey of the 350 mobile homes in the six parks identified 87 mobile homes that need minor repair, 76 mobile homes that need major repair and 38 mobile homes that are dilapidated and beyond repair. A total of 149 mobile homes are sound and require no repairs.

It appears that new mobile homes are being moved into most of the mobile home parks. Some of these new homes are replacing older mobile 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 City to initiate or continue programs to improve the quality of mobile homes, even if these programs can only address a few units per year. Some of the innovative programs that have been used in other communities to address mobile home conditions and mobile home park issues include:

- ▶ **Operation Safe Mobile Home Park** - Owners of substandard mobile homes are given the option of voluntarily selling their substandard mobile home to the City or a local housing agency for a fixed minimum price. The mobile homes are then removed from the park and demolished/salvaged. The owner can then use the funds from the sale to help purchase a new home. Mobile home dealerships have sometimes participated by buying the salvaged homes.

- ▶ ***Time of Sale Inspection Program*** - This inspection program is designed to provide safe living conditions through the identification and elimination of basic life/safety hazards in older mobile homes. Mobile homes are subject to inspection prior to their sale. All identified safety hazards must be corrected before the unit is sold and/or occupied.
- ▶ ***Continue mobile home inspections*** - Currently, rental mobile homes must be inspected and meet exiting codes prior to being occupied.
- ▶ ***Age of mobile/manufactured homes*** - Some cities have adopted regulations that mobile/manufactured homes older than a designated age cannot be moved into the City and mobile/manufactured homes that are not new must be inspected prior to being moved into the City. Currently, mobile homes must have been constructed after 1976 to be eligible to be moved into Vermillion.

22. Create a plan and continue coordination among housing agencies

Findings: The City of Vermillion and the Vermillion Area Chamber and Development Company have staff resources to plan and implement many of the housing recommendations advanced in this Study. Vermillion also has access the South Eastern Council of Governments, the South Eastern Development Foundation, the Vermillion Housing and Redevelopment Commission, the Rural Office of Community Services, Inc., USDA Rural Development, the South Dakota Housing Development Authority and Dakota Resources. These agencies all have experience with housing and community development programs.

Recommendation: Vermillion is fortunate to have access to several agencies that can address housing needs. It is our recommendation that the City continue to work with the housing agencies to prioritize the recommendations of this Study and to develop a plan to comprehensively address the City's housing needs. The plan should include strategies, time lines and the responsibilities of each agency. While there has traditionally been a degree of staff interaction between these agencies, it will be important that a coordinated approach be used to prioritize and assign responsibility for housing programs. This approach will reduce duplication, provide coordination and cooperation among agencies and will effectively utilize scarce resources.

It will also be important for the City to look for opportunities to work cooperatively with other area cities to address housing issues. With limited staff capacity, 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.

23. Strategies for downtown redevelopment and commercial development

Findings: The City of Vermillion’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 that are ongoing 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.

In addition to the City’s downtown, Vermillion has other commercial areas. There are buildings and businesses in these commercial areas.

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

- ▶ 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 Vermillion
 - ▶ Vermillion Area Chamber and Development Company
 - ▶ Federal Home Loan Bank
 - ▶ Special tax districts
 - ▶ Tax increment financing
 - ▶ Funds from South Dakota State Agencies

- ▶ Work with stakeholders to identify roles, secure funding, develop and implement programs and projects
 - ▶ Property owners
 - ▶ City of Vermillion
 - ▶ Vermillion Area Chamber and Development Company
 - ▶ South Eastern Council of Governments

The City of Vermillion and the Vermillion Chamber and Development Company should also continue to work with the building owners, businesses and land owners to construct new commercial buildings and to encourage new businesses to locate in the City's other commercial areas.

24. 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 Vermillion and the Vermillion Area Chamber and Development Company have been active in promoting and marketing housing and we recommend the continuation of the following:

- ▶ Identify the City's strengths and competitive advantages and heavily promote them
- ▶ Continue to create marketing materials that can be distributed regionally (including internet, TV, radio, etc.)
- ▶ Work closely with employers to provide employees (especially new employees) with housing opportunities in Vermillion
- ▶ 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 developers and builders to make lot development and the construction of new homes as user-friendly as possible
- ▶ Continue to work on the creation of jobs and the development of retail, service and recreational opportunities that make the City a "full service" community
- ▶ Continue to provide attractive lots at an affordable price for a variety of home sizes, styles and price ranges
- ▶ Preserve the quality of existing neighborhoods through the rehabilitation of substandard housing and the demolition of dilapidated structures that are beyond repair
- ▶ Continue to develop new housing choices that serve life-cycle housing needs, such as new rental housing, twin homes, senior with services housing, etc.
- ▶ Review the City's policies and fees to assure that they are user-friendly, fair and receptive for developers, builders and households
- ▶ Develop a coordinated housing plan with the private sector and area housing agencies

Agencies and Resources

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

Vermillion Area Chamber and Development Company

2 East Main St., Ste. 101
Vermillion, SD 57069
(605) 624-5571

Rural Office of Community Services, Inc.

214 W. Main
P.O. Box 70
Lake Andes, SD 57356

South Eastern Development Foundation

500 North Western Avenue, Suite 100
Sioux Falls, SD 57104
(605) 367-5390

South Eastern Council of Governments

500 North Western Avenue, Suite 100
Sioux Falls, SD 57104
(605) 367-5390

Habitat for Humanity of Clay and Yankton Counties

218 Capital St.
Yankton, SD 57078
(605) 260-4224

Vermillion Housing and Redevelopment Commission

25 Center St.
Vermillion, SD 57069
(605) 677-7191

South Dakota Housing Development Authority

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

USDA Rural Development

Federal Building, Room 210
200 4th St. SW
Huron, SD 57350
(605) 352-1100

Grow South Dakota

104 E. Ash St.
Sisseton, SD 57262
(605) 698-7654