City of Colton
HOUSING STUDY

August 2021

An analysis of the overall housing needs
of the City of Colton, SD

Community Partners Research, Inc.
Faribault, MN

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Introduction

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

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

Goals

The multiple goals of the study include:

- Provide current 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 December 2020 to March 2021. Data sources included:

- U.S. Census Bureau
- American Community Survey
- Applied Geographical Solutions, Inc., a data reporting service
- Esri, Inc., a data reporting service
- Records and data from the City
- Records and data maintained by Minnehaha County
- 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.

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

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Demographic Data Overview

Sources of Data

The following pages contain demographic data obtained from a variety of local, state and national sources. The 2010 Census provides much of the base data for population and household trends.

To supplement the decennial Census, the Census Bureau has created the American Community Survey, an annual sampling of households. The American Community Survey provides detailed demographic characteristics. However, the American Community Survey is based on sampling data and there is a margin of error that exists for each estimate. The following tables incorporate the 2019 American Community Survey data, when viewed as reliable.

The frequency of American Community Survey estimates vary depending on the size of the jurisdiction. For most jurisdictions in South Dakota, the 2019 estimates were derived from sampling that was done over a five-year period, between 2015 and 2019.

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

The Governor's Office of Economic Development provides demographic profile information for cities, 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.

Colton is in Minnehaha County, the largest County in the Sioux Falls Metropolitan Statistical Area (MSA). Comparative information has sometimes been provided for Minnehaha County or for the entire MSA. However, it is important to recognize that Colton represents less than 0.35% of the total population for Minnehaha County, and less than 0.25% of the total population for the Sioux Falls MSA.

Population Data and Trends

Table 1 Population Trends - 1990 to 2020						
	1990 Census	2000 Census	% Change 1990-2000	2010 Census	% Change 2000-2010	2020 AGS Estimate
Colton	657	662	0.8%	687	3.8%	653
Minnehaha Co.	123,809	148,281	19.8%	169,468	14.3%	196,994

Source: U.S. Census; AGS

- There are three recent population estimates available for the City of Colton. Two estimates show the population level in 2020, and one estimate is for 2019. The estimates from these three sources differ, but in general show limited change in the City's population level.

- Applied Geographic Solutions (AGS), a private reporting service, showed the City with 653 residents in 2020, a decrease of 34 people, or -4.9% from the 2010 Census.

- Esri, another private data services provider, had a higher estimate. According to Esri, the City had 710 residents in 2020, up by 23 people, or 3.3% from the 2010 Census.

- The Census Bureau also issues an annual population estimate for jurisdictions, although the most recent estimated was for July 1, 2019. According to this source there were 669 people living in Colton, down by 18 people between 2010 and 2019.

- Although Esri shows some recent population growth, AGS and the Census Bureau show minor population loss over the decade, the numeric change is limited. If viewed as an annual average, these sources show a fairly narrow range of annual population change, from +2 to -3 people per year since 2010. This is generally consistent with longer-term patterns, as the City has experience very little population change since at least 1990.

- Minnehaha County, and the Sioux Falls MSA, have grown very rapidly in recent decades. The population estimate from AGS showed the County adding more than 27,500 people between 2010 and 2020, for an increase of more than 16%.

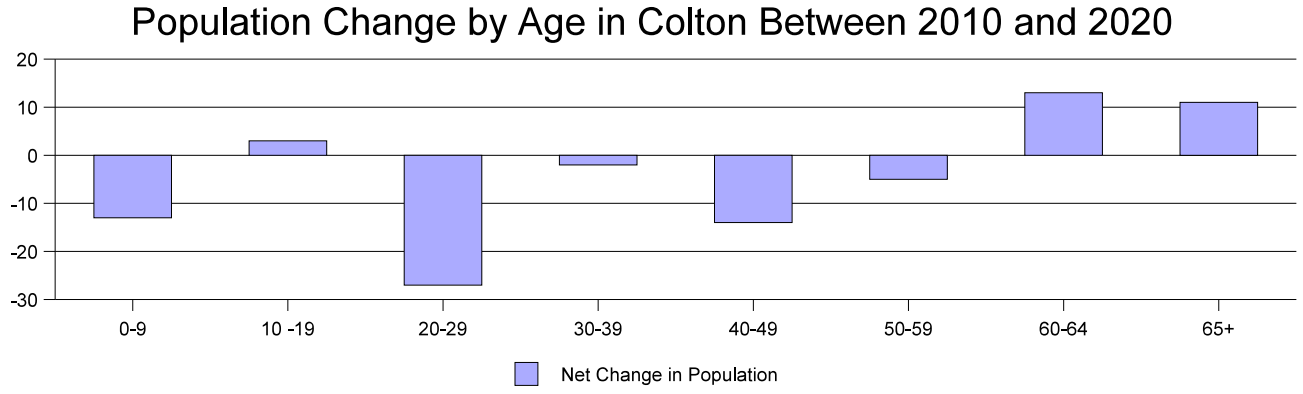
- Colton does not have any group quarters housing, such as nursing homes. According to AGS, a very large percentage of the City's residents are White for race and not of Hispanic/Latino origin.

Population by Age Trends: 2010 to 2020

The 2020 population estimate from Applied Geographic Solutions included information on the age distribution of residents. This information can be compared to the age patterns present at the time of the 2010 Census.

Table 2 Population by Age - 2010 to 2020			
Age	Colton		
	2010	2020	Change
0-9	111	98	-13
10-19	75	78	3
20-29	85	58	-27
30-39	107	105	-2
40-49	81	67	-14
50-59	91	86	-5
60-64	28	41	13
65+	109	120	11
Total	687	653	-34

Source: U.S. Census; AGS



The age-based population estimates from Applied Geographic Solutions show some changes in the age distribution patterns for the City over the past decade. While limited change often occurred in any single defined age group, in general the City added older adult residents, while experiencing a reduction of people in the younger age ranges.

Overall, AGS showed a decrease of 34 people living in the City. However, in the combined age groups 60 years old and older, the City added 24 people. This was then offset by a net reduction of 58 people age 59 and younger.

The aging of the City's population resulted in fewer children and young adults between 2010 and 2020, in the age ranges below 30 years old.

In the older adult ranges, the largest growth was due to an increase of near-seniors, as the City added 13 people in the narrow age band between 60 and 64 years old, according to Applied Geographic Solutions.

It is important to note making estimates in a small community can be difficult, and a margin of error would apply. The 2020 Census count, which will be released in 2021 will establish a new demographic benchmark for cities and towns.

Population Projections

Population projections to the year 2025 for the City of Colton and Minnehaha County exist from Applied Geographic Solutions. A projection for Colton was also obtained from Esri. These projections have been compared to the respective 2020 estimates.

Table 3 Population Projections Through 2025

	Applied Geographic Solutions			Esri		
	2020 Estimate	2025 Projection	Change	2020 Estimate	2025 Projection	Change
Colton	653	687	34	710	727	17
Minnehaha Co.	196,994	211,562	14,568	-	-	-

Source: Applied Geographic Solutions; Esri

- AGS is projecting an increase of 34 residents in Colton over the next five years, or approximately 6 to 7 people added in an average year. This projection would bring the City back to the population level that was recorded at the time of the 2010 Census.

- Esri is projecting minor population growth to continue in Colton, with an expected gain of 17 people over the 5-year period. On an average basis, this would be an annual increase of 3 to 4 residents in an average year. This projection is also similar to Esri's past estimates, which show the City adding an average of approximately 2 to 3 people per year since 2010.

- While both of the projection sources show growth for Colton looking forward, the numeric change is very limited.

- Significant population growth would be expected for all of Minnehaha County. The projection from Applied Geographic Solutions anticipates that the County will add more than 2,900 residents per year between 2020 and 2025.

Household Data and Trends

Table 4 Household Trends - 1990 to 2020						
	1990 Census	2000 Census	% Change 1990-2000	2010 Census	% Change 2000-2010	2020 AGS Estimate
Colton	269	275	2.2%	302	9.8%	303
Minnehaha Co.	46,805	57,996	23.9%	67,028	15.6%	81,654

Source: U.S. Census; AGS

- The AGS estimate for Colton in 2020 showed 303 households, up by only one household when compared to the 2010 Census. Although AGS believes that the City had a declining population level over the last decade, the household count remained stable.

- The Esri estimate showed 317 households in Colton in 2020, up by 15 households from the 2010 Census total, or approximately 1 to 2 additional households in an average year.

- As will be presented later in this document, new housing unit construction activity in Colton between 2010 and 2020 added approximately 9 units to the inventory. For Esri's household estimate to be accurate, some housing units that were vacant in 2010 would have needed to be occupied in 2020, as the City did not add 15 units through new construction.

- Although there is a difference between the two recent estimates, both show relative stability in the number of households. Even Esri's more optimistic recent estimate would show the City adding fewer than two households in a typical year. Longer-term, Colton has experienced a pattern of only minor growth, adding less than one household in an average year in the 1990s, and an average of fewer than three households per year between 2010 and 2020.

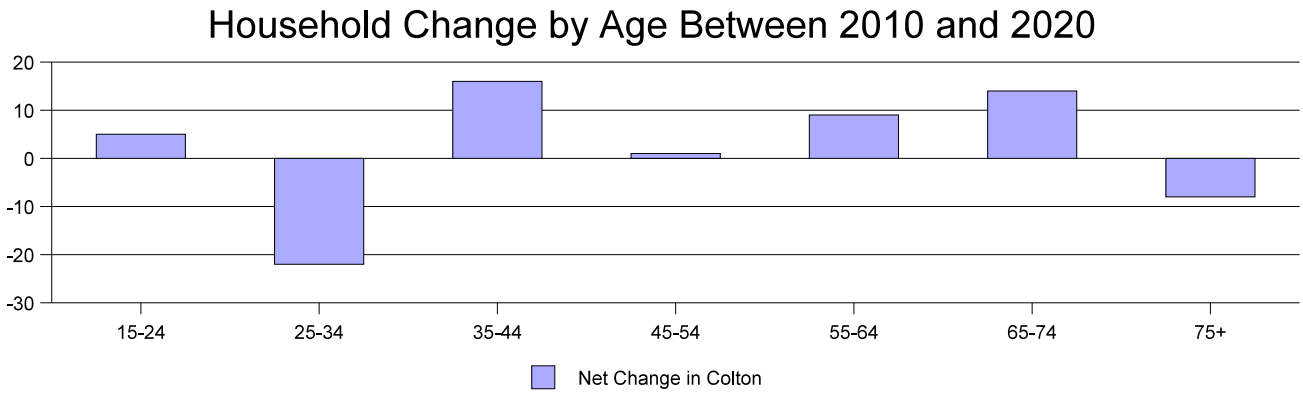
- For all of Minnehaha County, Applied Geographic Solutions showed very strong household growth, with the County adding more than 14,600 households between 2010 and 2020.

Household by Age Trends: 2010 to 2020

The demographic data profile that is available from AGS does not provide information on households by age. The following table compares households by age from the 2010 Census and 2020 estimates from Esri. This information is for the City of Colton. Esri's estimate of the total household count in 2020 is slightly higher than the estimate from AGS.

Table 5 Colton Households by Age - 2010 to 2020			
Age	2010	2020	Change
15-24	14	19	5
25-34	63	41	-22
35-44	48	64	16
45-54	49	50	1
55-64	46	55	9
65-74	31	45	14
75+	51	43	-8
Total	302	317	15

Source: U.S. Census; Esri



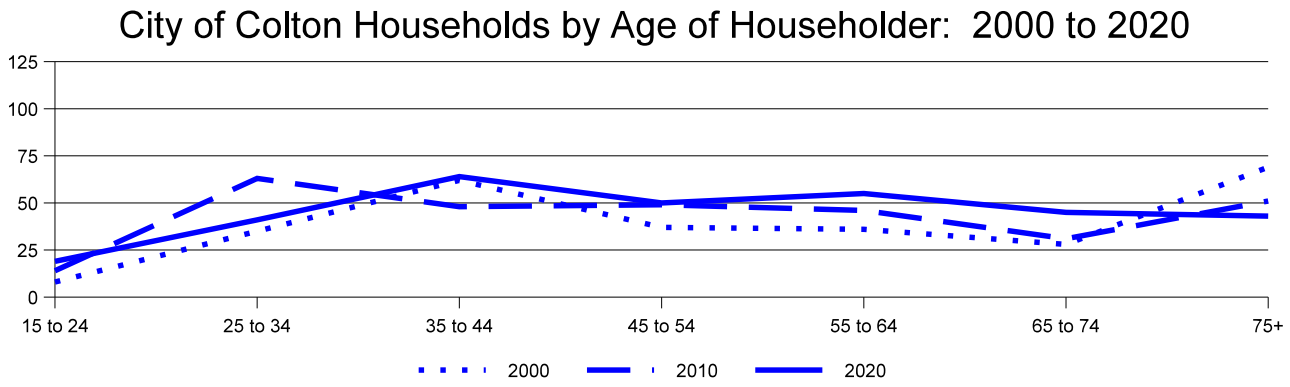
The age-based household estimates provided by Esri show limited change in many of the defined ranges from 2010 through 2020 in the City of Colton. However, in general the City has been aging, with some net growth among households age 55 and older, and stability within the younger adult ranges.

If grouped into larger aggregated age ranges, there was no change in the number of younger adult households. For all households age 54 and younger, the Esri estimates show a net change of no households over the decade.

There were changes within specific 10-year ranges, but this was probably due to existing households aging in place. For example, there were fewer households in the 25 to 34 year old group, but growth in the 35 to 44 year old group.

There was some increase in number of households age 55 and older, which probably again reflects the aging of longer-term resident households. Overall, there was an increase of 15 households age 55 and older between 2010 and 2020. There was especially strong growth from senior-headed households, between the ages of 65 and 74 years old. There was an estimated loss of older seniors, age 75 and above.

It is possible to track the age progression patterns of households back to the year 2000 to view the changes over time.



In general, the age-based household changes in Colton over the past 20 years have been very minor, as indicated in the chart above.

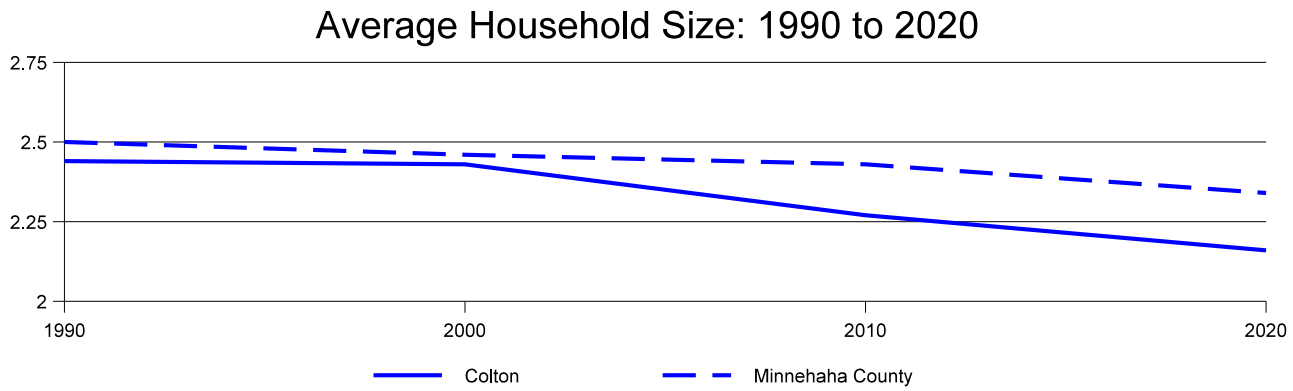
Average Household Size

The following table provides decennial Census information on average household size, along with the 2020 estimate from AGS.

Table 6 Average Number of Persons Per Household: 1990 to 2020				
	1990 Census	2000 Census	2010 Census	2020 AGS
Colton	2.44	2.43	2.27	2.16
Minnehaha Co.	2.50	2.46	2.43	2.34

Source: U.S. Census; AGS

In most jurisdictions there has been a steady decrease in average household size over the past several decades. This has often 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. This pattern of smaller households has been evident in Colton and in Minnehaha County over the past 30 years.



The AGS estimate of 2.16 persons per household in Colton in 2020 is down from 2.27 persons in 2010, and well below the level of 2.43 persons in 2000. The City's relatively small average household size in 2020 would generally reflect a large number of one and two person households without children. An alternate estimate from Esri shows the average household size in 2020 at 2.24 persons, down only slightly from the level recorded in the 2010 Census.

For Minnehaha County, the AGS estimate of 2.34 persons per household in 2020 is down from the 2.43 persons recorded by the 2010 Census, and continues a gradual decrease in the average number of people per household dating back to at least 1990.

Household Projections

Household projections for the five-year time period spanning the years 2020 through 2025 are available from AGS and Esri for the City of Colton, and from AGS for Minnehaha County. Household growth directly impacts the demand for housing.

Table 7 Household Projections Through 2025

	AGS			Esri		
	2020 Estimate	2025 Projection	Change	2020 Estimate	2025 Projection	Change
Colton	303	305	2	317	326	9
Minnehaha Co.	81,654	85,012	3,358	-	-	-

Source: AGS, Esri

- AGS is projecting that Colton will add only two households from 2020 to 2025. This is generally consistent with their recent estimate which showed very little household growth in Colton between 2010 and 2020.

- Esri's projection for the City of Colton expects a gain of 9 households, or approximately two households per year over the 5-year projection period. This would be consistent with their estimate of past growth, as Esri believes that the City has been adding approximately one to two households per year since 2010.

- The AGS projection for Minnehaha County expects significant growth, adding more than 3,350 households between 2020 and 2025.

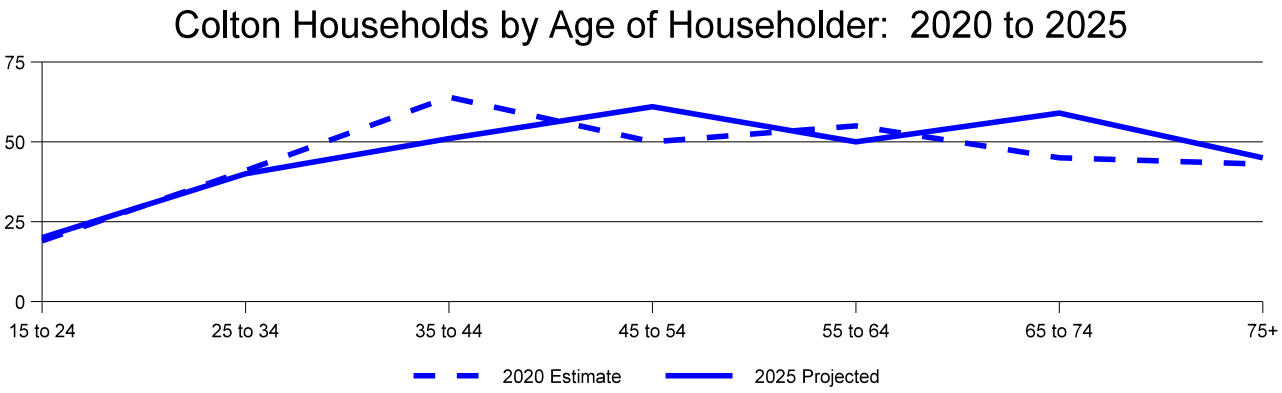
- For the entire Sioux Falls MSA, which includes Minnehaha, Lincoln, McCook and Turner Counties, AGS is forecasting growth of nearly 5,200 total households between 2020 and 2025, on approximately 1,040 households added in an average year. While this is probably an overly conservative projection, it does highlight the tremendous growth potential of the larger region.

Colton Household by Age Projections: 2020 to 2025

Esri has generated age-based projections for households to the year 2025. These projections can be compared to the data contained in the 2020 Esri estimate to examine the change projected over the next five years. Age-based household forecasts are provided for the City of Colton.

Table 8 Projected Households by Age - 2020 to 2025			
Age Range	2020	2025	Change
15-24	19	20	1
25-34	41	40	-1
35-44	64	51	-13
45-54	50	61	11
55-64	55	50	-5
65-74	45	59	14
75+	43	45	2
Total	317	326	9

Source: Esri



Esri is projecting growth of only nine households in Colton from 2020 to 2025, resulting in limited change within most of the defined age ranges. Much of the age movement appears to represent existing households moving through the aging cycle.

If grouped into larger ranges, Esri expecting growth from senior-headed households, age 65 and above, but an overall decrease of households age 64 and younger by the year 2025.

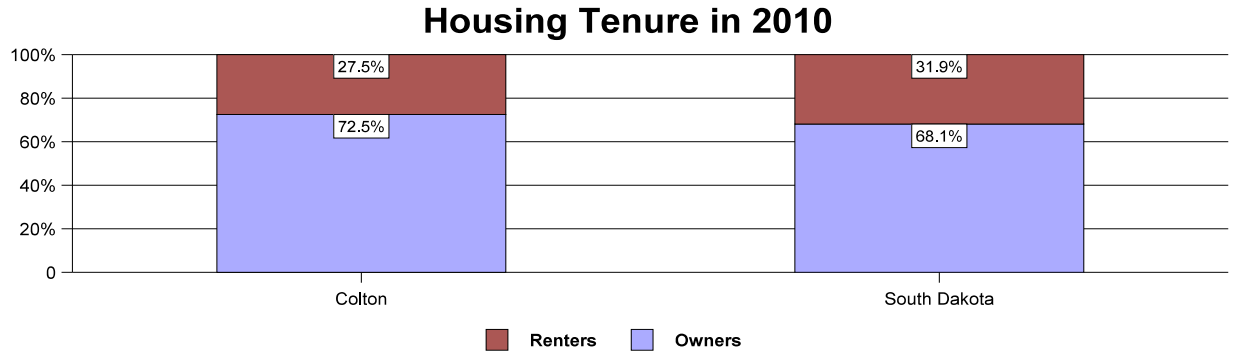
Housing Tenure

There are no reliable intercensal estimates for housing tenure for the City. The following table presents the owner and renter household distribution from the 2010 Census. The release of the 2020 Census data within the next year will re-benchmark housing tenure distribution.

Table 9 Household Tenure - 2010				
	Number of Owners	Percent of all Households	Number of Renters	Percent of all Households
Colton	219	72.5%	83	27.5%

Source: U.S. Census

At the time of the 2010 Census, the rental rate in the City of Colton was nearly 73%. The City primarily offers single family housing options for home ownership, although some smaller rental projects also exist. The rental rate of 27.5% in Colton was below the Statewide renter rate of nearly 32% in 2010.



2019 Median Income Data

The American Community Survey provides income estimates for cities, towns and counties. The following table provides 2019 American Community survey data for Colton, Minnehaha County and the State of South Dakota for comparison.

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

Table 10 Median Household Income - 2010 to 2019

	2010 Median	2019 Median	% Change
Median Household Income			
Colton	$52,411	$63,077	20.4%
Minnehaha County	$51,799	$61,772	19.3%
South Dakota	$46,369	$58,275	25.7%
Median Family Income			
Colton	$57,625	$68,833	19.4%
Minnehaha County	$64,645	$80,213	24.1%
South Dakota	$58,958	$75,168	27.5%

Source: American Community Survey

Information contained in the American Community Survey shows strong median income levels in the City of Colton. The City's median household income was above both the comparable County and Statewide medians in 2019. The City's median family income was below the comparable medians, but was still approaching $69,000 as a family midpoint income. It is important to note that a margin of error does apply to American Community Survey estimates, but income levels in the community do appear to be relatively high.

Median income levels for all of Minnehaha County were also relatively high in 2019. The County's estimated medians were also above the comparable Statewide medians.

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 Colton could afford approximately $1,575 per month and a median income family household could afford nearly $1,720 for ownership or rental housing in 2019.

However, there is a difference between the medians for home owner and renter households. In the City of Colton, the estimated median income for all home owners in 2019 was $67,188 compared to a median of $37,625 for renters. At 30% of income, a household at the renter median could apply approximately $940 per month without incurring a housing cost burden.

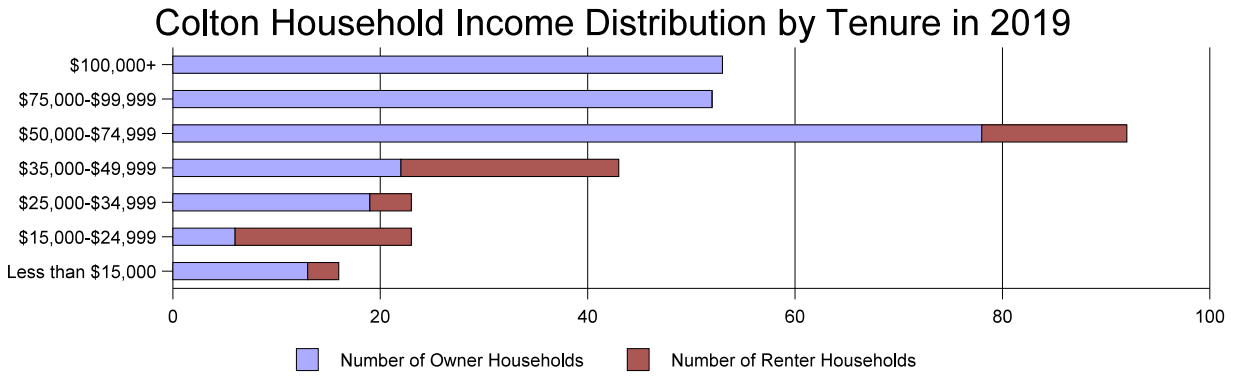
Colton Income Distribution

The 2019 American Community Survey provides income data within specific income ranges. Based on other data, it appears that the American Community Survey has under estimated the total number of renter households in the City while over estimating the number of home owners, but the percentage distribution is assumed to be accurate.

Table 11 City of Colton Income Distribution by Tenure - 2019			
Household Income	Owner Households	Renter Households	All Households
$0 - $14,999	13 / 81.3%	3 / 18.7%	16
$15,000 - $24,999	6 / 26.1%	17 / 73.9%	23
$25,000 - $34,999	19 / 82.6%	4 / 17.4%	23
$35,000 - $49,999	22 / 51.2%	21 / 48.8%	43
$50,000 - $74,999	78 / 84.8%	14 / 15.2%	92
$75,000 - $99,999	52 / 100%	0 / 0%	52
$100,000+	53 / 100%	0 / 0%	53
Total	243	59	302

Source: ACS

In 2019, income levels were widely distributed, but in all of the defined ranges above $25,000, a majority of households were home owners. However, in the income ranges below $25,000, more than half of the households were renting their housing. For all households with an income of $50,000 or more, the rate of home ownership was above 92%.



2019 Estimated Income and Housing Costs - Renters

The American Community Survey collected information on housing costs. The following table provides data on the number of renter households that are paying different percentages of their income for housing in Colton. The American Community Survey appears to have under estimated the number of renter households in Colton, when compared to other data sources, but the percentage for housing costs are viewed as the best available data on this topic.

Table 12 Gross Rent as a Percentage of Income - City of Colton

Percent of Income for Housing	Number of Households	Percent
Less than 20%	8	13.6%
20% to 29.9%	23	39.0%
30% to 34.9%	3	5.1%
35% or more	23	39.0%
Not Computed	2	3.4%
Total	59	100%

Source: American Community Survey

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".

For renter households in Colton, a relatively high percentage reported a cost burden in 2019. Overall, more than 44% of all renters reported paying 30% or more of their income for gross rent. Most of these households were actually applying 35% or more of income and were in the severe cost burden category.

A majority of renter households with a cost burden had an annual income below $35,000 in 2019.

2019 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 Colton that are paying different percentages of their gross household income for housing costs. The American Community Survey appears to have over estimated the number of home owners in Colton, when compared to other estimating sources, but the percentage for housing costs are viewed as the best available data on this topic

Table 13 Colton Owner Costs as a Percentage of Income: 2019

Percentage of Income for Housing Costs	Number of Owner Households	Percent of All Owner Households
0% to 19.9%	187	77.0%
20% to 29.9%	33	13.6%
30% or more	21	8.6%
Not Computed	2	0.8%
Total	243	100%

Source: American Community Survey

Mortgage lending practices generally attempt to keep monthly payments below 30% of household income. A very large majority of owner-occupants in Colton, which would include households with and without a mortgage, reported paying less than 30% of their income for housing. Fewer than 9% of all home owners reported that they paid more than 30% of their income for housing.

Ownership cost burden often tends to be lower due to higher income levels for most home owners. In 2019, the estimated median income for owner-occupants in Colton was above $67,000, allowing a fairly large monthly housing cost contribution before experiencing a cost burden.

Building Permit Trends

Colton has experienced some new housing construction activity in recent years. The following table identifies the units that have been issued a building permit from 2010 to 2020, based on data from the City and from building permit reporting to the U.S. Census Bureau.

Table 14 Colton Housing Unit Construction Activity: 2010 to 2020

Year	Single Family Detached	Multifamily	Total Units
2020	1	0	1
2019	1	0	1
2018	2	0	2
2017	2	0	2
2016	1	0	1
2015	0	0	0
2014	1	0	1
2013	0	0	0
2012	0	0	0
2011	1	0	1
2010	0	0	0
TOTAL	9	0	9

Source: City of Colton; Census Bureau

Over the 11-year period spanning 2010 through 2020, there were 9 single family houses constructed in Colton, for an annual average of nearly one house per year. However, 7 of the 9 houses were constructed within the most recent 5-year period from 2016 to 2020.

No multifamily construction was identified over the past decade.

American Community Survey Housing Data

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

Median Year of Construction - Owner-occupancy Housing

For owner-occupancy units in Colton, the estimated median year of construction is 1959. Nearly 60% of all owner-occupancy houses in the City were constructed prior to 1970.

Median Year of Construction - Renter-occupancy Housing

For renter-occupancy units in Colton, the estimated median year of construction is 1973. Approximately 44% of all renter-occupancy units in the City were constructed prior to 1970.

Mobile Homes

According to the American Community Survey estimates there were 20 mobile homes in the City of Colton in 2019. Approximately half of these were identified as owner-occupancy housing, with the remaining occupied by renter households.

However, the visual housing conditions survey, reported later in this document, identified only 14 mobile homes in the City.

Existing Home Sales

This section examines houses that have been sold in Colton from 2016 through 2019. It is important to note that the number of houses that sell each year can vary and may not be an accurate indicator of overall home values in the City. However, this sample does provide some insight into those units that have turned-over during this time period.

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

The County also sorts the residential sales into different groupings, rejecting certain sales. The primary reason that sales are rejected is because the house was not actively listed for sale in the open market. Only the "good" sales have been used in the analysis that follows.

The County's sale year differs slightly from a calendar year, and begins on November 1st and extends to October 31st. At the time of the research for this Study, the sales records for 2020 had not yet been released.

Table 15 Median Value of Recent Residential Sales - 2016 to 2019

Year	Number of Sales	Median Sale Price	Highest Sale	Lowest Sale
2019	9	$92,500	$190,000	$28,000
2018	15	$141,900	$220,000	$89,900
2017	15	$116,300	$174,000	$28,299
2016	15	$112,000	$162,000	$30,000

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

With a limited number of sales within any 12-month time period, there has been some variation in the annual median price in Colton. This was especially true in 2019, when only nine good sales were recorded.

In 2019, the median sales price was only $92,500, but this was artificially low based on the small sales sample. In 2018, when 15 good sales occurred, the median price was $141,900. If the sales from 2018 and 2019 are combined, the median price was $139,700.

In each of the years reviewed at least one home has been sold for $162,000 or more. In three of the four years reviewed, at least one sale occurred annually for $30,000 or less.

An alternate estimate of home values exists in the American Community Survey. In 2019, the estimated median value for all owner-occupied housing in Colton was $121,100. This estimate was lower than the median sale price recorded in 2018/19.

Colton Housing Condition

Community Partners Research, Inc. representatives conducted a visual 'windshield' survey of the 257 single family/duplex houses in Colton. Houses that appeared to contain three or more residential units were excluded from the survey. The City was divided into three neighborhoods, as follows:

Neighborhood #1: West of Main Avenue
Neighborhood #2: North of 4th Street
Neighborhood #3: South of 4th Street

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

Dilapidated was the lowest rating used. 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 16 Windshield Survey Condition Estimate - 2021

	Sound	Minor Repair	Major Repair	Dilapidated	Total
Neighborhood #1	27 / 40.3%	29 / 43.3%	9 / 13.4%	2 / 3.0%	67
Neighborhood #2	47 / 40.2%	56 / 47.9%	12 / 10.2%	2 / 1.7%	117
Neighborhood #3	38 / 52.0%	27 / 37.0%	7 / 9.6%	1 / 1.4%	73
Total	112 / 43.6%	112 / 43.6%	28 / 10.9%	5 / 1.9%	257

Source: Community Partners Research, Inc.

- Citywide, more than 87% of the houses were rated in the two highest condition categories, with nearly 44% rated as Sound and nearly 44% needing Minor Repair.

- In the entire City there were 28 houses rated in the Major repair category, and 5 houses rated as Dilapidated, and probably beyond the point of economical repair.

- Most of the housing stock in each of the individual neighborhoods was also in good condition. In Neighborhood #1, nearly 84% of the houses were rated as Sound or Minor Repair. In Neighborhood#2, more than 88% of the houses were in one of the two highest condition categories. In Neighborhood #3, 89% of the houses were rated as Sound or Minor Repair.

- Each of the Neighborhoods had some houses rated as Major Repair or Dilapidated, as substandard units are scattered around the community.

Mobile Home Condition

Community Partners Research, Inc. representatives also viewed and rated 14 mobile homes in Colton. Two of the mobile homes are located within neighborhoods in Colton and 12 are in a mobile home park. The same rating classifications were used as defined on the previous page.

Table 17 Mobile Home Survey Condition Estimate - 2021

	Sound	Minor Repair	Major Repair	Dilapidated	Total
Mobile homes	4 / 28.6%	6 / 42.8%	2 / 14.3%	2 / 14.3	14

Source: Community Partners Research, Inc.

- The mobile homes in Colton are generally in good condition. Nearly 29% of the units were rated as Sound, and nearly 43% were in the Minor Repair category.

- Only 2 mobile homes need Major Repair and 2 units were rated as Dilapidated.

Rental Housing Data

Census Bureau Rental Inventory

According to the 2010 U.S. Census, there were 83 occupied rental units and 4 unoccupied rental units in Colton, for a total estimated rental inventory of 87 units. The City's rental tenure rate in 2010 was 27.5%, below the Statewide rental rate of 31.9%.

We are not aware of any rental units that have been constructed since the 2010 Census, however, some owner occupied homes may have converted to rental homes. Also, rental units may have been removed from the housing stock due to demolition or their substandard condition.

With no documented changes to the rental stock, it is probable that the City's total rental inventory still contains approximately 85 to 90 units in 2021.

Rental Housing Survey

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

Information was tallied for market rate units and senior housing with services.

The total of 59 units that were successfully contacted including:

- 40 market rate units
- 17 assisted living units
- 2 senior independent units

The findings of the survey are provided below.

Market Rate Summary

Information was obtained on 40 market rate rental units in seven projects. The rental projects surveyed include two 8-plexes, two 5-plexes, two 4-plexes and one 6-plex.

Unit Mix

Information on bedroom mix was obtained from all 40 of the market rate units that were surveyed. The breakdown of the bedroom mix is:

- studio - 1 (2.5%)
- one-bedroom - 11 (27.5%)
- two-bedroom - 28 (70%)

No units with three or more bedrooms were surveyed, however, some single family houses in the community that provide rental housing have three or more bedrooms, which can accommodate large families.

Occupancy / Vacancy

There was one vacant unit in the 33 market rate units that were part of the vacancy survey. This is a vacancy rate of 3.0%. The rental property owners reported a high demand for rental housing.

Rental Rates

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

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

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

Unit Type	Lowest/Highest Gross Rents
One-bedroom	$600-$700
Two-bedroom	$700-$775

Tax Credit Summary

There are no tax credit units in Colton.

Subsidized Summary

There are no subsidized rental projects in Colton. The City of Colton did have three subsidized rental projects with a total of 18 units. However, all three of these rental projects have converted from subsidized to market rate.

Subsidized Housing Gains/Losses

Federal subsidy sources for low income rental housing have been very limited for the past few decades. Some of these older projects in the State of South Dakota have completed their compliance requirements and have the opportunity to leave their subsidy program and convert to conventional rental housing.

Three subsidized rental projects, with a total 18 units, have converted from subsidized to market rate. These projects include Glader Apartments, East 3rd St. Apartments and Minnesota Ave. Apartments.

Senior Housing with Services

Unit Inventory

There is one senior with housing with services facility in Colton, Colton Retirement Living. Colton Retirement Living includes 17 assisted living units that provides the full array of services, including laundry, housekeeping, meals, bathing, medication management, etc. The facility also has two senior independent units that include laundry and housekeeping services. Tenants in the independent living units can purchase additional services as needed.

Occupancy / Vacancy

The Administrator reported that at the time of the survey there were two assisting living units and one independent vacant unit.

Table 18 Colton Multifamily Rental Housing Inventory					
Name	**Number of Units /Bedroom Mix**	**Rent**	**Vacancy/ Wait List**	**Tenant Mix**	**Comments**
Market Rate					
East 3rd St Apartments	3 - 1 Bedroom 2 - 2 Bedroom 5 Total Units	$540-$550 $600-$625	No vacancies	General occupancy	East 3rd St. Apartments is a general occupancy market 5-plex. The project was a USDA Rural Development project, but has converted to market rate. There are three one-bedroom units and two two-bedroom units. Rent is $540 to $550 for a one-bedroom unit and $600 to $650 for a two-bedroom unit. Tenants also pay electricity. At the time of the survey, the owner reported no vacancies.
Minnesota Avenue Apartments	3 - 1 Bedroom 2 - 2 Bedroom 5 Total Units	$540-$550 $600-$625	No vacancies	General occupancy	Minnesota Avenue Apartments is a general occupancy market 5-plex. The project was a USDA Rural Development project, but has converted to market rate. There are three one-bedroom units and two two-bedroom units. Rent is $540 to $550 for a one-bedroom unit and $600 to $650 for a two-bedroom unit. Tenants also pay electricity. At the time of the survey, the owner reported no vacancies.
Glader Apartments	1 -1 Bedroom 7 - 2 Bedroom 8 Total Units	$450 $525	No vacancies	General occupancy	Glader Apartments is a general occupancy market rate 8-plex. There is 1 one-bedroom unit and 7 two-bedroom units. Rent is $450 for a one-bedroom unit and $525 for a two-bedroom unit. Tenants also pay heat and electricity. The project was a USDA Rural Development project, but converted to market rate in 2009. The project was constructed in 1979. The owner reported no vacancies at the time of the survey.
325 4th St Apartments	6 - 2 Bedroom 6 Total Units	Not provided	1 vacancy	General occupancy	The Apartments at 325 4th St are located in a downtown building and include six two-bedroom units. The owner did not provide rent information. The owner reported one vacancy at the time of the survey, but reported that the units are usually fully occupied.

Table 18 Colton Multifamily Rental Housing Inventory					
Name	**Number of Units /Bedroom Mix**	**Rent**	**Vacancy/ Wait List**	**Tenant Mix**	**Comments**
Market Rate					
Peterson Apartments	4 - 2 Bedroom 4 Total Units	$525-$575	No vacancies	General occupancy	Peterson Apartments is a general occupancy market rate 4-plex located on Park Ave. All of the units are two-bedroom. Rents range from $525 to $575. Tenants also pay utilities. The units were constructed in 2003. The owner reported no vacancies at the time of the survey.
Driesen Apartments	4 - 2 Bedroom 4 Total Units	$550-$600	No vacancies	General occupancy	Driesen Apartments is a general occupancy market rate 4-plex located on Park Ave. All of the units are two-bedroom. Rent is in the $550 to $600 range. There were no vacancies at the time of the survey. Please note that the information on this 4-plex is from secondary sources as we were unable to contract the owner.
South Main Apartments	1 - Studio 4 - 1 Bedroom 3 - 2 Bedroom 8 Total Units	To be determined	Under renovation	General occupancy	South Main Apartments is a general occupancy market rate project with eight units. There is 1 studio unit, 4 one-bedroom and 3 two-bedroom units. The studio apartment is the only unit currently occupied. The other seven units are under renovation and unoccupied. The renovation is scheduled to be completed in the spring. The rent structure for the renovated units is to be determined.

Table 18 Colton Multifamily Rental Housing Inventory					
Name	**Number of Units /Bedroom Mix**	**Rent**	**Vacancy/ Wait List**	**Tenant Mix**	**Comments**
Senior Housing with Services					
Colton Retirement Living	17 - Assisted living 2 - Independent 19 Total Units	Based on level of services	2 vacant AL 1 vacant Ind.	Assisted Living Center/ Independent	Colton Retirement Living includes 17 assisted living units that provide a full array of services, including laundry, housekeeping, meals, bathing, medication management, etc. The facility also has two senior independent units that include laundry and housekeeping services. Tenants in the independent living units can purchase additional services as needed. The Administrator reported that at the time of the survey there were two assisting living units and one independent vacant unit.

Source: Community Partners Research, Inc.

Net Household Growth in the Sioux Falls MSA

Over the last few decades, the Sioux Falls MSA has grown at a rapid rate. Between the 2010 Census and the 2020 estimate from Applied Geographic Solutions, a substantial number of households were added in Sioux Falls and in many of the smaller cities in Minnehaha and Lincoln Counties. The following table examines growth in numeric and percentage terms. The listed cities have been ordered by the numeric household growth that occurred over the period.

Table 19 Household Growth by Jurisdiction: 2010 to 2020

City	2010 Census	2020 AGS	Numeric Growth	Percentage Growth
Sioux Falls	61,707	77,737	16,030	26.0%
Harrisburg	1,423	2,356	933	65.6%
Brandon	3,118	3,809	691	22.2%
Tea	1,254	1,884	630	50.2%
Hartford	913	1,299	386	42.3%
Baltic	389	457	68	17.5%
Dell Rapids	1,388	1,443	55	4.0%
Crooks	431	478	47	10.9%
Colton	302	303	1	0.3%
Garretson	449	432	-17	-3.8%
MSA	83,677	108,907	25,293	30.2%

Source: US Census; Applied Geographic Solutions

Between in 2010 and 2020, the MSA added nearly 25,300 households, according to estimates supplied by Applied Geographic Solutions (AGS). More than 63% of this household growth occurred within the City of Sioux Falls.

The remainder of the regions household growth was shared between multiple jurisdictions within the 4-County MSA, but Harrisburg, Brandon, Tea and Hartford captured the largest numeric share of household growth outside of Sioux Falls. Together, these four jurisdictions along with Sioux Falls, accounted for nearly 74% of all household growth in the MSA.

Colton added only one household over the decade, according to AGS. Another source, Esri, showed the City adding 15 households, but this still would have represented less than 0.1% of the MSA's net household gain during this time.

MSA Housing Unit Construction Activity: 2010 to 2019

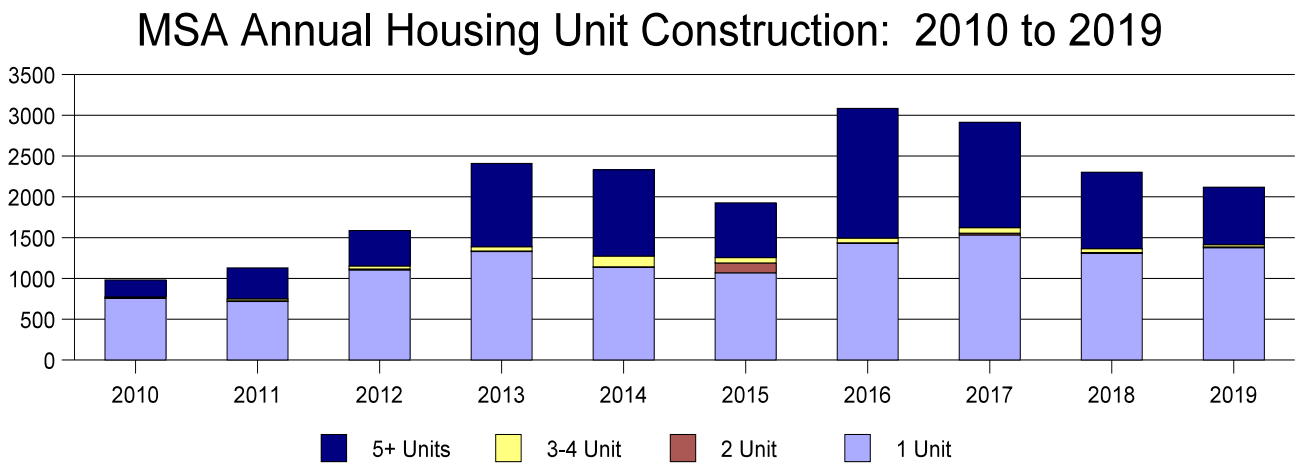
The U.S. Census Bureau collects building permit issuance information from individual cities, towns and townships. Annual housing construction summary information is available for the combined jurisdictions that form the Sioux Falls MSA. This represents a four-county area of Minnehaha, Lincoln, McCook and Turner Counties.

It is important to note that the Census Bureau's annual totals may differ from other information in this Housing Study, which may be collected directly from individual cities. However, the Census Bureau reports do provide some perspective on housing construction within the larger MSA. Census Bureau annual totals for the City of Colton are also provided for comparison.

Housing construction activity in Colton has represented a very small share of all activity in the Sioux Falls MSA in recent years. From 2010 through 2019, unit construction in Colton represented less than 0.1% of all MSA activity.

Table 20 Colton and MSA Housing Unit Construction Activity - 2010 to 2019										
Year	City of Colton					Sioux Falls MSA				
	Single Family	Two Family	3 to 4 Family	Multifamily	Total	Single Family	Two Family	3 to 4 Family	Multifamily	Total
2019	1	0	0	0	1	1,376	10	28	705	2,119
2018	2	0	0	0	2	1,306	12	46	938	2,302
2017	2	0	0	0	2	1,533	22	67	1,292	2,914
2016	1	0	0	0	1	1,431	6	58	1,589	3,084
2015	0	0	0	0	0	1,069	120	67	670	1,926
2014	1	0	0	0	1	1,134	8	131	1,057	2,330
2013	0	0	0	0	0	1,330	6	52	1,021	2,409
2012	0	0	0	0	0	1,104	12	36	435	1,587
2011	1	0	0	0	1	716	16	19	378	1,129
2010	0	0	0	0	0	755	8	111	207	1,081
Total	8	0	0	0	8	11,754	220	615	8,292	20,881

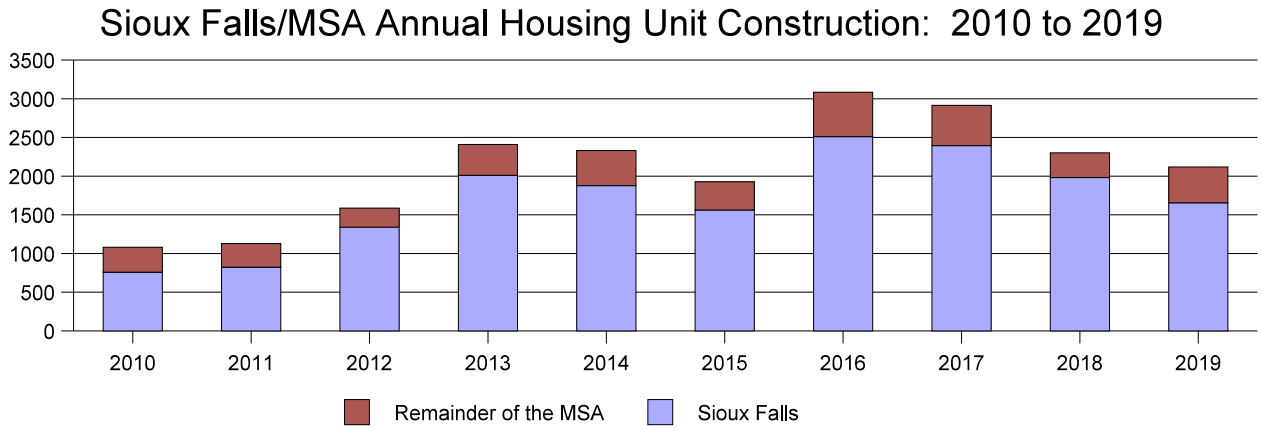
Source: City of Colton; U.S. Census Bureau; Community Partners Research, Inc.



According to Census Bureau reports, the year 2016 represented the highest year for new housing unit production in the MSA over the 10-year period reviewed. The total production in 2017, was only slightly lower, as both years had more than 2,900 total units that were permitted in the entire MSA.

The total unit production identified in 2019 was lower than in the previous three years. Although no reporting was yet available for 2020, it is assumed that the global pandemic had a negative impact on housing starts in the MSA.

As the primary jurisdiction in the MSA, the City of Sioux Falls accounts for a large majority of the units constructed annually. In recent decades, Sioux Falls has typically represented between 70% or more 86% of the annual MSA construction activity, and in most recent years, the City's share has generally been 80% or higher, according to the Census Bureau.



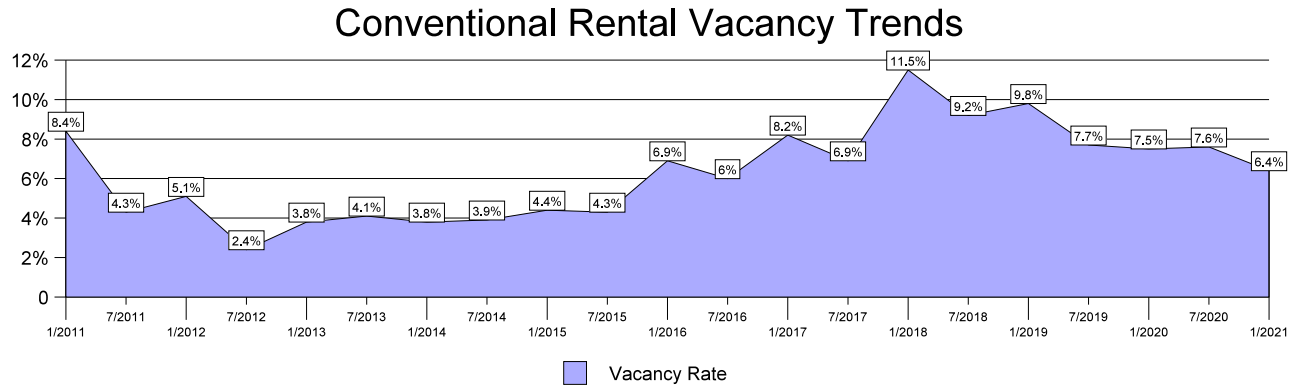
Regional Rental Vacancy Rates

The South Dakota Multi-Housing Association has tracked rental housing vacancy information for the Sioux Falls area for many years through a semiannual survey. This is an excellent source of information that not only provides a current picture of rental housing occupancy, but also a perspective on longer-term trends.

Conventional Market Rate Housing

The most recently completed vacancy survey is from January 2021. This survey found a 6.4% vacancy rate in conventional market rate housing. The survey included more than 14,500 conventional units and found 931 vacancies. Although this was an area-wide survey, including communities that are within a 20-mile radius of Sioux Falls, more than 96% of the reporting units were located within the Sioux Falls zip codes.

The following chart presents the Multi-Housing Association vacancy calculations dating back to the year 2011 to provide a 10-year history for conventional rental housing.



The most recent survey does show a decrease in the conventional rental vacancy rate, but at 6.4% the vacancy rate still remains relatively high. For the period between July 2011 and July 2015, the vacancy rate typically remained below 5%. But starting in January 2016 the vacancy rate moved above 6% in market rate rental housing and has remained at or above 6% since that time.

However, the vacancy rate in conventional housing reached a recent peak in January 2018 at 11.5%. Since that time there has been a general reduction through January 2021.

A general standard for rental housing vacancy is that a rate up to 5% is considered acceptable. A modest level of vacancy is desirable to allow tenant movement in the market by providing choices for prospective renters. It also allows a community the chance to grow, as new households moving into the area can locate a living unit. In Sioux Falls, a vacancy rate above 5% would not be surprising for individual surveys, as large-scale unit construction can occur which can temporarily cause an oversupply of units.

Although the vacancy rates since 2016 have been above the desired level, past history shows that the market has had the ability to "self-correct". People interviewed in past studies in the area have cited the cyclical nature of rental production in Sioux Falls. As the vacancy rate has risen, construction activity in subsequent years tends to diminish. As vacancy rates begin to fall, it has been typical to see an above-average level of construction.

Based on the building permit reporting presented previously from the Census Bureau, the number of multifamily units permitted in the MSA decreased steadily from 2016 to 2019. After reaching a single year peak of nearly 1,600 multifamily units permitted in 2016, this level did drop to approximately 700 units in 2019.

However, based on information contained in the Multi-Housing report for January 2021, rental production in Sioux Falls increased substantially in 2020, with more than 1,570 multifamily units permitted in Sioux Falls. No Census Bureau totals for the entire MSA are available yet for 2020, but based on the production in Sioux Falls the number of new units more than doubled between 2019 and 2020.

Income-Based Housing Vacancy Rates

The large majority of the units in the Multi-Housing survey are conventional rentals. However, different types of income-restricted housing are also included. These units include moderate rent properties constructed through the federal low income housing tax credit program and federally subsidized low income housing referred to as "HUD units" in the reports.

Since the start of 2019, the vacancy rate in tax credit housing has generally been high, and has remained above 8%. In the most recent survey, tax credit units had a vacancy rate of 9.1%, compared to the conventional housing vacancy rate of 6.4%.

HUD units have tended to maintain a low rate of vacancy over time. In the most recent report, the vacancy rate for HUD units was only 1.3%. With the exception of one survey in January 2020, this very affordable segment has maintained a vacancy rate below 5%.

Presumably, the impact of the global health pandemic has resulted in decreased incomes for some MSA households, which has increased demand for deep subsidy housing. In January 2020 the vacancy rate was 6.6% in HUD units, compared to only 1.3% by January 2021.

Vacancy Rates Outside of Sioux Falls

The Multi-Housing Survey does collect some rental data from units that are outside of the City of Sioux Falls, but within a 20-mile radius. Information is provided by zip code for communities in the Sioux Falls region. However, in the January 2021 survey, no conventional rental units were included in Colton.

The January 2021 survey collected information from other outlying areas within a 20-mile radius of Sioux Falls, including Harrisburg, Brandon. There were 890 conventional market rate units surveyed with a vacancy rate of only 4.6%, lower than the 6.4% rate for the entire Sioux Falls area.

Outside of Sioux Falls, there were tax credit units reported in Brandon, Harrisburg, Hartford and Tea. In total, 483 tax credit units were surveyed in these four cities. There were 33 vacant units in January 2021, for a vacancy rate of 6.8%, below the tax credit vacancy rate of 9.1% for the entire Sioux Falls area.

Only eight "HUD units" were reported in the most recent survey outside of Sioux Falls and all were occupied. These units are in Brandon.

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. Much of the household growth that has occurred in the Sioux Falls MSA in the past decade 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 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

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.

Table 21 Sioux Falls MSA Annual Labor Statistics: 2010 to 2020*

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	144,400	140,650	3,750	2.6%	3.1%	5.3%
2016	146,949	143,305	3,644	2.5%	3.0%	4.9%
2017	150,020	145,981	4,039	2.7%	3.2%	4.4%
2018	152,316	148,354	3,962	2.6%	3.0%	3.9%
2019	155,468	151,110	4,358	2.8%	3.0%	3.7%
2020*	156,430	148,814	7,616	4.9%	4.6%	8.1%

Source: South Dakota Department of Labor
* 2020 is preliminary

The Sioux Falls MSA continues to be strong for labor force and job growth. Over the time period from 2010 through 2020, the size of the resident labor force increased by more than 22,800 people, or an increase of more than 17%. The employed resident work force increased by nearly 21,600 people during this same time, for an increase of nearly 17%.

The MSA's unemployment rate has generally decreased over this longer time period and by 2019 was at only 2.8%. However, the global pandemic did impact statistics for 2020, although the annual employment rate was still below 5%.

Employment and Wages by Industry

The following table shows the annual employment and average annual wages in 2018. This information is for all of the MSA.

Table 22 MSA Average Annual Wages - 2018		
Industry	2018 Employment	Average Annual Wage
Total All Industry	153,130	$48,736

Source: South Dakota Department of Labor

The average annual wage for all industry in 2018 was $48,736 for the Sioux Falls MSA.

Commuting Patterns of Colton Residents

Information is available on workers that commute for employment. The best information is from the 2019 American Community Survey, and has been examined for residents of Colton. This first table only examines travel time for City residents, and excludes people that work at home.

Table 23 Commuting Times for Colton Residents - 2019		
Travel Time	Number	Percent
Less than 10 minutes	74	18.3%
10 to 19 minutes	66	16.3%
20 to 29 minutes	58	14.3%
30 minutes +	207	51.1%
Total	405	100%

Source: American Community Survey

Most of Colton's employed residents were longer-distance commuters in 2019, with 51% traveling 30 minutes or for their primary job. Only 35% of the City's residents were traveling less than 20 minutes to their job.

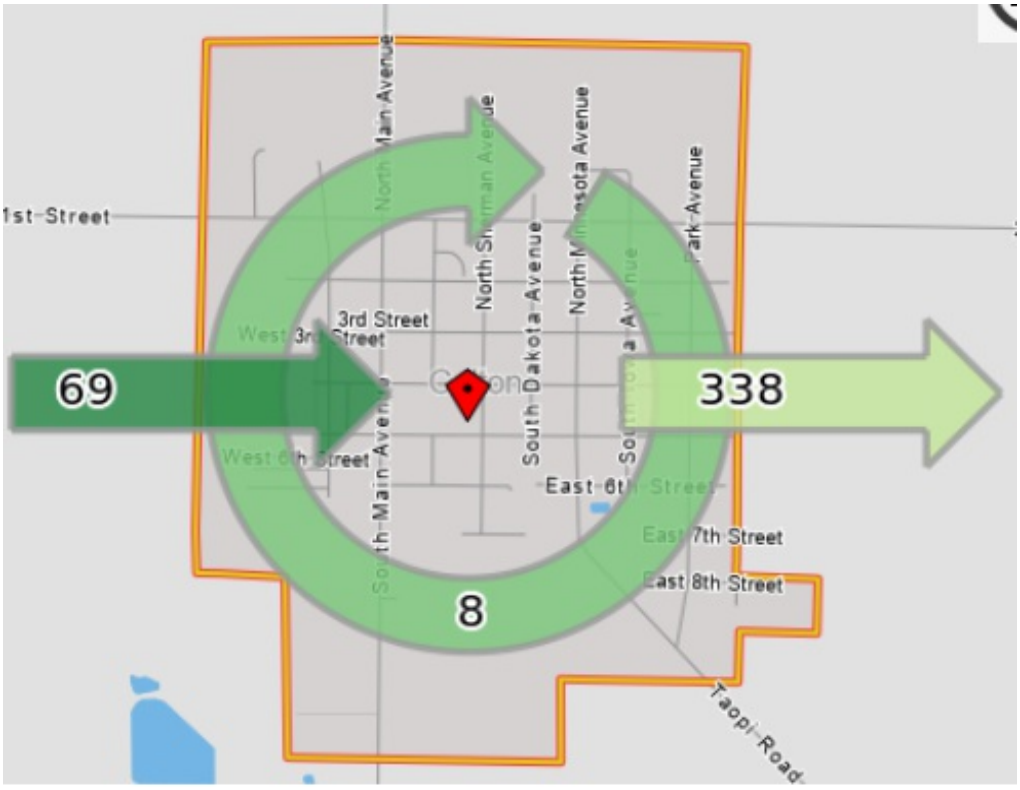
The American Community Survey did not provide travel time information for people that worked in Colton.

Census On the Map

The Census Bureau also produces commuter reports through its Center for Economic Studies division. This information is based on reports for the year 2018, and provides a further breakdown of worker movement patterns.

According to the report for Colton, there were only 77 people that were employed within the city limits in 2018. Only 10% of these Colton-based employees also lived within the City, with nearly 70 employees commuting in to work. The primary identified jurisdictions supplying workers to the City were Sioux Falls and Lyons Township.

Most Colton residents left their home community to work elsewhere. The primary location listed for outbound commuters was Sioux Falls. More than 52% of the City's residents worked in Sioux Falls. Other identified employment locations included Lyons Township, Sioux City, Burke Township and Hartford.



Findings on Growth Trends

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

Esri estimates that from 2010 to 2020, Colton gained 23 people and Applied Geographic Solutions (AGS) estimates that Colton had a loss of 34 people. The Census Bureau estimates that from 2010 to 2019, Colton had a decrease of 18 people. AGS estimates that Minnehaha County gained 27,526 people. This has continued a long-term pattern of population growth for Minnehaha County that dates back to at least 1990, the demographic time period reviewed in this Study.

AGS estimates that from 2010 to 2020, Colton gained one household, and Esri estimates that the City added 15 households. AGS estimates that Minnehaha County gained 14,626 households from 2010 to 2020.

Findings on Projected Growth

Projections for Colton and Minnehaha County reflect the patterns of recent decades. AGS projects that from 2020 to 2025, Colton will gain 34 people and two households. Esri projects that from 2020 to 2025 Colton will gain 17 people and nine households.

AGS is forecasting Minnehaha County will gain 14,568 people and 3,358 households from 2010 to 2020.

Strengths for Housing Development

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

- **Colton is located near Sioux Falls, which is a regional center for the area** - Colton is approximately 26 miles from Sioux Falls. Sioux Falls provides employment opportunities, retail/service options, government services, health and professional services, and cultural amenities to a large surrounding trade area. Many households prefer to live near, but not in a regional center.

- **Median home price** - Colton's median priced home, based on recent sales activity, is approximately $139,700. This matches fairly well with new homes, which is an incentive for new home construction.

- **Adequate land for development** - The City has land available for residential development.

- **Population and household growth for the City** - The City of Colton is projected to add population and households over the next five years.

- **Sioux Falls MSA market** - The MSA has had substantial population growth, household growth and new housing construction for many years. Colton has the potential to capture a portion of this market.

- **Housing developers** - There are developers in the Region that may be willing to invest in housing projects in the community.

- **School system** - Tri-Valley is an excellent public K-12 school system that serves the Colton area.

- **Small town atmosphere** - Colton is a small community with the real and perceived amenities of a small town. This small town living is attractive to some households.

- **Infrastructure** - The City's public utilities and infrastructure are in good condition and can facilitate future expansion.

- **City amenities** - The City has attractive amenities that make the community a desirable place to live, including a swimming pool, park, ballfields, community center, library, etc.

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

- **Sioux Falls Growth Pattern** - Many commercial and industrial projects are in the planning or construction phases in Sioux Falls. The growth and development in Sioux Falls also benefits residential development in Colton.

- **Commuters** - Approximately 70 people are commuting into Colton daily for employment. These commuters are a potential market for future housing construction.

- **Housing and economic development agencies** - The City of Colton has access to housing and economic development agencies that can assist with housing development projects and programs.

- **Age and condition of the housing stock** - A majority of the housing units in Colton are in good condition.

- **Senior housing with services** - An assisted living facility is located in Colton.

Barriers or Limitations to Housing Activities

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

- **Proximity to Sioux Falls** - Although it is a strength to be located in close proximity to Sioux Falls, it is also a barrier as Colton must compete with Sioux Falls, which offers attractive residential opportunities and other amenities and services.

- **Staff capacity limitations** - Although the City has access to several housing agencies, it is very difficult to develop and implement housing initiatives with limited staff resources.

- **Commercial/retail options** - Colton has commercial and retail options to meet most daily needs, however, it has only limited other retail and commercial opportunities.

- **Lack of medical facilities** - The City of Colton currently does not have a medical clinic.

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

- **Lack of residential lots** - Currently, there is a very limited number of lots available in Colton for new housing development.

Recommendations, Strategies and Housing Market Opportunities

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

- **Focus on the preservation, maintenance and improvement of the housing stock that already exists** - While housing construction will occur in coming years, most of the housing opportunities will continue to be provided by the housing stock that is already on the ground. This is especially important for affordable housing opportunities, as it will almost always be less expensive to offer an affordable unit through rehabilitation versus new construction. Units that are lost due to deterioration and obsolescence cannot be replaced for a similar price. Evidence suggests that the majority of the existing stock is being well maintained, however, a limited percentage of housing needs repair. Emphasis on continued improvement and preservation of the existing housing will be important to meet future housing needs.

- **Develop life cycle housing** - It is vital for a self-contained community to provide housing opportunities for all ages and household types. These housing opportunities enable a community to thrive, and allow households to live in the community throughout their lives.

- **Promote new construction** - New construction provides housing opportunities, stimulates the economy and upgrades the community's housing stock. Both new owner-occupied single family homes and rental units are needed to provide households in Colton with housing options and to assure a healthy housing stock into the future.

- **Promote home ownership** - Home ownership is the preferred option for most households. Home ownership assists in creating community stability and commitment to the community. There are many younger families that are renting their housing in Colton and the Sioux Falls MSA. These households may be interested in home ownership, if an affordable opportunity is available in Colton.

- **Prioritize community housing goals** - Many of the recommendations in the Study will require staff-intensive efforts. The City should prioritize its housing goals and establish a plan to achieve its goals.

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

Summary of Colton Growth Projections by Age

The Demographic section of this Study presented Colton projection information on anticipated changes by age group from 2020 to 2025. This information can be informative in determining new housing that may be needed due to age patterns of the area population. The projections were provided by Esri.

Household growth is projected in several age ranges. The largest growth to the year 2025 will occur among households in the 65 and older age ranges with a projected growth of 16 households. From 2020 to 2025, Colton is projected to also gain one household in the 15 to 24 age range and 11 households in the 45 to 54 age range.

The 25 to 44 age ranges are projected to lose 14 households and the 55 to 64 age range is forecast to decrease by five households.

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

Age Range	Projected Change in Households 2020 to 2025
15 to 24	1
25 to 34	-1
35 to 44	-13
45 to 54	11
55 to 64	-5
65 to 74	14
75 and older	2
Total	9

Findings on Unit Demand by Type of Housing

Based on the household by age projections presented earlier, the changing age composition of Colton'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 one-household increase in the 15 to 24 age range through the year 2025. Past tenure patterns indicate that a majority of households in this age range in Colton will rent their housing. A small gain of households in this age range should mean that rental demand from younger households will remain stable during the projection period.

25 to 34 Years Old - The projections show a one-household decrease in this age cohort by 2025. Within this age range, households often move from rental to ownership housing. A slight decrease in the number of households within this age range will mean demand for both first-time home buyer and rental opportunities will remain unchanged.

35 to 44 Years Old - This 10-year age cohort has a projected loss of 13 households between 2020 and 2025 in Colton. Households within this range often represent both first-time buyers and households looking for trade-up housing, selling their starter home for a more expensive house.

45 to 54 Years Old - For Colton, the projections show a gain of 11 households in this age range. This age group historically has had a high rate of home ownership and will often look for trade-up housing opportunities. With household gains in this age group, the demand for trade-up housing from this age range will increase.

55 to 64 Years Old - The projections show an expected decrease of five households in this 10-year age range by the year 2025. This age range has traditionally also had a high rate of home ownership in Colton. 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. Some households in this age range are also seeking trade-up housing.

65 to 74 Years Old - Relatively strong household growth is expected in Colton within this age range, with the projections showing an increase of 14 households by the year 2025. All of the households in this age range are in 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. A high percentage of households in this age range own their housing in Colton. Once again, preferences for age-appropriate units should increase from household growth within this age cohort.

75 Years and Older - A gain of two households is projected among seniors. Seniors in this age range often seek high quality rental housing or senior housing with services options.

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

Summary of Findings/Recommendations

The findings/recommendations for the City of Colton have been formulated through the analysis of the information provided in the previous sections. The 2021 Colton Housing Study includes a total of 19 recommendations divided into the following five categories:

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

The findings/recommendations for each category are as follows:

Findings and Recommendations for the City of Colton	
Rental Housing Development	
1.	Develop 10 to 12 market rate rental units
2.	Develop 6 to 8 subsidized or moderate rent/income restricted units
3.	Monitor the need for additional senior housing with services units
4.	Develop 6 to 8 senior independent/light services market rate units
5.	Develop a downtown second mixed-use commercial/housing project
6.	Continue to utilize the Housing Choice Voucher Program
Home Ownership	
7.	Utilize and promote all programs that assist with home ownership
8.	Monitor the need to develop a purchase/rehabilitation program
New Construction	
9.	Lot availability and development
10.	Promote townhouse and twin home development
11.	Strategies to encourage continued residential lot sales and new home construction in Colton
12.	Coordinate with agencies/nonprofits that develop affordable housing

Findings and Recommendations for the City of Colton	
Housing Rehabilitation	
13.	Promote rental housing rehabilitation programs
14.	Promote owner-occupied housing rehabilitation programs
Other Housing Initiatives	
15.	Acquire and demolish dilapidated structures
16.	Develop mobile home park improvement programs
17.	Create a plan and continue coordination among housing agencies
18.	Strategies for Downtown Redevelopment and Commercial Development
19.	Develop home ownership and new construction marketing programs

Colton - Recommendations Rental Housing Development

Rental Housing Development

Overview

The City of Colton had limited new rental housing construction activity in recent decades. From 2000 to 2020, only eight units in two four-plexes were constructed. These are market rate units and were constructed in 2002 and 2003 as four-plexes.

From 2010 to 2019, approximately 8,900 rental units were constructed in the Sioux Falls MSA. None of these units were constructed in Colton.

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

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

Projections for Colton and Minnehaha County expect household growth. From 2020 to 2025, it is projected that there will be approximately a nine-household gain in Colton and a gain of more than 3,350 households in Minnehaha County.

We are projecting that four of the nine added households in Colton will be renters and that Colton will capture a portion of the regional growth that will occur in Minnehaha County. Therefore, we are projecting that there will be growth-generated demand for 12 additional rental units over the next five years.

Demand created by replacement of lost units is more difficult to determine, but the best available evidence suggests that the City will lose only one to two rental units per year from 2021 to 2025. As a result, approximately five to 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 or conversion. However, in most cases, the unit replacement will be due to single family rental houses converting to owner-occupancy.

Pent-up demand also exists. As part of this study, a rental survey was conducted. The survey found only one vacancy in the general occupancy market rate units. The specialized senior housing projects reported two vacant assisted living units and one vacant senior independent unit. Also, there currently are no subsidized rental units in Colton as three subsidized projects in Colton converted to market rate. Therefore, we have identified pent-up demand for market rate units, subsidized units and senior independent/light services units in Colton.

These three demand generators, after factoring current vacancy rates, show a need for 22 to 28 rental units in Colton over the next five years. Based on the factors stated above, we recommend the development of the following new rental units from 2021 to 2025.

▸ General Occupancy Market Rate	10-12 units
▸ Subsidized/Moderate Rent	6-8 units
▸ Senior (Independent/Light Services)	6-8 units
Total	22-28 units

The 22 to 28 rental units are projected to be 0.5% to 0.7% of the total rental units that are projected to be constructed in the Sioux Falls MSA from 2021 to 2025.

For 22 to 28 additional rental units to be developed over the next five years, affordable land and infrastructure must be available for multi-family construction. Additionally, the City of Colton must continue to develop amenities that make Colton an attractive residential option for households.

1. Develop 10 to 12 general occupancy market rate rental units

Findings: Market rate rental 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 33 market rate rental units that were part of the rental vacancy survey, we found only one vacancy. The rental property owners reported high occupancy rates and strong demand for market rate housing.

The prevailing gross rent range for market rate units in the City of Colton is $600 to $700 for a one-bedroom unit and $700 to $775 for a two-bedroom unit.

There are no three-bedroom or more units in any of the market rate rental projects in Colton. However, there are some single family home rentals in Colton that have three or more bedrooms.

Recommendation: As stated earlier in this section, rental housing demand is based on household growth, pent-up demand and replacement of housing units that have been demolished or converted. Based on this combination of demand generators, we believe that it is reasonable to plan for the production of 10 to 12 market rate rental units over the next five years from 2021 to 2025.

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

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

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

There is a continued need to construct both types of market rate rental housing, thus, there is a wide rent range in the following table reflecting the two segments. To construct the workforce housing and charge affordable rents, land donations, financial assistance, tax increment financing, tax abatement and other resources may be needed. Additionally, the South Dakota Housing Development Authority's DakotaPlex Program may be available to assist a developer with the development of market rate rental housing.

We recommend the development of 10 to 12 rental units over the next five years, with a unit mix and rent levels as follows:

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

Unit Type	No. of Units	Size/Sq. Ft.	Rent
One Bedroom	2	650 - 800	$800 - $1,050
Two Bedroom	6-7	850 - 1,050	$900 - $1,200
Three Bedroom	2-3	1,100 - 1,250	$1,300 - $1,400
Total	10-12		

Note: The recommended rents are gross rents including all utilities. The rents are quoted in 2021 dollars.

If possible, it would be advantageous to keep the rent structure at or below the rent limits for the Housing Choice Voucher Program. This would allow renter households to participate in the Housing Voucher Program and expand the number of households that could afford the proposed rents. In 2021, the rent limits that apply to the Voucher Program are:

- 1 bedroom - $750
- 2 bedroom - $910
- 3 bedroom - $1,205

2. Develop six to eight subsidized or moderate rent/income restricted rental housing units

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

The research completed for this Study found no subsidized or moderate rent/income restricted rental projects in the City of Colton.

There had been three federally subsidized projects in Colton with a total of 18 units, but their subsidy contracts ended and the three projects converted from subsidized to market rate. Even though these projects now provide market rate housing, the rent structure still remains low compared to new rental units.

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

The 2019 American Community survey estimated that approximately 44% of all renters in the City were paying 30% or more of their income for rent. The large majority of these households were actually paying 35% or more of their income for housing. Most of the households with a severe rent burden had low annual incomes, and would be under the income limits for subsidized or moderate rent/income restricted housing.

Recommendation: Based on the cost burden data contained in the American Community Survey, we recommend that the City develop subsidized or moderate rent/income restricted rental housing for low and moderate income renters. Over the next five years, we recommend that the City attempt to construct six to eight units that achieve a rent level that would be affordable for low and moderate income households.

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

The best available options are to layer various subsidies together in an attempt to produce some affordable rental units. The City of Colton could assist with tax increment financing, tax abatement, land donations, reduced water and sewer hookup fees, etc.

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

3. Monitor the need for additional specialized senior housing with services units

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

Colton currently has one senior housing with services facility. Colton Retirement Living is licenced as an Assisted Living Center and has 17 assisted living units that provide a full array of services, including laundry, meals, housekeeping, bathing, medication management, etc. The facility also has two senior independent units that include laundry and housekeeping services. Tenants in the independent living units can purchase additional services as needed. The Administrator reported that at the time of the survey there were two vacant assisted living units and one vacant independent rental unit.

In 2020, there were 60 senior citizens, age 75 and above, that were living in Colton. Colton Retirement Living also attracts a limited number of residents from other jurisdictions in Minnehaha County including seniors from Sioux Falls.

Recommendation: Colton Retirement Living has a relatively large supply of specialized senior housing, in comparison to the local population of older senior citizens in Colton. Like other forms of housing, Colton can be impacted by demand that is created in the rapidly growing Minnehaha County. However, in the opinion of the analysts, attracting older seniors from other jurisdictions in need of senior services will be somewhat limited. Older seniors will generally want to locate closer to services and medical facilities as they age. For this reason, we are not recommending the development of additional assisted living units at this time.

We do, however, recommend that the need for additional assisted living be monitored. It is very possible that a developer may propose additional senior assisted living or memory care units in Colton in the future. It is not the intent of Community Partners Research, Inc., to discourage future projects.

In the following recommendation, we do recommend the development of senior independent/light services units in Colton.

4. Develop six to eight senior independent/light services market rate units

Findings: There is a very limited supply of senior independent/light services market rate rental units in Colton. Colton Retirement Living has two senior independent/light services rental units.

In 2020, there were approximately 88 households age 65 or older in Colton. It is projected that there will be an additional 16 households age 65 and older in Colton by the year 2025.

We are estimating that 5% to 6% of senior households age 65 and older in Colton would move into a senior independent/light services rental project. Also, the project will attract tenants from the area surrounding Colton and other Minnehaha County jurisdictions.

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

The project's amenities and features should include:

- A small community room
- 24-hour call system
- A limited access security system
- Smoke alarms
- Enclosed parking
- Spacious corridor with a theme such as a street scape design (apartment building option)

Unit features should include:

- 6 to 8 units
  - 1 to 2 one-bedroom
  - 5 to 6 two-bedroom
- Floor plans that promote accessibility
- Fully equipped kitchen
- Large storage area
- Ample closet space
- Laundry hookups
- Open floor plan
- Private patio
- Individually controlled heat and AC
- Raised outlets, lever door handles, lowered kitchen cabinets
- Expansive windows

Optional services that could be provided by community organizations, agencies or a senior with services facility include:

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

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

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

The location of the project should be close to services as the project will be occupied by seniors. A high amenity location would be ideal for a senior project. If possible, the project should have land available for future project phases. Also, it may be advantageous if the units were constructed adjacent to Colton's existing senior with services facility.

5. Develop a Downtown Commercial/Housing Project

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

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

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

The rental units should be primarily market rate units, but could be mixed income with some moderate income units. The units should be primarily one and two-bedroom units. Please note that these units are not in addition to the units recommended in the previous recommendations of this section. If a mixed-use building was constructed, the number of units recommended 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 approximately 30% of their adjusted income for rent, with the rent subsidy payment making up the difference. Tenants may lease any suitable rental unit in the community, provided that it passes a Housing Quality Standards inspection, and has a reasonable gross rent when compared to prevailing rents in the community.

Although the federal government provides 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.

Currently, approximately 44% of Colton households are paying more than 30% of their income for rent.

The Housing Choice Voucher Program is administered in Colton by the Sioux Falls Housing and Redevelopment Commission. Currently, there is an approximate three-year waiting list for a Housing Choice Voucher Program.

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

Colton - Home Ownership Recommendations

Home Ownership Recommendations

Findings: Expanding home ownership opportunities is one of the primary goals for most cities. High rates of home ownership promote stable communities and strengthen the local tax base.

The median owner-occupied home value of existing homes in Colton based on recent sales is estimated to be $139,700. With approximately 50% of the homes in Colton valued less than $139,700, Colton has a market for first-time home buyers and households seeking moderately priced homes.

Our analysis of Colton demographic trends shows projected population growth from 2020 to 2025 in the 65 and older age ranges with a gain of approximately 16 households. While most households in these age ranges already own their housing, this group represents a strong potential market for 'trade-up' housing. Increasingly, the older age ranges within this group look for lower maintenance housing options, such as twin homes or town house developments.

The number of Colton households in the 45 to 54 age range is expected to increase by 11 households from 2020 to 2025. The households in this range, as well as households in other age groups that have not been able to achieve the goal of home ownership, may need the assistance of special programs to help them purchase their first home.

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

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

Findings: We believe that affordable home ownership is one of the issues facing Colton 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.

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. Colton has a supply of houses that are price-eligible for these assistance programs. The home value estimates used in this study indicate that most of the existing stock currently is valued under the purchase price limits for the first-time home buyer assistance programs.

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

Recommendation: The City of Colton and area financial institutions should continue to work with regional housing agencies and the South Dakota Housing Development Authority to utilize all available home ownership assistance programs. Private and nonprofit agencies should also be encouraged to provide home ownership opportunities.

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

8. Monitor the need to develop a Purchase/Rehabilitation Program

Findings: Colton 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 Colton are valued less than $100,000. As some lower valued homes come up for sale, they may not be attractive options for potential home buyers because of the amount of repair work that is required.

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

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

Recommendation: We recommend that Colton monitor the need to develop and implement a purchase/rehab program in the future, as the private sector is currently addressing this housing need. 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 and other mortgage programs. Also, USDA Rural Development provides purchase/rehabilitation loans to low and moderate income buyers and may be a resource for Colton home buyers.

Colton -
New Housing Construction

New Housing Construction

Findings: The City of Colton has experienced limited single family owner-occupancy housing construction over the last decade. Based on U.S. Census Bureau and City records, from 2010 to 2020, there were nine single family houses constructed in the City of Colton, which is an average of approximately one housing unit per year. Over the past five years, seven of the nine single family houses have been constructed.

The attractiveness of the area, the City's amenities and its proximity to Sioux Falls should result in the continued construction of new homes annually. However, there must be attractive residential lot options available for new home construction.

Overall household projections for Colton indicate good demand for owner-occupied housing construction. Colton is projected to gain 16 households in the 65 and older age ranges from 2020 to 2025. Households in these age ranges tend to be predominantly home owners, and form a market for low maintenance housing such as town homes and twin homes. The 45 to 54 year old range is expected to gain 11 households through 2025. Many of the households in these age ranges are trade-up buyers or new home buyers.

It is our opinion that if the City, area housing and economic development agencies, builders and developers are proactive, 15 to 18 owner-occupancy housing units should be constructed in Colton over the next five years from 2021 to 2026 to address demand, which is three to four homes annually. Our projection for single family housing starts includes homes built in a new subdivision and on infill lots, and includes single family attached housing units, such as twin homes and town houses.

The breakdown of our projection of 15 to 18 new owner-occupied housing units annually over the next five years is as follows:

▸ Higher & medium price homes	4-5 homes
▸ Affordable homes	6-7 homes
▸ Homes on infill lots	1-2 homes
▸ Twin homes/town homes	4 units
Total	15-18 homes/units

Over the past 10 years, Colton's market share of the new single family owner-occupied construction in the Sioux Falls MSA has been approximately 0.08%, which is less than one-tenth of 1%. To achieve the recommendation above, the City would need to capture between 0.2% and 0.3% of all projected owner-occupied single family housing construction in the Sioux Falls MSA.

9. 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 Colton. Buildable lots are defined as having sewer and water available to the lots. Based on our interviews, it appears that there may be a few buildable infill parcels in Colton. We do not know the status of these parcels. Also, there are dilapidated houses in the City that could be demolished and some of these lots could be suitable for new construction. However, there is not a new lot subdivision in Colton with available buildable lots.

Recommendation: Using our projections that three to four owner-occupied housing units will be constructed in Colton annually over the next five years and with only a few in-fill lots available in Colton, there will be a need for additional lots in the future.

Therefore, the City of Colton should plan for future subdivision and lot development. If new construction projections come to fruition, there will be a need for additional lots over the next five years, thus, we are recommending the development of 12 to 16 lots. New lot/subdivision development should include the following:

- The site should have land available for future development so that if feasible, the lots would be developed in phases as demand dictates.
- The site(s) for lot development, if possible, should have current access to existing utilities.
- The lots should have covenants that assure quality development. However, the covenants should not be so restrictive that they eliminate the target market's ability to construct a home.
- The lots should accommodate a variety of home designs and home prices.
- All stakeholders should be involved in promoting and publicizing the lots.
- To be successful, the homes must be available to households with as wide an income range as possible.
- Some lots should be available for twin home/ town home development.
- Successful lot development will need the cooperation of financial institutions, funding agencies, employers, the City of Colton, area housing

and economic development agencies, developers and builders. Financial assistance such as tax increment financing, tax abatement, and assistance from area housing and economic development agencies and the South Dakota Housing Development Authority may be needed.

- The lots must be as aesthetically acceptable as possible and include high quality amenities.

- The City and developers should plan on a long absorption time period to sell the lots.

- If the lots are sold at a reduced price, the lot buyer should be obligated to build a home on the lot within a specified time period.

Additionally, an inventory of existing infill lots that are buildable and for sale, should be maintained and available to future buyers.

10. Promote town house and twin home development

Findings: Colton had no owner-occupancy attached housing development from 2010 to 2020. Many communities over the past decade have seen attached housing take an increasingly large share of new construction. In cities the size of Colton, 15% to 20% of the housing starts are typically twin homes/town homes.

Attached housing provides desirable alternatives for empty nesters and seniors to move out of their single family homes, thus, making traditional single family homes available for families. It is estimated that in the 55 and older age ranges there were 143 households in Colton in 2020. These age ranges are projected to increase by 11 households from 2020 to 2025. The Sioux Falls MSA is also projected to have significant increases in these age ranges over the next five years. It is important for the City to offer a range of life-cycle housing options as many of these households will be seeking to downsize into low maintenance housing options. There are also young families seeking affordable twin homes/town homes.

Recommendation: It is our projection that approximately four of Colton's new owner single family units should be twin homes or town houses over the next five years. This is 22% to 27% of the total projected single family owner-occupied housing construction in Colton over the next five years.

To construct twinhomes/townhomes over the next five years, lots must be developed for twinhome/townhome development. A cluster of lots should be developed to allow for a significant number of twinhomes/townhomes to be developed into the future.

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

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

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

11. Strategies to encourage residential lot sales and new home construction in Colton

Findings: From 2010 to 2020, 9 owner-occupancy housing units have been constructed in Colton. To increase new construction, we recommend several strategies.

Recommendation: We recommend that the City of Colton, the area housing and economic development agencies, developers, builders, realtors and other housing stakeholders coordinate efforts to promote lot development, lot sales and housing development.

Our recommendations to promote lots sales and housing development include:

- ***Continue competitive pricing*** - There are lots available in communities throughout the region. To attract new home construction in Colton, lots should be competitively priced in comparison to other options in the area.

- ***User-Friendly -*** The lot purchase and home building process must be 'user friendly.' This includes the construction of spec homes, builders that are readily available to build custom homes and city regulations that are fair and reasonable. The entire process must be as 'user friendly' as possible to encourage home construction.

- ***Long-term planning*** - The City of Colton and Colton developers should conduct long-term development planning to assure lots are available on an ongoing basis to meet demand for all types and pricing of new housing.

- ***Promote spec home construction*** - Spec houses attract a buyer that is not interested in going through the home building process, but instead wants a turnkey unit. A spec home can also serve as a model, allowing potential home buyers to examine specific floor plans and features in the home before committing to buy.

- ***Lot availability for twin home/town home development*** - It is our opinion that there will be a demand for twin homes/town 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 subdivision. This broadens the lot buyer market. Also, smaller infill lots with fewer amenities could be marketed for affordable homes.

- ***Marketing*** - The City of Colton will need to develop a comprehensive marketing strategy to sell available lots. All stakeholders including developers, realtors, financial institutions, builders, employers, etc. should to be included in marketing strategies. In addition to marketing the lots, the City of Colton and its amenities should be marketed.

- ***Consider developing an exclusive builder(s) relationship*** - Several lots could be sold to a builder or builders. Momentum can be created when a builder has access to several lots. This allows for marketing

opportunities and efficiencies in the home building process. The subdivision owners, however, should assure that the builder is obligated to construct a minimum number of homes within a defined time period. Builders are more willing to enter a market when the lots are attractive and affordable. Several lots available to an exclusive builder or developer should be explored, even if price concessions are required.

- ***Covenants*** - If covenants are developed for a subdivision, the covenants should assure that they protect the integrity of the subdivision, but are not a barrier to the market the subdivision is attempting to serve and subsequently a deterrent to new construction.

- ***Lot Availability for affordable homes*** - Lots should be available for affordable homes including modular homes and governor's homes.

- ***Incentives*** - Many cities throughout South Dakota are offering incentives to construct new homes, including reduced lot prices, reduced water and sewer hookup fees, tax abatements, cash incentives, etc.

- ***Infill lot Home Development*** - Infill lots in existing neighborhoods are often affordable and have existing City services.

- ***Housing Programs -*** The South Dakota Housing Development Authority, USDA Rural Development and other housing agencies may have housing programs available to assist developers, builders and home buyers.

- ***Manufactured, Modular Homes and Governors Homes*** - Manufactured, modular and governor's homes can provide affordable opportunities for moderate income households.

- ***Develop momentum*** - The City should develop a working formula for new home construction. The formula should include an adequate number of developers, builders, buyers and buildable lots for a variety of home types and prices. When the momentum is developed it should be maintained.

12. Coordinate with agencies/nonprofits that develop affordable housing

Findings: With the difficulty of producing new housing units that are affordable to moderate income households, it is important to take advantage of opportunities presented by housing agencies, nonprofit groups and organizations. Inter-Lakes Community Action Partnership has a Mutual Self Help Program. Households that participate in this program assist each other with constructing affordable new homes.

Also, Sioux Falls Habitat for Humanity is willing to work with a Colton group to construct homes in Colton. Other local and regional housing agencies and nonprofits may also have the capacity to construct affordable housing in Colton. These sources can help generate new homes for moderate income families in Colton.

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

Colton - Housing Rehabilitation

Housing Rehabilitation

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

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

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

13. Promote rental housing rehabilitation programs

Findings: Based on the U.S. Census data, the City of Colton has approximately 83 rental units in 2021. These rental units are in multi-family projects, duplexes, single family homes and mobile homes. Many of these rental structures are more than 40 years old and need improvements. The median year of construction for Colton rental units is 1973.

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

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

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

14. Promote owner-occupied housing rehabilitation programs

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

In 2021, Community Partners Research, Inc., conducted a housing condition survey and rated the 257 single family homes/duplexes in the City of Colton. Colton's housing stock is in good condition, however, the survey found that 112 homes needed minor repairs and 28 homes needed major repairs.

Additionally, many of Colton's homes are older structures. The median year of construction for Colton single family homes is 1959. Without rehabilitation assistance, there is the potential that the affordable housing stock will shrink in Colton.

Inter-Lakes Community Action Partnership currently has several housing programs to assist area households with the rehabilitation of their homes, including the Weatherization Program, the Self Help Rehabilitation Program and programs utilizing HOME and other funds.

Recommendation: We recommend that Colton and area housing agencies seek local, state and federal funds to assist in financing housing rehabilitation. USDA Rural Development, the South Dakota Housing Development Authority and the Federal Home Loan Bank are potential funding sources. Colton should coordinate with the Inter-Lake's Community Action Partnership to assure Colton households have access to housing rehabilitation funds.

Colton -
Other Housing Initiatives

15. Acquire and demolish dilapidated structures

Findings: The 2021 housing condition survey of the City's 257 single family and duplex houses identified five houses that dilapidated and probably beyond repair. The survey also identified 28 houses as needing major repair. Several of these homes may be too dilapidated to rehabilitate upon a more detailed inspection.

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

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

16. Develop mobile home park improvement programs

Findings: In January 2021, Community Partners Research, Inc., conducted a condition survey of the 14 mobile homes in the City of Colton. Twelve mobile homes are in the mobile home park and two homes are located elsewhere in the community.

The condition survey identified six mobile homes that need minor repair, two mobile homes that need major repair and two mobile homes that are dilapidated and beyond repair. Four mobile homes are sound and require no repairs.

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

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

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

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

- ***Time of Sale/Rent Inspection Program*** - This inspection program is designed to provide safe living conditions through the identification and elimination of basic life/safety hazards in older mobile homes. Mobile homes are subject to inspection prior to being sold or rented. All identified safety hazards must be corrected before the unit is sold and/or occupied.

- ***Age of mobile/manufactured homes*** - Some cities have adopted regulations that mobile/manufactured homes older than a designated age cannot be moved into the City and mobile/manufactured homes that are not new must be inspected prior to being moved into the City. Currently, the City of Colton has a regulation that mobile homes older than 20 years cannot be moved into the City.

17. Create a plan and continue coordination among housing agencies

Findings: Colton needs staff resources to plan and implement many of the housing recommendations advanced in this Study. Colton has access to Inter-Lakes Community Action Partnership, the South Eastern Council of Governments, Sioux Falls Habitat for Humanity, the South Eastern Development Foundation, the Sioux Falls Housing and Redevelopment Commission, USDA Rural Development, the South Dakota Housing Development Authority, the Minnehaha County Economic Development Association and Dakota Resources. These agencies all have experience with housing and community development programs.

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

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

18. Strategies for downtown redevelopment and commercial development

Findings: The City of Colton's downtown has buildings that have been renovated and have high quality commercial space. There are also buildings that have not been maintained and are substandard and/or vacant. This recommendation provides an outline of actions that could be taken to continue to redevelop the downtown, to maximize the usage of downtown buildings and to promote new downtown businesses.

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

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

- Interview downtown area property owners to develop a database and to determine their future plans (expanding, selling, renovations, etc.)

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

- Develop a mini-plan for each downtown area property and each downtown block. This may include:
  - Commercial building rehab and renovations
  - Facade work
  - Building demolition
  - New construction
  - Recruiting new businesses

- Identify funding sources
  - Property owner funds
  - City of Colton
  - Federal Home Loan Bank
  - Special tax districts
  - Tax increment financing
  - Tax abatement
  - Funds from South Dakota State Agencies

- Work with stakeholders to identify roles, secure funding, develop and implement programs and projects
  - Property owners
  - City of Colton
  - Minnehaha County Economic Development Association
  - South Eastern Council of Governments

19. 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 Colton has been active in promoting and marketing housing and we recommend the initiation or continuation of the following:

- Determine the City's strengths and competitive advantages and heavily promote them
- Continue to create marketing materials that can be distributed regionally (including internet, TV, radio, etc.)
- Work closely with employers (Colton and the Sioux Falls MSA) to provide employees (especially new employees) with housing opportunities in Colton
- Work with housing agencies to provide down payment assistance, low interest loans, home owner education and home owner counseling programs
- Work with developers and builders to make lot development and the construction of new homes as user-friendly as possible
- Continue to work on the creation of jobs and the development of retail, service and recreational opportunities that make the City a "full service" community
- 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
- Develop new housing choices that serve life-cycle housing needs, such as new rental housing, twin homes, senior 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

Housing Agencies and Resources

The following local 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

Habitat for Humanity Greater Sioux Falls
721 East Amidon Street
Sioux Falls, SD 57117
(605) 274-6280
Contact: Rocky Welker, Director

Minnehaha County Economic Development Association
200 N. Phillips Ave. Ste. 101
Sioux Falls, SD 57104
(605) 339-0103
Contact: Jesse Fonkert

Sioux Falls Housing and Redevelopment Commission
630 South Minnesota Avenue
Sioux Falls, SD 57117
(605) 332-0704
Contact: Karl Fulmer, Executive Director

South Dakota Housing Development Authority
221 South Central Avenue
Pierre, SD 57501
(605) 773-3181
Contact: Loraine Polak, Executive Director