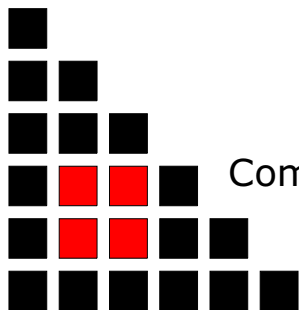


# City of Lennox HOUSING STUDY UPDATE

October 2019

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



Community Partners Research, Inc.  
Faribault, MN

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## **Introduction**

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

Community Partners Research, Inc., has been hired by the City of Lennox to update the Lennox Housing Study that was completed in 2015.

### **Goals**

The multiple goals of the study include:

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

### **Methodology**

A variety of resources were utilized to obtain information for the Housing Study. Community Partners Research, Inc., collected and analyzed data from July to September 2019. Data sources included:

- U.S. Census Bureau
- American Community Survey
- Applied Geographical Solutions, Inc., a private data reporting service
- Esri, Inc., a private data reporting service
- Records and data from the City
- Records and data maintained by Lincoln County
- South Dakota State Data Center
- Interviews with City officials, community leaders, housing stakeholders, etc.

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

**Limitations**

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

This study was prepared by:

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

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## **Demographic Data Overview**

### **Sources of Data**

The following pages contain demographic data obtained from a variety of local, state and national sources for the City of Lennox and Lincoln County. A primary data source is the U.S. Census Bureau, through the decennial census, the annual American Community Survey, and the annual population estimates program.

To supplement the decennial Census, the Census Bureau has created the American Community Survey, an annual sampling of households. This provides detailed demographic characteristics, replacing information once collected by the decennial Census. However, because the American Survey is based on sampling data, there is a margin of error that exists for each estimate. Some of the following tables incorporate the 2017 American Community Survey data, when viewed as reliable.

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

In addition to providing demographic information for Lennox, comparative information has often been provided for all of Lincoln County.

## Population Data and Trends

<b>Table 1 Population Trends - 1990 to 2019</b>						
	1990 Census	2000 Census	% Change 1990-2000	2010 Census	% Change 2000-2010	2019 AGS Estimate
Lennox	1,767	2,037	15.3%	2,111	3.6%	2,438
Lincoln Co.	15,427	24,131	56.4%	44,828	85.8%	58,943

Source: U.S. Census; Applied Geographic Solutions

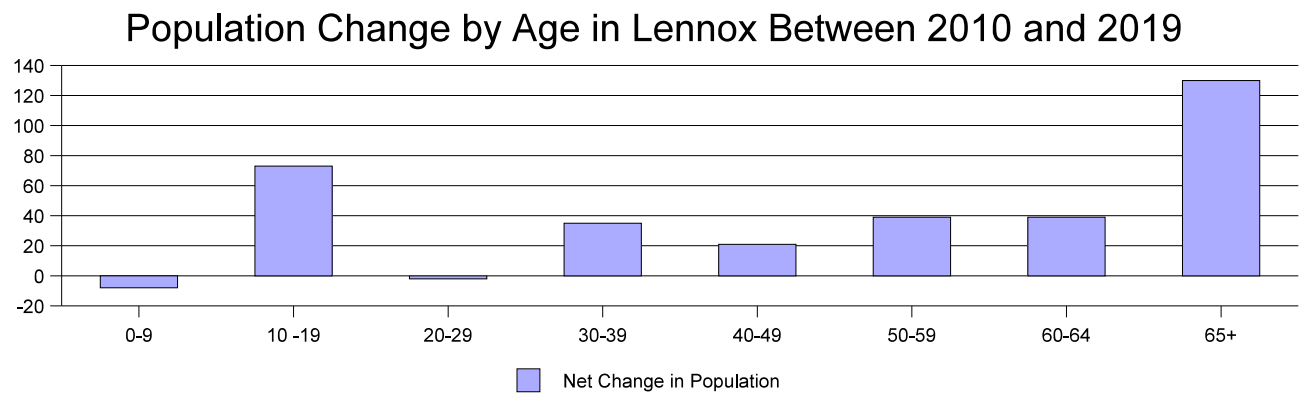
- ▶ According to the 2010 U.S. Census, the City of Lennox had a population gain of 74 people from 2000 to 2010. Lennox’s population was 2,111 in 2010. The 74-person increase from 2000 was a population gain of 3.6%.
- ▶ Lincoln County’s population was 44,828 in 2010. This was a substantial increase of 20,697 people from 2000, for a population gain of 85.8%.
- ▶ Lennox and Lincoln County also experienced population increases in the 1990s. Lennox’s population increased by 270 people and Lincoln County increased by 8,704 people from 1990 to 2000.
- ▶ The Census Bureau has released information through its population estimates program. The most recent estimate for Lennox is effective July 1, 2019, and shows the City adding 325 people from 2010 to 2018. The most recent estimate for Lincoln County is also effective July 1, 2018, and shows the County adding 13,979 people after the 2010 Census.
- ▶ Applied Geographic Solutions estimates that Lennox gained 327 people from 2010 to 2019, which is a gain of 15.5%. Esri, a private reporting service, estimates the population in Lennox at 2,528 people in 2019, a gain of 417 people (19.8%).
- ▶ AGS estimates that Lincoln County gained 14,115 people from 2010 to 2019, an increase of 31.5%. Esri’s 2019 population estimate for Lincoln County is 61,003 residents at gain 16,175 people.
- ▶ Lennox’s population is primarily White and non-Hispanic/Latino. At the time of the 2010 Census, 96% of the City’s residents were White, 2% were Black or African American, 0.6% were American Indian and 1.5% were some other race or two or more races.

## Population by Age Trends: 2010 to 2019

The 2019 population estimates from Applied Geographic Solutions include information on the age distribution of residents. However, this source uses broad age ranges, including grouping all senior citizens age 65 and older into a single group. This information can be compared to the population by age in the 2010 Census. The following table shows these changes for Lennox and Lincoln County.

<b>Table 2 Population by Age - 2010 to 2019</b>						
Age	Lennox			Lincoln County		
	2010	2019	Change	2010	2019	Change
0-9	317	309	-8	8,346	8,843	497
10-19	292	365	73	5,700	8,649	2,949
20-29	235	233	-2	6,189	7,014	825
30-39	283	318	35	7,348	8,981	1,633
40-49	285	306	21	6,046	7,878	1,832
50-59	259	298	39	5,288	6,692	1,404
60-64	103	142	39	1,879	3,109	1,230
65+	337	467	130	4,032	7,777	3,745
Total	2,111	2,468	327	44,828	58,943	14,115

Source: U.S. Census; AGS





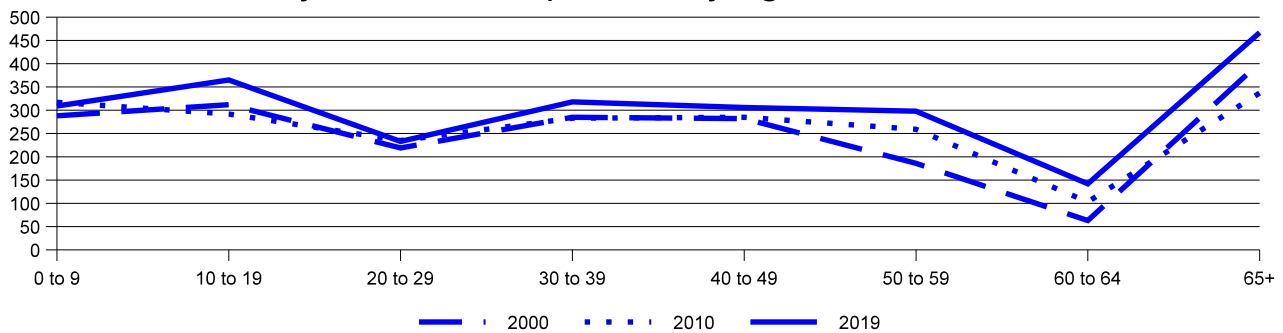
For many years, demographic analysts have been talking about the impact that is occurring as the large “baby boom” generation moves through the aging cycle. This trend has been evident in Lennox and Lincoln County. Between 2010 and 2019, Lennox had a gain of 169 people and Lincoln County had a gain of 4,975 people in the 60 and older age ranges.

Lincoln County also had growth in all the other age ranges, with strong growth of 3,446 children in the 0 to 19 age ranges. Lincoln County also had a gain of 2,458 people in the 20 to 39 age ranges and a gain of 3,236 in the 40 to 59 age ranges.

Lennox also had population growth of 73 people in the 10 to 19 age range, a gain of 56 people in the 30 to 49 age ranges and a gain of 39 people in the 50 to 59 age range.

Lennox experienced a population loss of eight people in the 0 to 9 age range, and a loss of two people in the 20 to 29 age range.

City of Lennox Population by Age: 2000 to 2019



## Population Projections

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

<b>Table 3 Population Projections Through 2024</b>						
	Applied Geographic Solutions			Esri		
	2019 Estimate	2024 Projection	Change 2019-2024	2019 Estimate	2024 Projection	Change 2019-2024
Lennox	2,438	2,911	473	2,528	2,829	301
Lincoln County	58,943	70,255	11,312	61,003	71,118	10,115

Source: Applied Geographic Solutions; Esri

- ▶ Both AGS and Esri show projected population gains from 2019 to 2024 for the City of Lennox and Lincoln County. AGS projects a gain of 473 people in Lennox from 2019 to 2024, which is an average increase of approximately 95 people annually. Esri expects that the City of Lennox will add 301 residents over this five-year period, or an annual average of approximately 60 people per year.
- ▶ AGS expects all of Lincoln County to add 11,312 people between 2019 and 2024, or approximately 2,264 people in an average year. Esri projects that the Lincoln County will gain 10,115 people from 2019 to 2024, which is an annual average of 2,023 people.

## Household Data and Trends

<b>Table 4 Household Trends - 1990 to 2019</b>						
	1990 Census	2000 Census	% Change 1990-2000	2010 Census	% Change 2000-2010	2019 AGS
Lennox	694	812	17.0%	842	3.7%	930
Lincoln Co.	5,461	8,782	60.8%	16,649	89.6%	21,058

Source: U.S. Census; AGS

- ▶ AGS' 2019 household estimate for Lennox is 930 households, an increase of 88 households from the 2010 Census. Esri's 2019 estimate for Lennox households is 1,024, a gain of 182 households since the 2010 Census.
- ▶ For all of Lincoln County, the 2019 AGS estimate is 21,058 households, an increase of 4,409 households from 2010 to 2019. Esri estimates that Lincoln County has 22,658 households, a gain of 6,009 households from 2010 to 2019.
- ▶ According to the 2010 U.S. Census, Lennox and Lincoln County gained households from 2000 to 2010. Lennox had 842 households in 2010. This was an increase of 30 households from 2000, or a household gain of 3.7%.
- ▶ Lincoln County had 16,649 households in 2010. This was an increase of 7,867 households, or a household gain of 89.6%.
- ▶ Lennox gained 118 households and Lincoln County gained 3,321 households during the 1990s.

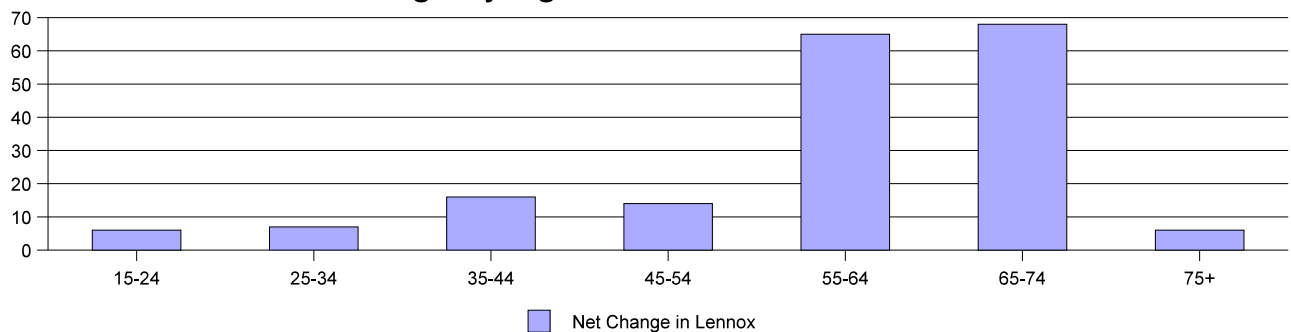
## Household by Age Trends: 2010 to 2019

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

<b>Table 5 Households by Age - 2010 to 2019</b>						
Age	Lennox			Lincoln County		
	2010	2019	Change	2010	2019	Change
15-24	36	42	6	840	1,054	214
25-34	140	147	7	3,977	4,039	62
35-44	166	182	16	3,539	5,687	2,148
45-54	161	175	14	3,259	4,079	820
55-64	143	208	65	2,492	3,630	1,138
65-74	78	146	68	1,303	2,503	1,200
75+	118	124	6	1,239	1,666	427
<b>Total</b>	<b>842</b>	<b>1,024</b>	<b>182</b>	<b>16,649</b>	<b>22,658</b>	<b>6,009</b>

Source: U.S. Census; Esri

Household Change by Age in Lennox Between 2010 and 2019

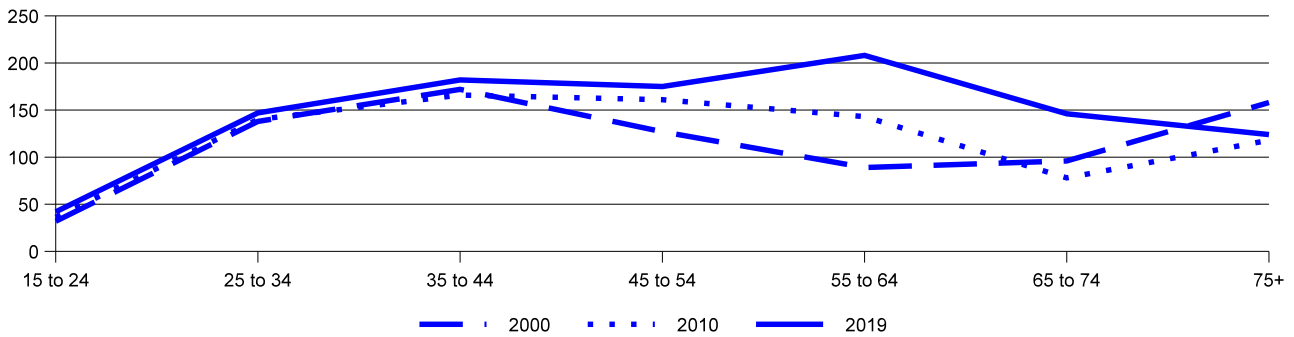


From 2010 to 2019 Lennox added households in all age ranges. Lennox added 43 households in the 54 and younger age ranges, and added 139 households in the 55 and older age ranges.

From 2010 to 2019, Lincoln County gained households in all age ranges. The 54 and younger age ranges gained 3,244 households and the 55 and older age ranges gained 2,765 households.

It is possible to track the progression of the baby boomer households over the past 20 years in Lennox, using Census information for households by the age of householder.

City of Lennox Households by Age of Householder: 2000 to 2019



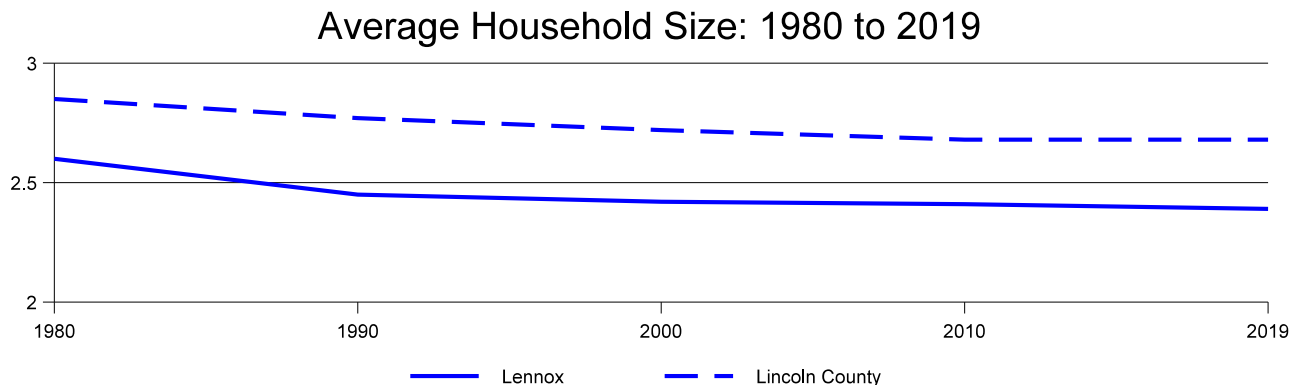
## Average Household Size

The following table provides decennial Census information on average household size, along with the 2019 estimate from Esri.

<b>Table 6 Average Number of Persons Per Household: 1990 to 2019</b>				
	1990 Census	2000 Census	2010 Census	2019 Esri
Lennox	2.45	2.42	2.41	2.39
Lincoln County	2.77	2.72	2.68	2.68

Source: U.S. Census; Esri

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



The average household size in Lennox has decreased slightly over the past three decades. In Lennox, the average household size decreased from 2.45 persons per household in 1990 to 2.39 in 2019. Lincoln County’s average household size decreased from 2.77 in 1990 to 2.68 in 2019.

In 2019, Lennox’s average household size is 2.39, higher than many of the other South Dakota cities of a similar size.

## Household Projections

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

<b>Table 7 Household Projections Through 2024</b>						
	AGS			Esri		
	2019 Estimate	2024 Projection	Change	2019 Estimate	2024 Projection	Change
Lennox	930	1,042	112	1,024	1,152	128
Lincoln Co.	21,058	23,479	2,421	22,658	26,418	3,760

Source: AGS, Esri

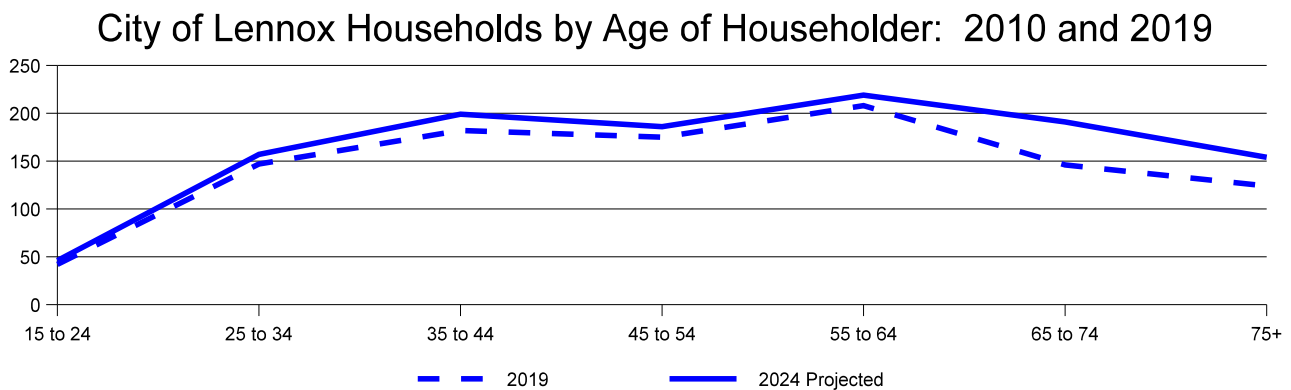
- ▶ The AGS projections expect household gains for Lennox and Lincoln County from 2019 to 2024, consistent with past trends.
- ▶ AGS projects that Lennox will add 112 households from 2019 to 2024. Over the five-year period, average annual growth would be approximately 22 households per year. Esri estimates that Lennox will add 128 households from 2019 to 2024, which is an average growth of 26 households annually.
- ▶ Based on AGS data, Lincoln County is projected to add 2,421 households from 2019 to 2024. This is an average of approximately 484 households per year.
- ▶ Esri projects that Lincoln County will add 3,760 households from 2019 to 2024, which is an average gain of 752 households per year.

## Lennox Household by Age Projections: 2019 to 2024

In addition to overall household forecasts, Esri has also generated age-based projections for households to the year 2024. These projections can be compared to the data contained in the 2019 Esri estimate to examine the change projected over the next five years. Age-based forecasts are provided for the City of Lennox. Age-based forecasts are not available from Applied Geographic Solutions.

<b>Table 8 Projected Households by Age - 2019 to 2024</b>			
Age	Lennox		
	2019	2024	Change
15-24	42	46	4
25-34	147	157	10
35-44	182	199	17
45-54	175	186	11
55-64	208	219	11
65-74	146	191	45
75+	124	154	30
<b>Total</b>	<b>1,024</b>	<b>1,152</b>	<b>128</b>

Source: Esri





Esri projects an overall gain of 128 households in Lennox from 2019 to 2024. Consistent with the age distribution data presented earlier, the movement of the “baby boom” generation through the aging cycle should generate much of the City’s growth in households, especially in the 65 and older age ranges. The household projections for Lennox expect the City to add 75 households in the 65 and older age ranges.

The Esri projections also expect an increase of 14 households in the 15 to 34 age ranges and a 39-household gain in the 35 to 64 age ranges.

No age ranges are projected to lose households from 2019 to 2024.

Overall, from 2019 to 2024 Lennox is projected to have a gain of 42 households in the age ranges 54 and younger, and a gain of 86 households in the 55 and older age ranges.

## Households by Type

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

<b>Table 9 Lennox Household Composition - 2000 to 2010</b>			
	2000 Census	2010 Census	Change
Family Households			
Married Couple with own children	220	196	-24
Single Parent with own children	64	72	8
Married Couple without own children	219	246	27
Family Householder without spouse	23	28	5
<b>Total Families</b>	<b>526</b>	<b>542</b>	<b>16</b>
Non-Family Households			
Single Person	259	266	7
Two or more persons	27	34	7
<b>Total Non-Families</b>	<b>286</b>	<b>300</b>	<b>14</b>

Source: U.S. Census

Between 2000 and 2010, Lennox experienced an overall net increase of 16 “family” households. There was a decrease of 24 married couple families that had their own children in the household. The City had an increase of eight single parent households with children, a gain of 27 married couples without children, and a gain of five family households without a spouse or children.

The City of Lennox had an increase of 14 “non-family” households. There was an increase of seven one-person households. There was also an increase of seven households that had unrelated individuals living together.

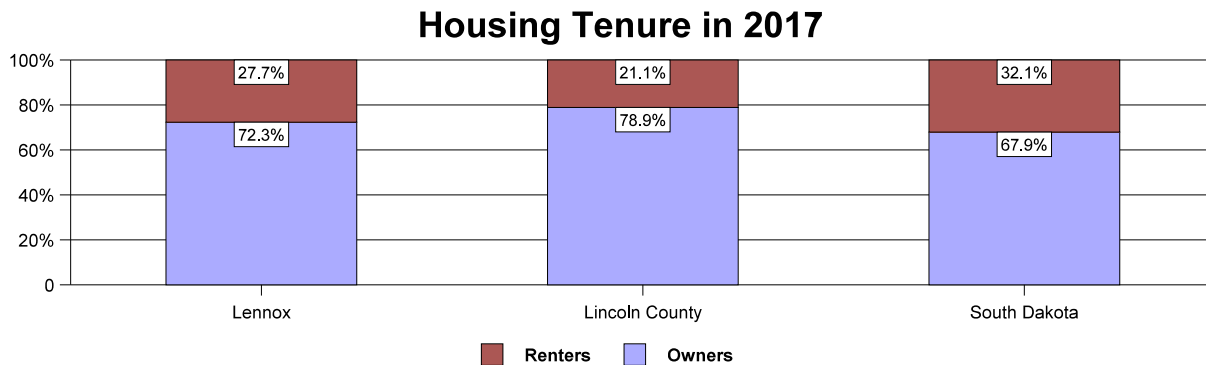
## Housing Tenure

The 2017 American Community Survey provided data on housing tenure patterns. The following tables examine tenure rates, along with changes that have occurred.

<b>Table 10 Household Tenure - 2017</b>				
	Number of Owners	Percent of all Households	Number of Renters	Percent of all Households
Lennox	631	72.3%	242	27.7%
Lincoln County	14,780	78.9%	3,956	21.1%
State	230,657	67.9%	-	32.1%

Source: ACS

According to the 2017 American Community Survey, the ownership tenure rate in Lennox was 72.3% and Lincoln County’s ownership rate was 78.9% in 2017. Lennox’s rental tenure rate of 27.7% was below the Statewide rate of 32.1% renter households.



<b>Table 11 Households by Housing Tenure - 2010 to 2017</b>						
Tenure	Lennox			Lincoln County		
	2010	2017	Change	2010	2017	Change
Owners	620/73.6%	631/72.3%	11	13,042/78.3%	14,780/78.9%	1,738
Renters	222/26.4%	242/27.7%	20	3,607/21.7%	3,956/21.1%	349
Total	842	873	31	16,649	18,736	2,087

Source: U.S. Census

The City of Lennox’s ownership tenure rate decreased slightly from 73.6% in 2010 to 72.3% in 2017. For Lincoln County, the ownership tenure rate increased from 78.3% in 2000 to 78.9% in 2017.

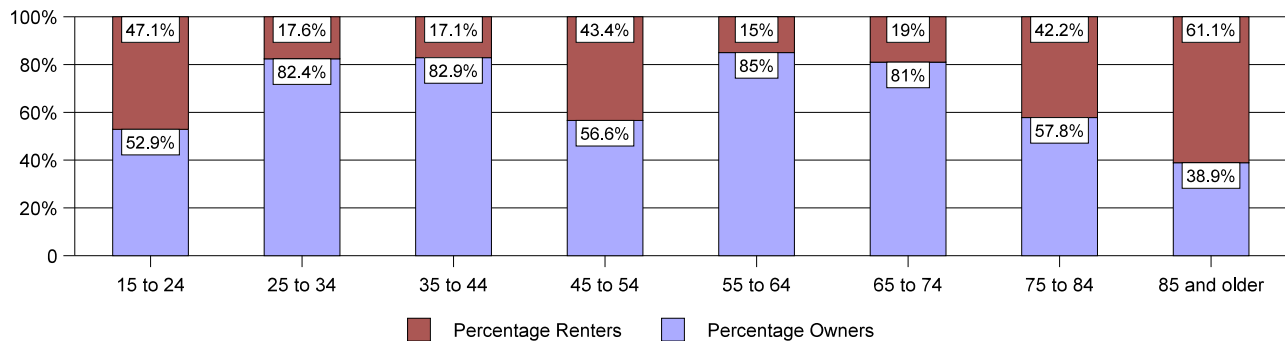
## Tenure by Age of Householder

The 2017 American Community Survey provided information on the tenure distribution of Lennox households within each defined age range. The following table examines the number and percentage of renters and owners in each age group in Lennox.

<b>Table 12 Lennox Tenure by Age of Householder - 2017</b>				
Age	Owners		Renters	
	Number	Percent within age	Number	Percent within age
15-24	18	52.9%	16	47.1%
25-34	89	82.4%	19	17.6%
35-44	131	82.9%	27	17.1%
45-54	99	56.6%	76	43.4%
55-64	130	85.0%	23	15.0%
65-74	102	81.0%	24	19.0%
75-84	48	57.8%	35	42.2%
85+	14	38.9%	22	61.1%
Total	631	72.3%	242	27.7%

Source: ASC

**City of Lennox Housing Tenure Patterns by Age in 2017**



Within the defined age ranges, typical tenure patterns were present. Households at the upper and lower ends of the age spectrum showed a higher preference for rented housing, while middle-aged adult households were primarily homeowners. Approximately 47% of households age 24 and younger rented their unit, and 61% of households age 85 and older were renters.

## 2017 Income Data

The 2010 Census did not collect information on household income. However, estimates are available at the city and county level through the American Community Survey. The following table provides 2017 American Community survey data for Lennox and Lincoln County.

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

<b>Table 13 Median Household Income - 2010 to 2017</b>			
	2010 Median	2017 Median	% Change
Median Household Income			
Lennox	\$53,250	\$49,102	-7.9%
Lincoln County	\$67,365	\$81,849	21.5%
South Dakota	\$46,369	\$54,126	16.7%
Median Family Income			
Lennox	\$66,793	\$61,382	-8.1%
Lincoln County	\$75,231	\$91,872	22.1%
South Dakota	\$58,958	\$69,425	17.8%

Source: American Community Survey

Information contained in the 2017 American Community Survey shows that the median household and family incomes have decreased for Lennox, but increased substantially for Lincoln County from 2010 to 2017.

Generally, family household incomes tend to be much higher than the overall household median, as families have at least two household members, and potentially more income-earners. Using the commonly accepted standard that up to 30% of gross income can be applied to housing expenses without experiencing a cost burden, a median income household in Lennox could afford approximately \$1,228 per month and a median income family household could afford \$1,535 per month for ownership or rental housing in 2017.

## Lennox Household Income Distribution

The following table provides 2017 American Community Survey estimates on the number and percent of Lennox households in each income range.

<b>Table 14 Lennox Household Income Distribution - 2017</b>		
Household Income	Number of Households in 2017	Change 2010 to 2017
\$0 - \$14,999	87	10.0%
\$15,000 - \$24,999	91	10.4%
\$25,000 - \$34,999	111	12.7%
\$35,000 - \$49,999	159	18.2%
\$50,000 - \$74,999	182	20.8%
\$75,000 - \$99,999	102	11.7%
\$100,000+	141	16.2%
<b>Total</b>	<b>873</b>	<b>100%</b>

Source: American Community Survey



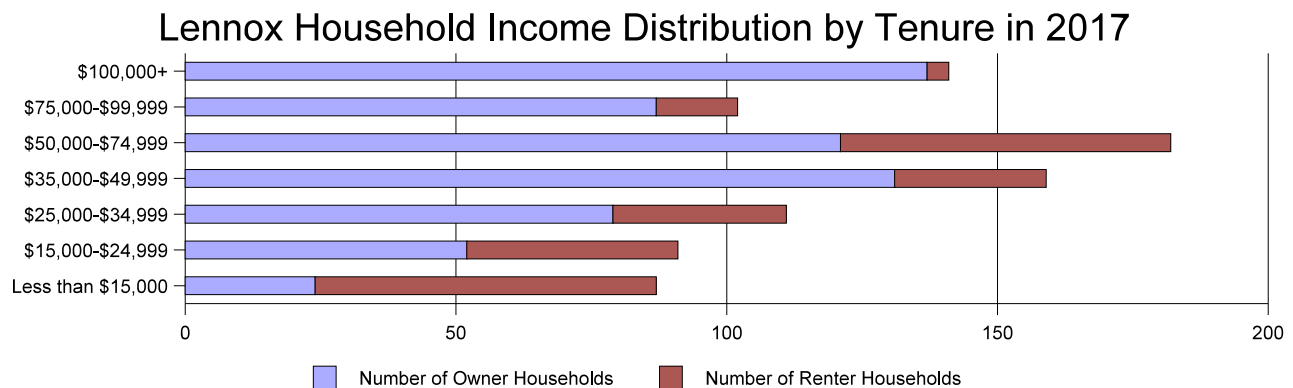
According to income estimates contained in the 2017 American Community Survey, approximately 33% of Lennox households have an annual income under \$35,000, 39% have an annual income between \$35,000 and \$74,999 and approximately 28% of Lennox households have an annual income over \$75,000.

## Lennox Income Distribution by Housing Tenure

The 2017 American Community Survey provides income data by owner and renter status. The following table examines income distribution in Lennox by tenure.

<b>Table 15 Lennox Household Income Distribution by Tenure - 2017</b>			
Household Income	Number of Owner Households	Number of Renter Households	Total Households
\$0 - \$14,999	24/27.6%	63/72.4%	87
\$15,000 - \$24,999	52/57.1%	39/42.9%	91
\$25,000 - \$34,999	79/71.2%	32/28.8%	111
\$35,000 - \$49,999	131/82.4%	28/17.6%	159
\$50,000 - \$74,999	121/66.5%	61/33.5%	182
\$75,000 - \$99,999	87/85.3%	15/14.7%	102
\$100,000+	137/97.2%	4/2.8%	141
<b>Total</b>	<b>631/72.3%</b>	<b>242/27.7%</b>	<b>873</b>

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 2017, approximately 55% of all renter households in Lennox had an annual income below \$35,000. At 30% of income, these households would have \$875, or less, that could be applied to monthly housing costs. The median income for all renter households was approximately \$33,452 in 2017. At 30% of income, a renter at the median level could afford approximately \$836 per month or less for housing costs.

Most owner households had a higher income level than rental households. Approximately 55% of all owner households had an annual income of \$50,000 or more. The estimated median household income for owners in 2017 was approximately \$55,402. At 30% of income, an owner at the median income level could afford approximately \$1,385 per month for housing costs.



## 2017 Estimated Income and Housing Costs - Renters

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

<b>Table 16 Gross Rent as a Percentage of Household Income - 2017</b>			
Percent of Income for Housing	Households Age 64 and Younger	Households Age 65 and Older	Total
Less than 20%	91/56.5%	18/22.2%	109/45.1%
20% to 29.9%	21/13.1%	12/14.8%	33/13.6%
30% to 34.9%	19/11.8%	14/17.3%	33/13.6%
35% or more	30/18.6%	32/39.5%	62/25.6%
Not Computed	0/0.0%	5/6.2%	5/2.1%
<b>Total</b>	<b>161/100%</b>	<b>81/100%</b>	<b>242/100%</b>

Source: 2016 American Community Survey

According to the American Community Survey, approximately 39% of the renters in the City were paying 30% or more of their income for rent. A significant majority of these households were actually paying 35% or more of their income for housing. Federal standards for rent subsidy programs generally identify 30% of household income as the maximum household contribution. When more than 30% of income is required, this is often called a “rent burden”. When more than 35% is required, this can be considered a “severe rent burden”.

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

Senior citizen renters (age 65 and older) represented approximately 48% of the households with a rental cost burden. Households in the age ranges between 15 and 64 years old represented approximately 52% of all households with a rental cost burden.

## 2017 Estimated Income and Housing Costs - Owners

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

<b>Table 17 Ownership Costs as a Percentage of Income - Lennox</b>		
Percentage of Household Income for Housing Costs	Number of Owner Households 2017	Percent of All Owner Households 2017
0% to 19.9%	351	55.6%
20% to 29.9%	174	27.6%
30% to 34.9%	14	2.2%
35% or more	92	14.6%
Not Computed	0	0.0%
Total	631	100%

Source: American Community Survey

Most owner-occupants, which would include households with and without a mortgage, reported paying less than 30% of their income for housing. However, approximately 17% of all home owners reported that they paid more than 30% of their income for housing. A significant majority of these households were paying more than 35% of income for housing costs.

## Existing Home Sales

This section examines houses that have been sold in Lennox from 2012 through 2018. 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 South Dakota Department of Revenue website, based on sales reports submitted by the Lincoln 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.

The County and State also reject sales that show significant variation from the assessed value. Known as the "150% rule" these sales may be open market transactions but are not useful in the sales ratio analysis. The sales file listed the 150% rule sales and they have been included in the following analysis if they otherwise represent open market transactions.

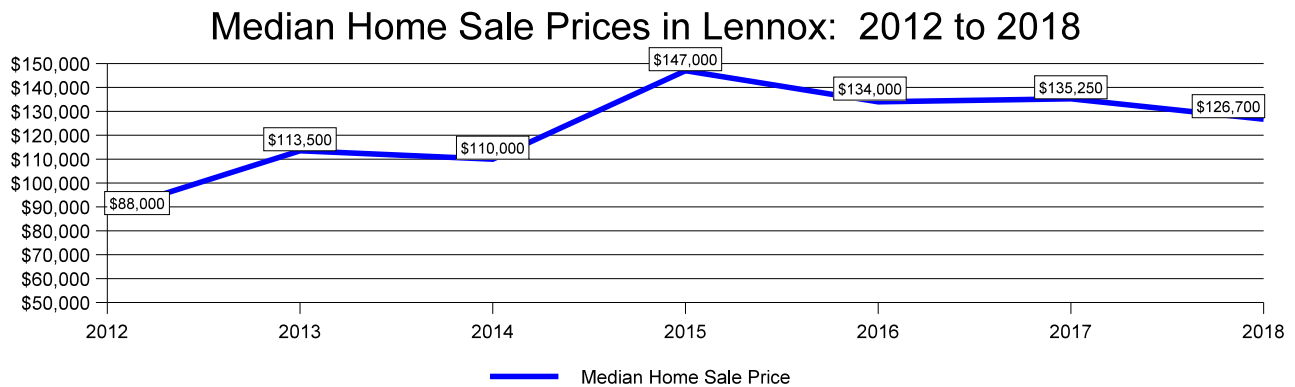
<b>Table 18 Median Value of Recent Residential Sales - 2012 to 2018</b>				
Year	Number of Sales	Median Sale Price	Highest Sale	Lowest Sale
2018	51	\$126,700	\$265,000	\$22,500
2017	48	\$135,250	\$629,000	\$13,500
2016	47	\$134,000	\$351,000	\$20,000
2015	38	\$147,000	\$238,000	\$28,000
2014	37	\$110,000	\$297,500	\$35,500
2013	32	\$113,500	\$290,000	\$36,000
2012	39	\$88,000	\$305,000	\$11,000

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

There has been year-to-year variation in the annual median sale price in Lennox, but since 2013, the median has been in a range from \$110,000 to \$147,000. Based on the sales in the 2018 sales ratio period, the median price was \$126,700.

In each of the years reviewed, at least one house in the City has sold for \$238,000 or more. But the actual number of very high priced sales has been limited. Dating back to 2012, only four sales have been recorded for \$300,000 or more.

In most years, some lower valued sales also occur. In each of the years reviewed, at least one house was sold for \$36,000 or less.



## Home Sales by Price Range

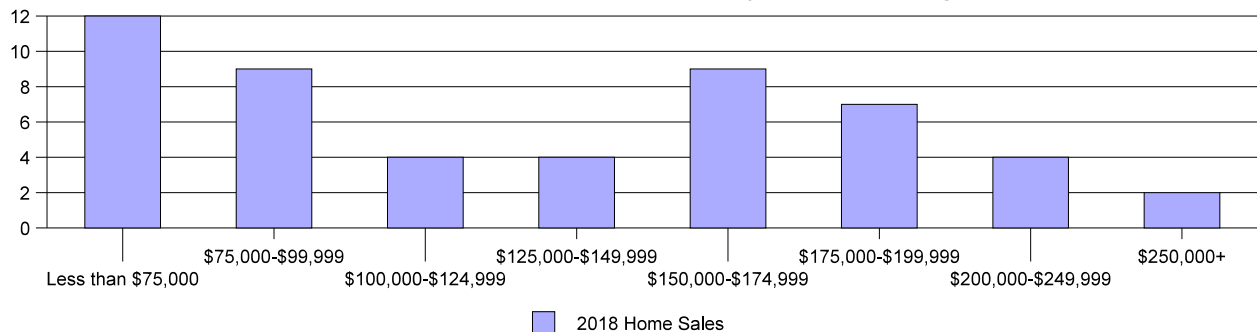
The following table looks at single family houses that sold within defined price ranges in the 2018 sales period.

Table 19 Lennox Home Sales by Price Range in 2018		
Sale Price	Number of Sales	Percent of Sales
Less than \$75,000	12	23.5%
\$75,000 - \$99,999	9	17.6%
\$100,000 - \$124,999	4	7.8%
\$125,000 - \$149,999	4	7.8%
\$150,000 - \$174,999	9	17.6%
\$175,000 - \$199,999	7	13.7%
\$200,000 to \$249,999	4	7.8%
\$250,000 or more	2	3.9%
Total	51	100%

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

Recent home sales in Lennox have been widely distributed in different price ranges. Approximately 41% of the sales in 2018 were priced below \$100,000. Nearly 32% of sales were priced between \$100,000 and \$175,000. Approximately 25% of home sales were for \$175,000 or more.

2018 Lennox Home Sales by Price Range



## **Lennox Housing Condition**

In 2015, Community Partners Research, Inc. representatives conducted a visual 'windshield' survey of 245 single family/duplex houses in two of Lennox's oldest neighborhoods.

The boundaries of the two neighborhoods are as follows:

- ▶ Neighborhood #1: North - First Ave.  
South - Fifth Ave.  
East - Elm Street  
West - Cherry Street
  
- ▶ Neighborhood #2: North - Boyton Ave.  
South - Railroad tracks  
East - Main Street  
West - Elm Street

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

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

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

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

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

**Table 20 Windshield Survey Condition Estimate - 2015**

	Sound	Minor Repair	Major Repair	Dilapidated	Total
Neighborhood #1	87/46.3%	80/42.6%	19/10.1%	2/1.0%	188
Neighborhood #2	22/38.6%	16/28.1%	18/31.6%	1/1.7%	57
Total	109/44.5%	96/39.2%	37/15.1%	3/1.2%	245

Source: Community Partners Research, Inc.

- ▶ In 2015, approximately 39% of the houses in the City's two oldest neighborhoods needed minor repair and 15% needed major repair. Approximately 45% were sound, with no required improvements. Three houses were dilapidated and possibly beyond repair.

## Building Permit Trends

Lennox has experienced some new housing construction activity in recent years. The following table identifies the units that have been constructed from 2000 to 2019.

<b>Table 21 Lennox Housing Unit Construction Activity: 2000 to 2019</b>			
Year	Single Family	Two or More Units	Total Units Constructed
2019	4	0	4
2018	4	0	4
2017	5	6	11
2016	11	0	11
2015	6	0	6
2014	6	0	6
2013	2	0	2
2012	1	0	1
2011	0	0	0
2010	2	0	2
2009	2	0	2
2008	2	8	10
2007	9	0	9
2006	6	16	22
2005	8	4	12
2004	8	0	8
2003	8	4	12
2002	8	0	8
2001	8	4	12
2000	4	0	4
<b>TOTAL</b>	<b>104</b>	<b>42</b>	<b>146</b>

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



Over the past 20 years, 146 new housing units have been constructed in Lennox, based on building permit issuance information from the City of Lennox and U.S. Census information. Of the total units, 104 are single family homes and 42 units are in multi-family projects.

Much of the new construction occurred between 2000 and 2008. During this nine-year period, the City averaged approximately 11 new housing units per year. From 2009 to 2014, housing construction activity slowed, and the City has averaged approximately two new units per year. However, in 2014 six new houses were constructed in Lennox. From 2015 to September 2019, 30 single family houses, a duplex and a 4-plex have been constructed or moved into Lennox. This is an average of six new housing units annually.

## **Rental Housing Data**

### **Census Bureau Rental Inventory**

According to the 2010 U.S. Census, there were 222 occupied rental units and 35 unoccupied rental units in Lennox, for a total estimated rental inventory of 257 units. The City's rental tenure rate in 2010 was 26.4%, below the Statewide rental rate of 31.9%.

According to the American Community Survey, there were approximately 242 rental occupied rental units and 26 unoccupied rental units in Lennox in 2017 for a total estimated rental inventory of 268 rental units.

Since 2010, four rental units have been constructed in Lennox. Some owner-occupancy units may also have been converted to rental use since that time.

### **Rental Housing Survey**

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

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

There were 180 housing units/beds of all types that were contacted in the survey. In addition to the 180 rental units/beds, the skilled nursing home, which has 59 beds, was surveyed.

The units that were successfully contacted include:

- ▶ 71 market rate units
- ▶ 58 federally subsidized units
- ▶ 51 senior assisted living units/beds
- ▶ 59 beds in the skilled nursing home

The findings of the survey are provided below.

## Market Rate Summary

Information was obtained on 71 rental units in 10 multifamily projects.

### Unit Mix

We obtained the bedroom mix on the 71 market rate units. The bedroom mix of the units is:

- ▶ one-bedroom - 8 (11.3%)
- ▶ two-bedroom - 60 (84.5%)
- ▶ three-bedroom - 3 (4.2%)

### Occupancy / Vacancy

At the time of the survey, there were only two vacancies in the 69 market rate units that were included in the occupancy survey. This is a vacancy rate of 2.9%. The owners of the projects with a vacancy reported that they were confident that the vacancies would be filled shortly. There were also two vacancies in Ringen Apartments, but the vacancies are due to renovations, thus, they were not included in the survey. At the time of the 2015 Lennox Housing Study, the vacancy rate was 1.2%.

### Rental Rates

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

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

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

<u>Unit Type</u>	<u>Lowest/Highest Gross Rents</u>
One-bedroom	\$460-\$600
Two-bedroom	\$560-\$1,125
Three-bedroom	\$1,095

Please note that the three-bedroom rent is based on one project.

## **Tax Credit Summary**

There are no tax credit units in Lennox.

## **Subsidized Summary**

The research completed for this Study identified three subsidized projects providing rental opportunities for lower income households. These projects have a combined 58 units. Two projects with 29 units are general occupancy rental housing and one project with 29 units is a senior/disabled project.

The three subsidized rental projects in Lennox include:

- ▶ **Sunrise Manor** - Sunrise Manor is a 29-unit HUD-subsidized Public Housing senior/disabled project. The project was constructed in 1970 and includes nine buildings. The 29 units include 14 efficiency, 13 one-bedroom and two two-bedroom units.
- ▶ **Cedar Lane Apartments** - Cedar Lane Apartments is a 13-unit USDA Rural Development General Occupancy project constructed in the 1970's. The 13 units include one one-bedroom and 12 two-bedroom units. All of the 13 units have rent assistance.
- ▶ **Walson Apartments** - Walson Apartments is a 16-unit HUD Section 8 General Occupancy Project. The 16 units are all one-bedroom units. The project is approximately 35 years old and was originally a senior/disabled project, but converted to General Occupancy approximately three years ago.

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

## **Unit Mix**

The bedroom mix breakdown for the 58 subsidized housing units in Lennox is as follows:

- ▶ 14 efficiencies (24.1%)
- ▶ 30 one-bedroom (51.8%)
- ▶ 14 two-bedroom (24.1%)

## **Occupancy / Vacancy**

Eight vacancies were identified in the subsidized projects for a vacancy rate of 13.8%. At the time of the survey, Cedar Lake Apartments had four vacancies and Walson Apartments and Sunrise Manor each had two vacancies. The managers of the projects reported that they usually have a higher rate of occupancy. At the time of the 2015 Lennox Housing Study, the vacancy rate was 3.4%.

## **Subsidized Housing Gains/Losses**

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

In Lennox, Greenbriar Apartments, a 16-unit project with two one-bedroom and 14 two-bedroom units, converted from subsidized to market rate approximately 15 years ago. Therefore, at that time, the City of Lennox's subsidized inventory decreased by 16 units due to the conversion.

## **Senior Housing with Services**

### **Unit Inventory**

Lennox has two senior with services projects including Lennox Assisted and Independent Living and the Lennox Good Samaritan Center, which has skilled nursing home beds.

**Lennox Assisted and Independent Living** - Lennox Assisted and Independent Living, which was previously known as Hilda's Heritage Manor Senior Living, has 42 assisted living beds and nine independent living beds. At the time of the 2015 Lennox Housing Study, the facility had 28 assisted living beds. Therefore, since 2015, the facility has added 14 assisted living beds and nine independent living units. The assisted living beds have access to all assisted living services, including meals, medication distribution, bathing assistance, housekeeping, laundry, etc. The facility is also licensed for residents with dementia and is a secure facility. The independent living units include breakfast and additional meals, laundry and housekeeping are available as needed. Rent and fees are based on the level of services. At the time of the survey, there were several vacant assisted living beds and independent living beds.

**Lennox Good Samaritan Center** - The Lennox Good Samaritan Center is licensed as a 59-bed skilled nursing facility. The facility averages a 90% occupancy rate. Fees are based on the level of services.

**Table 22 Lennox Multifamily Rental Housing Inventory**

Name	Number of Units /Bedroom Mix	Rent	Vacancy/ Wait List	Tenant Mix	Comments
<b>Market Rate</b>					
Pathways in the Park	<u>16 - 2 bedroom</u> 16 total units	\$750 +utilities	No vacancies, waiting list	Mix of tenants	Pathways in the Park is a 16-unit market rate was an essential function bond project that was developed by the Lennox Housing and Redevelopment Commission in 2006. In February 2019, the project was sold and is currently privately owned and managed. The 16 units are two-bedroom townhomes with attached garages and 1 3/4 baths. The rents range from \$750 to \$900 plus utilities. At the time of the survey, the manager reported no vacancies and a waiting list.
Herlyn Properties: Boyton Place Apartments, Prairie Rose Duplexes, Duplex	<u>10 - 2 bedroom</u> 10 total units	\$535-\$660 utilities vary	No vacancies	Mix of tenants	Herlyn Properties include: Boyton Place Apartments is a four-plex with four two-bedroom units constructed in the mid-1990s. Prairie Rose duplexes include four two-bedroom units and was constructed in 2001. A duplex with two two-bedrooms. The rents for the 10 units in the three projects range from \$535 to \$660. Tenant paid utilities vary based on the unit and the project. Owner reports no vacancies.
Greenbriar Apartments	2 - 1 bedroom <u>14 - 2 bedroom</u> 16 total units	\$530 \$580 +electric	No vacancies	General occupancy	Greenbriar Apartments includes two eight-plexes. The units are approximately 40 years old. Greenbriar Apartments was originally a Rural Development project, but opted out of the program and converted to market rate approximately 15 years ago. Rent is \$530 for a one-bedroom and \$580 for a two-bedroom. Tenants also pay electricity. The manager reported full occupancy at the time of the survey.

**Table 22 Lennox Multifamily Rental Housing Inventory**

Name	Number of Units /Bedroom Mix	Rent	Vacancy/ Wait List	Tenant Mix	Comments
<b>Market Rate</b>					
Klingbile Apartments	1 - 1 bedroom <u>2 - 2 bedroom</u> 3 total units	\$385 \$465 +electric, water	No vacancies	General occupancy	Klingbile Apartments includes three rental units in a mixed-use building. The building also includes a beauty shop. The three units are one one-bedroom and two two-bedroom units. Rents ranged from \$385 to \$465 at the time of the 2015 Study. The owner did not provide current rental rate information. Tenants also pay water and electric. The owner reported no vacancies at the time of the survey.
Sixth Street Apartments	6 - 2 bedroom <u>2 - 3 bedroom</u> 8 total units	\$695-\$725 \$895 +heat, electric	1 vacant three-bedroom	General occupancy	Sixth St. Apartments includes two four-plexes. One four-plex was constructed in 2003 and one four-plex was constructed in 2005. Units include six two-bedroom and two three-bedroom. Rents are \$695 to \$795 for a two-bedroom and \$895 for a three-bedroom. Tenants also pay heat and electricity. Rent includes water, sewer and garbage. The owner reports one three-bedroom vacancy.
Tower Apartments	6 - 1 bedroom <u>2 - 2 bedroom</u> 8 total units	\$450 \$550 +electric	5 units vacant for renovation	Mix of tenants	Tower Apartments includes eight units in a converted church building. The owner is in the process of completing improvements to the units. There are five vacancies because of the renovations. Owner reports that he has received numerous calls and anticipates the units will be rented when improvements are completed. Rent is \$450 for a one-bedroom and \$550 for a two-bedroom plus electricity.
Ringen Apartments	1 - 2 bedroom <u>1 - 3 bedroom</u> 2 total units	To be determined	Vacant due to remodeling	General occupancy	Ringen Apartments include units in a large house that has been converted into a mixed-use building. The house also has a commercial business and two rental units, a two-bedroom and a three-bedroom. The units are currently vacant due to remodeling. The rents will be established when the remodeling is completed.



**Table 22 Lennox Multifamily Rental Housing Inventory**

<b>Name</b>	<b>Number of Units /Bedroom Mix</b>	<b>Rent</b>	<b>Vacancy/ Wait List</b>	<b>Tenant Mix</b>	<b>Comments</b>
<b>Market Rate</b>					
205-208 N Cherry St Condos	<u>8 - 2 bedroom</u> 8 total units	\$850 +electric, water	No vacancies	General occupancy	Eight townhome units constructed in 2008. Rent is \$850 per month plus electric and water. Owner reports no vacancies at the time of the survey. Units have attached garages.
2 <sup>nd</sup> Street Apartments	<u>5 - 1 bedroom</u> 5 total units	\$435 +utilities	No vacancies	General occupancy	2 <sup>nd</sup> St. Apartments is a five-plex. All of the units have one-bedroom. Units were constructed in 1999. Rent is \$435 plus utilities. Owner reports no vacancies and the units are usually fully occupied.
Buller Apartments	<u>4 - 2 bedroom</u> 4 total units	\$500 +electric	General occupancy	Mix of tenants	Buller Apartments includes four two-bedroom units. The units are approximately 50 years old. Rent is approximately \$500 plus electricity. Owner reported no vacancies at the time of the survey.
Flarian Apartments	<u>5 - 2 bedroom</u> 5 total units	\$550-\$650 +electric	1 vacancy	General occupancy	Flarian Apartments was constructed in the 1970s and includes five two-bedroom units. Four units have a rent of \$550 and one larger unit has a rent of \$650. Tenants pay electricity. The owner reported one vacancy at the time of the survey.
Cherry Street Apartments	<u>4 - 2 bedroom</u> 4 total units	\$675 +utilities	No vacancies	General occupancy	Cherry Street Apartments includes four townhome units. The units were constructed in 1990. The units include garages. Rents are \$675 plus utilities. The owner reported no vacancies at the time of the survey.
Park View Apartments	<u>4 - 1 bedroom</u> 4 total units	\$370 +electric	No vacancies	Mix of tenants	Parkview Apartments includes four apartments in a converted motel. All the units are one-bedroom. Rent is \$370 plus electricity. Owner reports no vacancies, but that he often does have vacancies.

**Table 22 Lennox Multifamily Rental Housing Inventory**

Name	Number of Units /Bedroom Mix	Rent	Vacancy/ Wait List	Tenant Mix	Comments
<b>Subsidized</b>					
Cedar Lane Apartments	1 - 1 bedroom <u>12 - 2 bedroom</u> 13 total units	\$505 max. \$565 max. 30% of income	4 vacancies	General occupancy	Cedar Lane Apartments is a 13-unit General Occupancy Rural Development Project. The project was constructed in the 1970s. All of the tenants have access to rent subsidy and pay 30% of their income for rent. Rent includes water, sewer and garbage. The manager reported four vacancies at the time of the survey.
Walson Apartments	<u>16 - 1 bedroom</u> 16 total units	30% of income	Two vacancies	General Occupancy	Walson Apartments is a HUD Section 8 Project. The project is approximately 35 years old. The project includes 16 one-bedroom units. The project was a senior project, but converted to general occupancy. About 75% of the tenants are seniors. All tenants have access to rent subsidy and pay 30% of income. The manager reported two vacancies at the time of the survey.
Sunrise Manor	14 - efficiencies 13 - 1 bedroom <u>2 - 2 bedroom</u> 29 total units	\$435 max. \$524 max. \$600 max. 30% of income	2 vacancies	Senior/ disabled	Sunrise Manor is a HUD Public Housing Senior/Disabled project. The project was constructed in 1970. Sunrise Manor includes 29 units in nine buildings. Rent is 30% of the tenants income up to a maximum amount. Only one tenant is under the age of 55. All of the other tenants are seniors or seniors with disabilities. The manager reported two vacancies at the time of the survey. The manager also reported that there are typically a couple vacancies in the summer months, but the units are fully occupied during _____.

**Table 22 Lennox Multifamily Rental Housing Inventory**

Name	Number of Units /Bedroom Mix	Rent	Vacancy/ Wait List	Tenant Mix	Comments
<b>Senior Housing with Services</b>					
Lennox Assisted and Independent Living	42 Assisted Living beds 9 Independent <u>Living units</u> 51 beds/units	Varies based on level of services and types of units	Some vacant assisted living beds and apt units	Senior housing with services	Lennox Assisted and Independent Living, which was previously Hilda’s Heritage Manor, has 42 assisted living beds and nine independent living units. The facility is also licensed for memory care and is a lockdown facility. Tenants pay for services based on need. Currently, there are vacant beds and units.
Good Samaritan Society Lennox	59 beds	Based on level of services	Approx. 90% occupancy rate	Skilled nursing home	Good Samaritan is a skilled nursing facility that is licensed for 59 beds. The approximate average occupancy rate is 90% although the occupancy rate varies. The beds are available for long-term skilled nursing care and also for shorter rehab.

Source: Community Partners Research, Inc.

## **Employment and Local Economic Trends**

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

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

Major employers in Lennox include:

- ▶ Sioux Steel - Livestock Equipment Manufacturing
- ▶ Wilson Trailers - Trailer Manufacturing
- ▶ Koyker - Front-end loader manufacturing
- ▶ Fusion Plastics - Plastic product manufacturing
- ▶ Lennox School District - Education
- ▶ Good Samaritan - Adult Care and Nursing Home

Source: City of Lennox

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

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

Source: Governor's Office of Economic Development

## Work Force and Unemployment Rates

Employment information is available for the Sioux Falls MSA. Information has been reviewed back to the year 2010. Data in the tables that follow have been obtained from the South Dakota Department of Labor.

<b>Table 23 Sioux Falls MSA Annual Labor Statistics 2010 to 2018</b>						
Year	Labor Force	Employed	Unemployed	Unemployment Rate - MSA	Unemployment Rate - SD	Unemployment Rate - US
2010	133,585	127,238	6,347	4.8%	5.0%	9.6%
2011	134,281	128,513	5,768	4.3%	4.7%	8.9%
2012	136,615	131,430	5,185	3.8%	4.3%	8.1%
2013	138,817	134,408	4,409	3.2%	3.8%	7.4%
2014	141,705	137,621	4,084	2.9%	3.4%	6.2%
2015	144,405	140,656	3,749	2.6%	3.1%	5.3%
2016	146,944	143,303	3,641	2.5%	3.0%	4.9%
2017	149,980	145,965	4,015	2.7%	3.2%	4.4%
2018	152,130	148,267	3,863	2.5%	3.0%	3.9%

Source: South Dakota Department of Labor; Community Partners Research, Inc.  
Not seasonally adjusted

The Sioux Falls MSA continues to be strong for labor force and job growth. Over the time period from 2010 through 2018, the size of the resident labor force increased by more than 18,500 people, or an increase of 13.9%. The employed resident work force increased by more than 21,000 people during this same time, for an increase of 16.5%. The MSA’s unemployment rate has generally decreased over this longer time period and by 2018 was at 3.0%.

## Employment and Wages

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

<b>Table 24 Sioux Falls MSA Average Annual Wages - 2018</b>		
Industry	2018 Employment	Average Annual Wage
Total All Industry	153,130	\$48,724

Source: South Dakota Department of Labor & Regulation

The average weekly gross wage for all industry in 2018 was \$937 in the Sioux Falls MSA. At full-time employment, this would yield an annual average wage of \$48,724.

## Commuting Patterns of Workers

Information is available on workers that commute for employment. The best information is from the 2017 American Community Survey, and has been examined for the City of Lennox. The first table only examines travel time for Lennox residents, and excludes people that work at home.

<b>Table 25 Commuting Times for Lennox Residents - 2017</b>		
Travel Time	Number	Percent
Less than 10 minutes	203	18.0%
10 to 19 minutes	158	14.0%
20 to 29 minutes	404	35.8%
30 minutes +	365	32.3%
Total	1,130	100%

Source: American Community Survey

More than 68% of Lennox’s residents were commuting 20 minutes or more to work in 2017, including more than 32% that were traveling 30 minutes or more. This would imply that many City residents are working in or near Sioux Falls. Only 18% of the City’s residents had a drive time that was less than 10 minutes, and presumably working in Lennox.

The American Community Survey also identifies travel time by location of the job. For people that worked in Lennox, the following travel times were listed.

<b>Table 25 Commuting Times for Lennox Employees - 2017</b>		
Travel Time	Number	Percent
Less than 10 minutes	230	30.6%
10 to 19 minutes	149	19.8%
20 to 29 minutes	209	27.8%
30 minutes +	163	21.7%
Total	751	100%

Source: American Community Survey

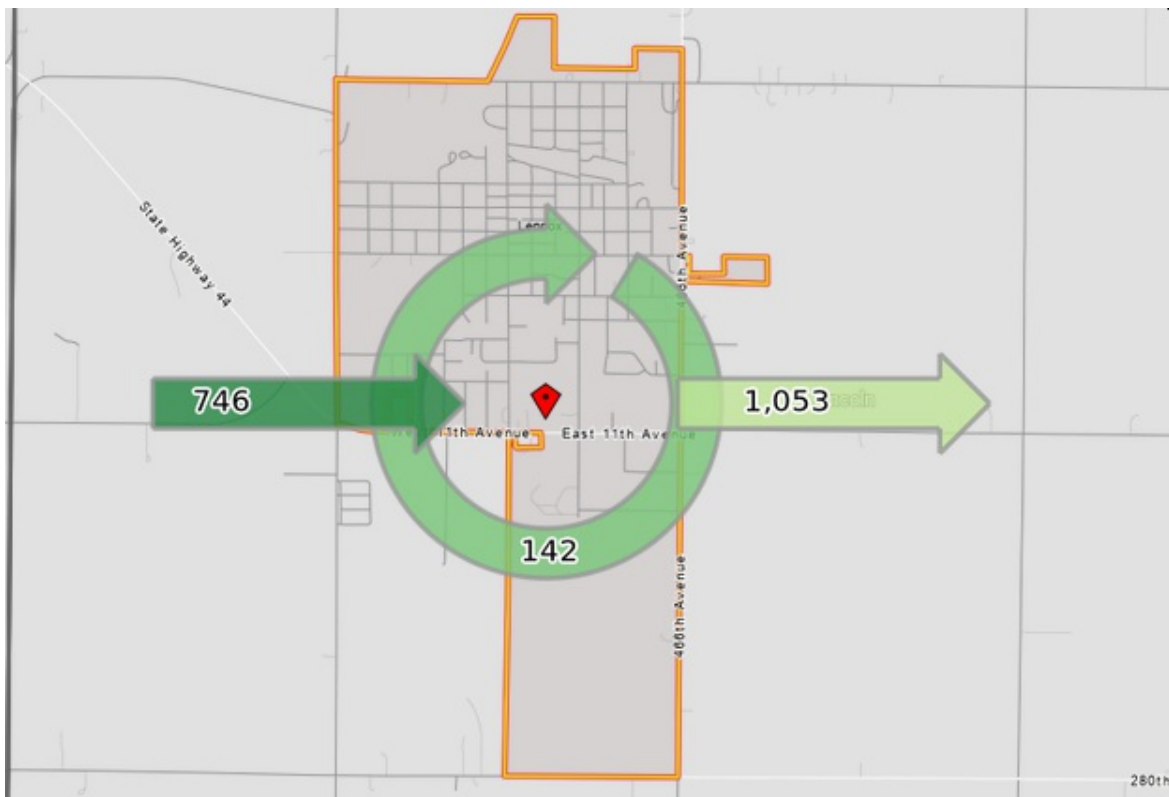
For people that worked in Lennox, nearly 50% traveled 20 minutes or more. Overall, more than 370 people traveled to Lennox from these greater distances, including more than 160 people that traveled 30 minutes or more.

## Census On the Map - Lennox

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

According to the report for Lennox, there were 888 people that were employed within the City in 2016. Approximately 16% of these City-based employees also lived in Lennox. The remaining 84% of employees lived outside the community and commuted in for their job. In total, this source showed approximately 746 workers commuting into Lennox. For people that were commuting in, the primary home locations were Sioux Falls, Worthing, Perry Township and Canton.

On the Map can also be used to track worker outflow patterns from the City. Overall, there were nearly 1,200 Lennox residents that were employed. Most of these residents worked outside the community, as approximately 88% were leaving the City for their primary job. For Lennox residents that left the City, the primary destination was Sioux Falls, but people were also commuting to such places as Sioux City, Delapre Township, Tea, Harrisburg and Brookings.





## Findings on Growth Trends

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

Lennox's population increased by 15.3% from 1990 to 2000. The population increased from 1,767 in 1990 to 2,037 in 2000. From 2000 to 2010, Lennox's population increased by 74 people, which was a population gain of 3.6%.

Applied Geographic Solutions estimates that Lennox has gained 327 people from 2010 to 2019, which is an increase of 15.5%. Esri estimates that Lennox had a gain of 417 people from 2010 to 2019, which is an increase of 19.8%. The Census Bureau estimates that from 2010 to 2018, Lennox gained 325 people.

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

AGS estimates that from 2010 to 2019, Lincoln County gained 14,115 people, an increase of 31.5%. Esri estimates that Lincoln County added 16,175 people from 2010 to 2019, higher than the AGS estimate. The U.S. Census estimate shows a growth of 13,979 people from 2010 to 2018.

Household levels have also increased from 1990 to 2010 in Lennox and Lincoln County. Lennox experienced a gain of 118 households from 1990 to 2000 and a gain of 30 households from 2000 to 2010. AGS estimates that from 2010 to 2019, Lennox gained 88 households, and Esri estimates that Lennox gained 182 households during the same time period.

Lincoln County added 3,321 households from 1990 to 2000 and 7,867 households from 2000 to 2010. AGS estimates that from 2010 to 2019, Lincoln County gained 4,409 households, and Esri estimates that Lincoln County gained 6,009 households.

## **Findings on Projected Growth**

This Study has utilized AGS and Esri projections for Lennox and Lincoln County. The projections show continued growth patterns that have been established in recent decades. AGS projects that Lennox will gain 473 people and 112 households from 2019 to 2024. Esri projects that Lennox's population will increase by 301 people and 128 households from 2019 to 2024.

AGS projects that from 2019 to 2024, Lincoln County will gain 11,312 people and 2,421 households. Esri projects that Lincoln County's population will increase by 10,115 people and 3,760 households from 2019 to 2024.

## **Summary of Lennox’s Growth Projections by Age Group**

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

Esri projects a gain of 128 households in Lennox from 2019 to 2024. Consistent with the age distribution data presented earlier, the movement of the “baby boom” generation through the aging cycle should generate much of the City’s growth in households in the 65 and older age ranges. Age projections expect the City to add approximately 75 households in the 65 and older age ranges.

Esri age-based projections also expect an increase in all of the other age ranges, including a gain of 14 households in the 15 to 34 age ranges and a gain of 39 households in the 35 to 64 age ranges.

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

<u>Age Range</u>	<u>Projected Change in Households 2019 to 2024</u>
15 to 24	4
25 to 34	10
35 to 44	17
45 to 54	11
55 to 64	11
65 to 74	45
75 and Older	30
Total	128

## **Findings on Unit Demand by Type of Housing**

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

**Age 24 and Younger** - The projections used for this Study expect a gain of four households in the 15 to 24 age range through the year 2019. Past tenure patterns indicate that approximately 47% of these households in Lennox will rent their housing. A slight increase in the number 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 gain of 10 households in this age range by 2024. Within this age range households often move from rental to ownership housing. The ownership rate among these households in Lennox was approximately 82% in 2017. A gain of households within this age range indicates increased demand for both first-time home buyer and rental opportunities.

**35 to 44 Years Old** - The projections for this 10-year age cohort expect a gain of 17 households between 2019 and 2024 in Lennox. In the past, this age group has had a high rate of home ownership in Lennox, at approximately 83%. Households within this range often represent both first-time buyers and households looking to trade-up in housing, selling their starter home for a more expensive house.

**45 to 54 Years Old** - For Lennox, the projections show a gain of 11 households in this age range. This age group's home ownership rate was approximately 57% in Lennox in 2017. These households will often look for trade-up housing opportunities. A gain in the number of households in this age group, indicates that the demand for trade-up housing will increase during the projection period.

**55 to 64 Years Old** - Many households in this age range are part of the baby boom generation. The projections show an increase of 11 households in this 10-year age range by the year 2024 in the City. This age range has traditionally a high rate of home ownership in Lennox, at approximately 85%. Age-appropriate housing, such as town house or twin home units, is often well suited to the life-cycle preferences of this age group, as no maintenance/low maintenance housing has become a popular option for empty-nesters.

**65 to 74 Years Old** - A very strong gain of 45 households is expected by the year 2024 in the 65 to 74 age range as all of the households in this age range and part of the baby boom generation. While this group will begin moving to life-cycle housing options as they age, the younger seniors are still predominantly home owners. Approximately 81% of the households in this age range own their housing in Lennox. Once again, preferences for age-appropriate units would increase from household growth within this age cohort.

**75 Years and Older** - There is a projected strong increase of 30 households in Lennox in this age range between 2019 and 2024. In the past, households within this 10-year age range have had a home ownership rate of approximately 52%. An expansion of other housing options for seniors, including high quality rental housing, should appeal to this age group. In most cases, income levels for senior households have been improving, as people have done better retirement planning. As a result, households in this age range may have fewer cost limitations for housing choices than previous generations of seniors.

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

## **Findings on Housing Unit Demand and Tenure**

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

***Demand from Growth*** - The household projections used for this Study expect Lennox to gain between 112 and 128 households from 2019 to 2024. Significant household gains of between 2,421 to 3,760 households are also projected for all of Lincoln County. Anticipated household growth will yield demand for new housing production in Lennox.

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

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

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

## **Strengths for Housing Development**

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

- ▶ **Lennox serves as a small regional center** - Lennox provides employment opportunities, retail/service options, health and professional services, governmental services and recreational facilities for a small geographical area that surrounds the City.
- ▶ **Affordable priced housing stock** - The City of Lennox has a stock of affordable, existing houses. Our analysis shows that the City's median home value based on 2018 sales is approximately \$126,700. This existing stock, when available for sale, provides an affordable option for home ownership.
- ▶ **Adequate land for development** - Lennox has land available for both residential and commercial/industrial development. However, some of this land needs to be serviced with infrastructure improvements and/or annexed into the City limits.
- ▶ **Educational system** - Lennox has an excellent public K-12 school system. The elementary K-3 school and the 9-12 high school are located in Lennox. Grades 4-8 are located in Worthing.
- ▶ **Health facilities** - Lennox has excellent health facilities including a medical clinic, a nursing home and assisted living.
- ▶ **Infrastructure** - Lennox's water and sewer infrastructure can accommodate future expansion and the City has undertaken a large sewer improvement project.
- ▶ **Commercial development** - Lennox's commercial district is adequate to meet most daily needs.
- ▶ **Lennox Housing and Redevelopment Commission** - The Lennox Housing and Redevelopment Commission owns and manages rental housing and administers HUD's Housing Voucher Program in Lennox.
- ▶ **Lennox Area Development Corporation** - The Lennox Area Development Corporation (LADC) has been very active in promoting economic development and housing in Lennox.

- ▶ **Housing development** - Over the past five years, an average of six housing units have been constructed annually in Lennox.
- ▶ **Lennox is located near Sioux Falls** - Lennox is located 20 miles from Sioux Falls. Sioux Falls provides employment opportunities, retail/service options, educational opportunities, health care facilities and cultural amenities. Some households prefer to live near, but not in a regional center.
- ▶ **Employers** - Lennox has several large employers that provide excellent job opportunities for local residents.
- ▶ **Sioux Falls market** - Over the next five years, more than 1,250 housing units will be constructed annually in Sioux Falls. Lennox has the opportunity to capture a portion of this market.
- ▶ **Housing developers** - There are developers that are willing to invest in housing projects in the City of Lennox. Developers have been active in subdivision creation, rental housing and owner-occupancy construction and senior housing with services development.
- ▶ **Population and household growth** - The City of Lennox has had strong population and household growth from 2010 to 2019 and is projected to have strong population and household growth from 2019 to 2024.
- ▶ **Industrial Park** - The City has an Industrial Park that has land available for future industrial development.
- ▶ **Commuters** - More than 745 employees are commuting into Lennox daily for work. These commuters are a potential market for future housing construction.



## **Barriers or Limitations to Housing Activities**

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

- ▶ **Age and condition of the housing stock** - While the existing stock is affordable, some of the housing is in need of improvements to meet expectations of potential buyers.
- ▶ **Low rent structure** - The area's rent structure is relatively low, which makes it difficult to construct new rental housing.
- ▶ **Value-gap deters new owner-occupied construction** - Based on market values for 2018 residential sales, we estimate that the median priced home in Lennox is valued at approximately \$126,700. This is below the comparable cost for new housing construction, which will generally be above \$200,000 for a stick built home with commonly expected amenities. This creates a value gap between new construction and existing homes.
- ▶ **Close Proximity to Sioux Falls** - Although it is a strength to be located in close proximity to Sioux Falls, it is also a barrier as Lennox must compete with Sioux Falls, which offers attractive residential opportunities and other amenities and services.
- ▶ **Lower paying jobs** - Although Lennox has several large employers, some jobs are at the lower end of the pay scale and employees with these jobs have limited housing choices.
- ▶ **Available residential lots** - Although there is lot development in the planning phase, the City of Lennox currently has a residential lot shortage.

## **Recommendations, Strategies and Housing Market Opportunities**

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

- ▶ **Be realistic in expectations for housing development** - Large-scale residential growth has not occurred in the recent past and is not likely to occur in the near future. The scale of activities proposed for the future should be comparable with the area's potential for growth.
- ▶ **Proactive community involvement** - New home and apartment construction will more likely occur in Lennox if there is proactive support from the City, local and regional housing and economic development agencies and the South Dakota Housing Development Authority.
- ▶ **Protect the existing housing stock** - The future of Lennox will be heavily dependent on the City's appeal as a residential location. The condition of the existing housing stock is a major factor in determining the City's long-term viability. The existing housing stock is in good condition and is a major asset, however, rehabilitation efforts are needed to preserve the housing stock.
- ▶ **Protect the existing assets and resources** - Lennox has many assets including K-3 and 9-12 schools, large employers, a Downtown Commercial District, health facilities, etc. These are strong assets that make Lennox a desirable community to live in, and are key components to the City's long-term success and viability. These assets must be protected and improved.
- ▶ **Develop a realistic action plan with goals and time lines** - In the past the City has been involved in housing issues. The City should prioritize its housing issues and establish goals and time lines to achieve success in addressing its housing needs.
- ▶ **Access all available resources for housing** - In addition to the local efforts, the City has other resources to draw on including USDA Rural Development, the South Dakota Housing Development Authority, the South Eastern Council of Governments, the South Eastern Development Foundation, Inter-Lakes Community Action Agency, Inc., Grow South Dakota and the Rural Office of Community Services, Inc. These resources should be accessed as needed to assist with housing activities.

## **Summary of Findings/Recommendations**

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

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

The findings/recommendations for each category are as follows:

### **Rental Housing Development**

1. Develop 32 to 38 general occupancy market rate rental units
2. Promote the development of 14 to 16 general occupancy moderate rent/income restricted or subsidized rental housing units
3. Consider the development of 12 to 14 senior independent/light services units
4. Promote the development/conversion of four to six affordable market rate rental housing units
5. Develop a downtown mixed-use commercial/housing project
6. Continue to utilize the Housing Choice Voucher Program
7. Preserve the existing supply of subsidized housing

### **Home Ownership**

8. Continue to utilize and promote all programs that assist with home ownership
9. Monitor the need to develop a purchase/rehabilitation program

**Single Family Housing Development**

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

**Housing Rehabilitation**

14. Promote rental housing rehabilitation
15. Promote owner-occupied housing rehabilitation efforts
16. Develop a Neighborhood Revitalization Program

**Other Housing Issues**

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

# **Lennox - Recommendations Rental Housing Development**

## **Rental Housing Development**

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

From 2010 to 2019, only four general occupancy rental units have been constructed in Lennox. However, Lennox Assisted and Independent Living has added 14 assisted living beds and nine independent living units. Also, 36 units of market rate general occupancy rental housing were built from 2000 to 2010. The 36 units include:

- ▶ Sixth Street Apartments - eight units with four units constructed in 2003 and four units constructed in 2005
- ▶ Pathways in the Park - 16 units constructed in 2006
- ▶ Anderson Condos - eight units constructed in 2008
- ▶ Prairie Rose Duplexes - four units constructed in 2001

In addition to the new rental units, some single family homes were converted from owner-occupied to rental use over the past two decades.

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

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

Our household projections for Lennox expect continued household growth. From 2019 to 2024, it is projected that there will be approximately a 128-household gain in Lennox and an increase of more than 2,400 households in Lincoln County. It is projected that approximately 30% of the 128 new households in Lennox will be rental households, thus, there will be a demand of approximately 38 additional rental units due to household growth over the next five years.

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

Pent-up demand also exists. As part of this study, a rental survey was conducted. A total of 180 rental units in 15 multifamily buildings were contacted. The survey found a 2.9% vacancy rate in general occupancy market rate units, however, the subsidized units had a 13.8% vacancy rate and the senior with services facilities reported vacancies.

We identified pent-up demand for market rate rental units, subsidized rental units for larger families and senior independent/light services units.

These three demand generators, after factoring current vacancy rates, show a need for 60 to 71 rental units over the next five years. Based on the factors stated above, we recommend the development of the following new rental units over the next five years from 2020 to 2025.

▶ General Occupancy Market Rate	32-38 units
▶ Income-restricted/Subsidized	14-16 units
▶ Affordable/Conversions	4-5 units
▶ Senior Independent/Light Services	<u>10-12 units</u>
Total	60-71 units

### **1. Develop 32 to 38 general occupancy market rate rental units**

**Findings:** Approximately 74% of the rental housing in the City of Lennox can be classified as general occupancy market rate housing. These units are free of any specific occupancy restrictions such as financial status, age, or student enrollment. Market rate housing does not have any form of rent controls, other than those imposed by the competitive marketplace.

Of the 69 market rate rental units we surveyed, we found only two vacancies, which is a 2.9% vacancy rate. The owners and managers of rental properties, reported very high occupancy rates and strong demand for rental housing.

There is a variation in rental rates in the market rate segment in the City of Lennox. The existing rent range including utilities is \$410 to \$600 for a one-bedroom unit, and \$560 to \$1,125 for a two-bedroom unit. Only one three-bedroom unit was surveyed and the rent plus utilities is approximately \$1,095.

From 2000 to 2014, four conventional market rate rental projects were constructed. There are 36 units in these four projects. Also, some single family homes converted from owner-occupancy to rental units partially due to the downturn in the economy. However, since the 2015 Lennox Housing Study, only four market rate general occupancy rental units have been constructed in Lennox.

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

Based on this combination of demand generators, we believe that it is reasonable to plan for production of between 32 and 38 market rate rental units over the next five years, which is an average of six to eight rental units annually. In the 2015 Lennox Housing Study, we recommended the construction of 24 to 28 market rate rental units, four of which have been constructed.

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

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

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

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

The first option to developing market rate housing would be to encourage private developers to undertake the construction of market rate rental housing. During the interview process, several rental property owners expressed interest in constructing rental housing in Lennox if it was economically feasible. If private developers do not proceed, the Lennox Housing and Redevelopment Commission or the Lennox Area Development Corporation (LADC) could potentially utilize essential function bonds, or similar funding sources, to construct market rate units. The Lennox Housing and Redevelopment Commission developed 16 market rate units in 2006 utilizing essential function bonds.



Also, the Lennox Housing and Redevelopment Commission or the LADC could partner with private developers to construct additional units. The City could assist with land donations, tax increment financing, reduced water and sewer hookup fees, etc.

It may also be possible to utilize Housing Choice Vouchers if some of the new units meet income requirements and the rents are at or below Fair Market Rents (FMRs). The 2019 FMRs are \$715 for a one-bedroom unit, \$873 for a two-bedroom unit and \$1,153 for a three-bedroom unit.

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

<u>Unit Type</u>	<u>No. of Units</u>	<u>Size/Sq. Ft.</u>	<u>Rent</u>
One Bedroom	6-7	650 - 800	\$750 - \$900
Two Bedroom	18-21	850 - 1,000	\$800 - \$1,050
Three Bedroom	8-10	1,100 - 1,200	\$900 - \$1,300
Total	32-38		

**Note:** The recommended rents are gross rents including all utilities. The rents are quoted in 2019 dollars.

**2. Promote the development of 14 to 16 general occupancy moderate rent/income-restricted or subsidized rental housing units**

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

The research completed for this Study did identify three subsidized projects in Lennox, Cedar Lane Apartments, Walson Apartments and Sunrise Manor, which have a combined 58 units. Two projects are general occupancy rental housing, and one project is a senior/disabled project. Subsidized housing utilized federal resources that provide a “deep subsidy”, allowing very low income people access to the housing at an affordable price.

The three subsidized rental projects in Lennox include:

- ▶ **Sunrise Manor** - Sunrise Manor is a 29-unit HUD-subsidized Public Housing senior/disabled project. The project was constructed in 1970 and includes nine buildings. The 29 units include 14 efficiency, 13 one-bedroom and two two-bedroom units.
- ▶ **Cedar Lane Apartments** - Cedar Lane Apartments is a 13-unit USDA Rural Development General Occupancy project constructed in the 1970's. The 13 units include one one-bedroom and 12 two-bedroom units. All of the 13 units have rent assistance.
- ▶ **Walson Apartments** - Walson Apartments is a 16-unit HUD Section 8 General Occupancy Project. The 16 units are all one-bedroom units. The project is approximately 35 years old and was originally a senior/disabled project, but converted to General Occupancy approximately three years ago.

Approximately 15 years ago, Greenbriar Apartments, with 16 units, converted from a subsidized Rural Development project to a market rate project. Therefore, 16 units were lost from the subsidized housing stock.

In August 2019, Walson Apartments and Sunrise Manor had two vacancies and Cedar Lane Apartments had four vacancies. Although there were vacancies in the subsidized projects, the managers of the projects reported that the projects typically have a high occupancy rate.

There are additional “deep subsidy” resources available to Lennox residents through the tenant-based Housing Choice Voucher Program. The Vouchers allow tenants to pay 30% of income for housing in suitable private-market rental units. The Voucher Program for Lennox is administered by the Lennox Housing and Redevelopment Commission. The Voucher Program has a 2 ½ to three-year waiting list.

The 2017 American Community survey estimated that approximately 39% of all renters in the City of Lennox were paying 30% or more of their income for rent, which is approximately 95 households. The significant 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 low annual incomes, and would be under the income limits for subsidized housing.

**Recommendation:** Over the next five years, we recommend that the City construct 14 to 16 units that achieve a rent level that would be affordable to households at or below 60% of the area’s median income level. In 2015, we had recommended the development of 12 to 14 units. No units have been constructed.

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 subsidized units that can be developed will be dependent upon access to financial resources. However, there may be an opportunity to construct moderate rent units in the City using tax credits. Lennox could submit a joint application for tax credits along with other smaller communities in the area, which could strengthen the City’s potential for being funded.

In the opinion of the analysts, the highest priority would be to create general occupancy units for families and younger households. There currently are no three-bedroom units in the City’s three subsidized projects.

The Lennox Housing and Redevelopment Commission has successfully developed rental housing in the past and may be a resource for the development of future affordable housing. Also, there are experienced tax credit housing developers that are active in the region. The City of Lennox could assist with land donations, reduced water and sewer hookup fees, etc.

Continued promotion of Housing Choice Vouchers is also appropriate. Although Vouchers are tenant-based, and may not remain in the City if the tenant moves, the Voucher can eliminate a severe rent burden by allowing the household to apply 30% to 40% of income for gross rent.

### **3. Consider the development of 12 to 14 senior independent services units**

**Findings:** The City of Lennox currently has two senior with services facilities.

***Lennox Assisted and Independent Living*** - Lennox Assisted and Independent Living, which previously known as Hilda’s Heritage Manor Senior Living, has 42 assisted living beds and nine independent living beds. At the time of the 2015 Lennox Housing Study, the facility had 28 assisted living beds. Therefore, since 2015, the facility has added 14 assisted living beds and nine independent living units. The assisted living beds have access to all assisted living services, including meals, medication distribution, bathing assistance, housekeeping, laundry, etc. The facility is also licensed for residents with dementia and is a secure facility. The independent living units include breakfast and additional meals, laundry and housekeeping are available as needed. Rent and fees are based on the level of services. At the time of the survey, there were several vacant assisted living beds and independent living beds.

**Lennox Good Samaritan Center** - The Lennox Good Samaritan Center is licensed as a 59-bed skilled nursing facility. The facility averages a 90% occupancy rate. Fees are based on the level of services.

Based on 2019 estimates from the Applied Graphic Solutions, there are approximately 467 seniors, age 65 and older, residing in the City of Lennox. The population projections contained in this study anticipate the growth of approximately 130 people in the 65 and older age range. By 2024, AGS believes that there will be 597 in Lennox age 65 and older.

**Recommendation:** Currently, the capacity of 42 assisted living and memory care beds and 59 skilled nursing beds in Lennox's two senior with services facilities are adequate to address Lennox's current senior with services housing needs. However, although there are nine independent senior units in the Lennox Assisted and Independent Living facility, there is a need for additional units. Therefore, we are recommending the development of 12 to 14 independent/light services senior units in Lennox. The project should be designed to allow seniors to live in a unit independently or to rent a unit and utilize a low level of senior services such as noon meal and housekeeping.

The project's amenities and features should include:

- ▶ Townhome or cottage style units
- ▶ A community room including a community dining room and kitchen
- ▶ 24-hour call system
- ▶ Smoke alarms
- ▶ Attached enclosed parking
- ▶ 12 to 14 units
  - ▶ four to five one-bedroom
  - ▶ eight to nine two-bedroom
- ▶ Fully equipped kitchen
- ▶ Large storage room
- ▶ Ample closet space
- ▶ Laundry hookups
- ▶ Open floor plan
- ▶ Private patio or deck
- ▶ Individually controlled heat and AC
- ▶ Raised outlets, lever door handles, lowered kitchen cabinets
- ▶ Expansive windows

Optional services provided by other sources include:

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

Subsidies and/or incentives could be utilized to lower construction costs which would lower rents, expand the available senior market and to make the project possible.

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

#### **4. Promote the development/conversion of four to six affordable market rate rental housing units**

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

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

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

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

The estimated prevailing rent range for older rental units in Lennox is typically between \$500 and \$650 per month. Creating some additional units with contract rents below \$625 per month would help to expand the choices available to a majority of the City's renter households.

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

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

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

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

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

We recommend commercial space on the first floor and six to 10 rental units on the second floor. Prior to construction, a portion of the commercial space should be leased to an anchor tenant who would complement existing downtown businesses and attract people to downtown.

The six to 10 rental units should be primarily market rate units, but could be mixed income with some moderate income units. The units should be primarily one-bedroom and two-bedroom units. Please note that these units are not in addition to the units recommended in the first and second recommendations of this section. If a mixed use building was constructed, the number of units recommended previously should be reduced.

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

## **6. Continue to Utilize the Housing Choice Voucher Program**

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

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

The Housing Choice Voucher Program is administered in Lincoln County west of Interstate 29 by the Lennox Housing and Redevelopment Commission. There currently is a waiting list of approximately 2.5 years to obtain a Housing Choice Voucher. The Lennox Housing and Redevelopment Commission currently has the funding to issue approximately 26 Vouchers.

**Recommendation:** The Lennox Housing and Redevelopment Commission should continue to work with rental property owners, managers and renter households to assure that renters are aware of the Housing Choice Voucher Program and have to the opportunity to apply for assistance.

## **7. Preserve the existing supply of subsidized housing**

**Findings:** Lennox has three “deep subsidy” rental housing projects that allow tenants to pay rent based on 30% of income. These projects were constructed in the 1970s when the federal government was actively involved in producing low income housing.

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

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

In Lennox, a 16-unit project, Greenbriar Apartments, opted out of its subsidy contract and converted to market rate approximately 15 years ago.

**Recommendation:** The South Dakota Housing and Development Authority (SDHDA) tracks subsidized housing in South Dakota that is at risk of being lost. Also, USDA Rural Development would know of any projects leaving their subsidy program.

Local and regional housing agencies should check with SDHDA on an ongoing basis to determine if the Lennox subsidized housing project is considering the option to drop their subsidy contract. In some communities, public or nonprofit agencies have been able to purchase projects that are at risk of being lost, to preserve their affordable housing resources.



# **Lennox - Home Ownership Recommendations**

## **Home Ownership**

**Findings:** Expanding home ownership opportunities is one of the primary goals for most cities. High rates of home ownership promote stable communities and strengthen the local tax base. The median owner-occupied home value in Lennox is estimated to be approximately \$126,700 based on 2018 sales activity. The home values in Lennox provide a good opportunity for first time buyers and households seeking moderately priced homes.

Our analysis of Lennox demographic trends shows an increasing number of households in all age ranges. From 2019 to 2024, the 55 and older age ranges are projected to add 86 households and 54 and younger age ranges are projected to add 42 households. Some households in all age ranges that have not been able to achieve the goal of home ownership may need the assistance of special programs to help them purchase their first home.

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

### **8. Continue to utilize and promote all programs that assist with home ownership**

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

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

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

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

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

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

## **9. Monitor the need to develop a Purchase/Rehabilitation Program**

**Findings:** Lennox 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 Lennox 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, no interest 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.

In the 2015 Lennox Housing Study, we recommended the development and implementation of a purchase/rehabilitation program. Since the 2015 Study, it appears that the private sector has been able to purchase, rehab and sell homes without public sector assistance.

**Recommendation:** Based on our interviews, private individuals are purchasing homes in Lennox, rehabbing the homes and selling the homes. This increases home ownership, rehabilitates substandard homes and revitalizes neighborhoods.

Therefore, we recommend that the City of Lennox monitor the need to develop and implement a purchase/rehab program, as the private sector is currently addressing this housing opportunity. 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.

Although we are not recommending the development and implementation of a purchase/rehabilitation program, we encourage households to work with area housing agencies and financial institutions to obtain rehabilitation assistance in conjunction with first-time home buyer programs. Also, USDA Rural Development provides purchase/rehabilitation loans to low and moderate income buyers.

# **Lennox - New Housing Construction**

## **New Housing Construction**

**Findings:** Lennox has experienced some single family owner-occupied housing construction from 2010 to 2019. According to City and Census Bureau records, over the past 10 years approximately 49 single family owner-occupied units were constructed in Lennox, for an average of five housing units per year.

Much of the new single family construction occurred since the 2015 Lennox Housing Study. From 2014 to 2019, 40 single family and twin/town home units have been constructed. This is an average of six to seven units per year. In 2016, 11 units were constructed, in 2017 there were seven units constructed and in 2014 and 2015, six units were built. Also, as of September 2019, four single family permits have been issued.

The attractiveness of the area, the current new construction momentum, the City's amenities, the availability of developers and builders, and the City's projected growth, should result in the continued construction of new homes annually. However, attractive residential lot options must be available for new home construction.

Overall household projections for Lennox indicate good demand for owner-occupancy housing construction. Household growth is anticipated through 2024 among all household ranges. Lennox is projected to gain approximately 75 households in the 65 and older range from 2019 to 2024. Households in these age ranges tend to be predominantly home owners, and form a market for higher priced, trade-up housing and low maintenance housing such as town homes and twin homes.

The 25 to 44 year old ranges are expected to add approximately 27 households through 2024. Many of the households in this age range are first time home buyers. The City is also projected to gain 22 households in the 45 to 64 age ranges, which are often households looking to trade-up to more expensive homes.

The Sioux Falls Metropolitan Statistical Area (MSA), which includes Lincoln and Minnehaha Counties, has had rapid residential growth.

Over the five-year period from 2014 to 2018, the approximate number of owner-occupied single family homes and twin homes constructed in the Sioux Falls MSA and in Lennox and the percentage of the MSA new homes constructed in Lennox is as follows:

	<u>Sioux Falls MSA</u>	<u>Lennox</u>	<u>Percent constructed in Lennox</u>
2018	1,318	4	0.30%
2017	1,555	7	0.45%
2016	1,437	11	0.77%
2015	1,189	6	0.51%
2014	1,142	6	0.53%

From 2014 to 2018, there has been an average of 1,328 owner-occupied units constructed annually in the Sioux Falls MSA.

The average percentage of these owner-occupied units constructed in Lennox annually is 0.51%. It is estimated that approximately 1,250 owner-occupied units will be constructed annually in the Sioux Falls MSA over the next five years. If attractive residential lots are available in Lennox, for a range of home types and price ranges, it is projected that 0.8% to 1.0% of the new owner-occupancy units can be constructed in Lennox, which is 10 to 12 units annually.

It is our opinion that if the city, LADC, area housing agencies, developers and builders are proactive, 10 to 12 owner-occupied housing units should be constructed in Lennox annually over the next five years, from 2020 to 2025, to address demand. 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.

This projection is based on the ongoing availability of lots for single family homes and twin homes/town homes at all price ranges.

The breakdown of our projection of 10 to 12 new owner-occupied housing units annually over the next five years is as follows:

▶ Higher & medium price homes	3-4 homes
▶ Affordable homes	3-4 homes
▶ Twin homes/town homes	<u>4 units</u>
Total	10-12 homes/units

In the 2015 Lennox Housing Study, we projected that eight to 11 single family and twin home/town homes would be constructed annually. As of September 2019, a total of 40 units had been built, for an average of six to seven units annually. However, in 2016, 11 owner-occupied units were built.

## **10. Lot Availability and Lot Development**

**Findings:** As part of this Study, we attempted to identify the inventory of available residential lots for single family housing construction in Lennox. Buildable lots are defined as having sewer and water available to the lots. It appears that all of the lots in the Meadows Subdivision, which is the City's newest subdivision, are sold.

There currently are only a few infill lots that are potentially available in the City. Also, there may be a few dilapidated houses in the City that could be demolished and the cleared lots could potentially be suitable for new construction.

**Recommendation:** We use a standard that a 2.5-year supply of lots should be available in the marketplace, based on annual lot usage. Using our projections that 10 to 12 houses will be constructed or moved in annually, an adequate supply of lots would be 25 lots. With a few infill lots available, there is currently an inadequate number of lots in Lennox. There is a need for additional lots to accommodate home construction in all price ranges. There is also a need for attached unit construction, such as twin homes or town houses.

The City of Lennox, the LADC and private developers should continue to plan for future subdivision and lot development. If new construction projections come to fruition, there will be a need for 50 to 60 lots over the next five years.

Currently, the City of Lennox is working with a private developer to create approximately 150 lots on an 80-acre site. The developer views this as a long-term supply of lots. There are also other potential lot development sites in Lennox.

We recommend the development of 50 to 60 improved lots over the next five years. For subdivision and lot development to be successful, we recommend the following:

- ▶ Subdivisions should be planned to allow for future phases.
- ▶ Subdivisions must have as many amenities as is financially feasible. Potential amenities may include, sidewalks, landscaping, trails, ponds, a playground, etc.
- ▶ The lots and homes should be priced lower than lots and homes with similar amenities in Sioux Falls, and the communities immediately surrounding Sioux Falls.



- ▶ The City of Lennox and the LADC, may need to assist with tax increment financing, tax abatement, deferment of assessments, or other financial assistance.
- ▶ The lots and homes must be adequately marketed and publicized.
- ▶ The lot purchase and home building/purchase process must be 'user friendly.' This includes the construction of spec homes, and builders who are readily available to build custom and spec homes.
- ▶ Housing agencies should be consulted to determine if financial assistance is available for lot/subdivision development as well as assistance to households to construct or purchase a new home.
- ▶ Lots should be available to as wide a range of home designs and home prices as possible.
- ▶ Successful subdivisions will need the cooperation of the City of Lennox, the LADC, the Lennox Housing and Redevelopment Commission, housing agencies, employers, developers and builders.
- ▶ Lots could be developed on several sites to provide options for buyers.
- ▶ To keep development costs as low as possible, sites with easy access to existing infrastructure should be considered.
- ▶ 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.
- ▶ Some lots should be available for twin home/town home development.
- ▶ It may be advantageous to develop the lots in phases.

## **11. Strategies to encourage continued residential lot sales and new home construction in Lennox**

**Findings:** From 2014 to September 2019, approximately 40 owner-occupied single family units have been constructed in Lennox.

**Recommendation:** We recommend that the City of Lennox, the LADC, developers, builders, realtors and other housing stakeholders coordinate efforts to promote lot development, lot sales and housing development.

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

- ▶ **Competitive pricing** - There are lots available in communities throughout the region. To attract new home construction in Lennox, lots should be available and competitively-priced compared to other options in the area.
- ▶ **User-Friendly/continue momentum** - The lot purchase and home building process must continue to be 'user friendly.' This includes an inventory of available lots, 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. This will continue the new housing construction that Lennox has been experiencing for the past several years.
- ▶ **Long-term planning** - The City of Lennox and Lennox developers should continue long-term development planning to assure lots are available on an ongoing basis to meet demand for all types of new housing.
- ▶ **Continue to promote spec home construction** - Spec houses attract a buyer that is not interested in going through the home building process, but instead wants a turnkey unit. A spec home can also serve as a model, allowing potential home buyers to examine specific floor plans and features in the home before committing to buy.
- ▶ **Incentives** - Some cities and counties throughout South Dakota are offering incentives to construct new homes, including reduced lot prices, reduced water and sewer hookup fees, cash incentives, etc. Incentives should be considered to promote new home construction if new home construction slows over the next several years.

- ▶ ***Lot availability for twin home/town home development*** - It is our opinion that there will be a demand for twin homes/town homes over the next five years. Lots should continue to be available for a twin home/town home development.
- ▶ ***Range of house prices*** - Lots should be available to as wide a range of home sizes and prices as possible, without compromising the subdivisions. This broadens the lot buyer market. Also, smaller infill lots with fewer amenities should be marketed for affordable homes.
- ▶ ***Marketing*** - The City of Lennox and all housing stakeholders will need to continue marketing the sale of available lots and new home construction. Developers, realtors, financial institutions, builders, employers, the Chamber of Commerce, the Lennox Area Development Corp., etc., should all be involved in developing marketing strategies. In addition to marketing the lots, the City of Lennox and its amenities should continue to be marketed.
- ▶ ***Governors Homes*** - Governors Homes are an affordable option and SDHDA has initiated a program that enables developers to participate in the 'Governor's Home Program.'
- ▶ ***Manufactured/modular homes*** - Manufactured and modular homes can provide affordable housing opportunities for moderate income households.
- ▶ ***In-fill lot Home Development*** - In-fill lots in existing neighborhoods are often affordable and have existing City services. Some housing agencies and nonprofits develop affordable homes on in-fill lots.
- ▶ ***South Dakota Housing Development Authority Programs (SDHDA)*** - SDHDA has housing programs available to assist developers, builders and home buyers.
- ▶ ***Publicly owned subdivision*** - Private developers often do not have the incentive to develop lots for affordable homes. A possible approach is to develop a publicly-owned subdivision, which could potentially offer lower-priced lots.

## **12. Coordinate with economic development agencies, housing agencies and nonprofit groups to construct affordable housing**

**Findings:** There are several housing agencies and nonprofit groups that have the capacity to construct new housing in Lennox, including the Lennox Housing and Redevelopment Commission, the LADC, Grow South Dakota, Interlakes Community Action Partnership and Habitat of Humanity.

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

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

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

Also, households should be encouraged to utilize the Governor's Program. The South Eastern Development Foundation provides loans to purchase and set up Governors Homes.

## **13. Promote twin home/townhome development**

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

In many cities the size of Lennox, approximately 20% to 25% of the new ownership housing constructed are twinhomes/townhomes. In Lennox, from 2010 to 2019 only one owner-occupied twin home has been constructed.

In 2019, Lennox had 354 households and Lincoln County had more than 4,800 households in the 55 to 74 age ranges. These age ranges are expected to have an increase of 56 households in Lennox from 2019 to 2024. Household growth among empty-nester and senior households should result in increased demand for attached single family units. It is likely that demand for attached housing units will also be dependent on the product's ability to gain additional market acceptance among the households in the prime target market, and among other households.

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

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

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

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

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

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

# **Lennox - Housing Rehabilitation**

## **Housing Rehabilitation**

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

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

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

### **14. Promote rental housing rehabilitation**

**Findings:** Based on the American Community Survey, the City of Lennox had approximately 268 rental units in 2017. These rental buildings are in multi-family projects, small rental buildings, duplexes, single family homes, mixed-use buildings and mobile homes. Approximately 67% of these rental structures are more than 40 years old and could benefit from rehabilitation as some of these rental structures are in poor condition.

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

Since the 2015 Lennox Housing Study, some rental units and rental projects have been rehabilitated.

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

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

### **15. Promote owner-occupied housing rehabilitation efforts**

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

Approximately 84% of the owner-occupied single family homes in Lennox are more than 40 years old.

Our 2015 housing condition survey of 245 homes in two of Lennox's older neighborhoods found 96 homes that need minor repairs and 37 homes that need major repairs. Without rehabilitation assistance, the affordable housing stock will shrink in Lennox.

Since the 2015 Lennox Housing Study, some owner-occupied homes have been rehabilitated.

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

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



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

## **16. Develop a Neighborhood Revitalization Program**

**Findings:** The City of Lennox has several neighborhoods that are on the bubble. These neighborhoods have a number of homes that need rehabilitation and a number of low/moderate income households. These neighborhoods also have substandard homes. The neighborhoods could deteriorate, or could be revitalized to be strong vital neighborhoods.

**Recommendation:** We continue to recommend that the City of Lennox, area housing agencies, and the private housing sector select a neighborhood and develop and implement a Neighborhood Revitalization Program. Redevelopment strategies and opportunities should be identified for the Neighborhood including:

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

The Neighborhood Revitalization Plan should include time lines, the identification of a responsible city department or housing agency, funding sources, etc. The program should be evaluated on an ongoing basis as opportunities and potential projects may change priorities. After a neighborhood is revitalized, a new neighborhood can be selected for future targeted efforts.

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

# **Lennox - Other Housing Initiatives**

## **Other Housing Initiatives**

### **17. Continue to acquire and demolish dilapidated structures**

**Findings:** Approximately 79% of the housing units in Lennox are more than 40 years old. A large majority of these units are in good condition, however, a few units are dilapidated and beyond repair. To improve the quality of the housing stock and to maintain the appearance of the City, dilapidated structures should be demolished. Since the 2015 Lennox Housing Study, approximately five dilapidated homes have been demolished in Lennox.

**Recommendation:** Lennox works with property owners on an ongoing basis to demolish dilapidated homes. The appearance of the City is enhanced when blighted and dilapidated structures are removed. Also, some of the cleared lots have been utilized for the construction of new housing units or for homes to be moved onto the cleared lots.

We encourage the City to continue to work with property owners to demolish dilapidated structures. Additionally, we recommend that the City maintain an inventory of structures that may be candidates for future demolition. Also, an inventory of in-fill lots for future development should be maintained.

### **18. Create a plan and a coordinated effort among housing agencies**

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

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

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

### **19. Encourage employer involvement in housing**

**Findings:** The City of Lennox has several large employers. Also, the City and the Lennox Area Development Corporation are working with existing employers to expand and for new employers to locate in Lennox. 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 Lennox's housing needs. Several funding sources have finance programs that include employers. Additionally, the funding agencies often view funding applications favorably that include employers in the problem solving process.

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

## **20. Strategies for Commercial District Redevelopment/Development**

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

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

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

**Recommendation:** We are recommending the following actions for downtown Lennox:

- ▶ Interview all commercial district property owners to develop a database and to determine their future plans (expanding, selling, renovations, etc.)
- ▶ Develop an overall plan for the commercial district (potential new businesses, address parking needs, continue to develop an overall theme, art and cultural opportunities, etc.)
- ▶ Develop a mini-plan for each property in the commercial district and each commercial district block. This may include:
  - ▶ Retention of existing businesses
  - ▶ Commercial building rehab and renovations
  - ▶ Facade work
  - ▶ Building demolition
  - ▶ New construction
  - ▶ Recruiting new businesses

- ▶ Identify funding sources
  - ▶ Property owner funds
  - ▶ City funds
  - ▶ LADC funds
  - ▶ Federal Home Loan Bank
  - ▶ Special tax districts
  - ▶ Funds from South Dakota State Agencies
  - ▶ Sales Tax Funds
  
- ▶ Work with stakeholders to identify roles, to secure funding, to develop and implement programs and projects
  - ▶ Property owners
  - ▶ City of Lennox
  - ▶ Lennox Chamber of Commerce
  - ▶ LADC
  - ▶ Lennox Housing and Redevelopment Commission

## **21. 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 Lennox, the LADC and the Lennox Chamber of Commerce, have all been active in promoting and marketing housing and we recommend the following:

- ▶ Determine the City's strengths and competitive advantages and heavily promote them
- ▶ Continue to create marketing materials that can be distributed regionally (including internet, TV, radio, etc.)
- ▶ Work closely with employers (Lennox and the Sioux Falls MSA) to provide employees (especially new employees) with housing opportunities in Lennox

- ▶ Work with housing agencies to provide down payment assistance, low interest loans, home owner education and home owner counseling programs
- ▶ Consider an annual Housing Fair that provides information on lots, builders, finance programs, etc. Developers, builders, lenders, realtors, public agencies and local businesses could participate
- ▶ Work with developers and builders to make lot development and the construction of new homes a very user-friendly process
- ▶ Continue to work on the creation of jobs and the development of retail, service and recreational opportunities that make the City a “full service” community
- ▶ 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 regional and state agencies administer programs or provide funds for housing programs and projects:

### **InterLakes Community Action Partnership**

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

### **South Eastern Development Foundation**

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

### **South Eastern Council of Governments**

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

### **South Dakota Housing Development Authority**

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

### **USDA Rural Development**

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

### **Rural Office of Community Services, Inc.**

214 W. Main  
P.O. Box 70  
Lake Andes, SD 57356  
(605) 487-7634

### **Grow South Dakota**

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