



# Watertown Housing Strategic Planning Retreat Report

July 2024

# Table of Contents

Process Overview \_\_\_\_\_ 3-4

Executive Summary \_\_\_\_\_ 5

Visioning Activity\_\_\_\_\_ 6

Force Field Analysis Activity \_\_\_\_\_ 7-9

Prioritized Housing Types and Solutions \_\_\_\_\_ 10-12

Housing Summit \_\_\_\_\_ 13

Next Steps\_\_\_\_\_ 14

Summary of Data Findings \_\_\_\_\_ 15

# Process Overview

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Maximizing Excellence, LLC (MaxEx) was contracted by Watertown Development Company (WDC) to prepare and facilitate a community planning retreat focused on housing in Watertown. The group focused on developing a vision for housing in Watertown, prioritizing the most important housing challenges to solve, drafting potential solutions, and designing an upcoming community Housing Summit.

## PHASE I: PLANNING AND PREPARATION

To initiate the planning process, MaxEx met with WDC's Chris Clifton and Angie Yahne, and Codington County Community Services' Sara Foust, to learn their expectations for the community planning retreat.

MaxEx was tasked with the following objectives:

- Develop a coordinated community response to the housing “crisis.”
- Address current challenges and identify opportunities for improvement.
- Prepare for a Housing Summit to bring together key stakeholders, experts, and community members to help prioritize and develop actionable recommendations based on the strategic plan.

Prior to the retreat, MaxEx reviewed and analyzed the 2019 and 2023 Housing Demand Analysis for Watertown, South Dakota, conducted by Maxfield Research & Consulting. MaxEx additionally collected data from four stakeholder audiences: Housing Industry Experts (focus group); Service Providers connected to housing (focus group); Strategic Planning Retreat Participants (survey); and Community Stakeholders (interviews). MaxEx sought input and approval from Foust and Clifton on questions prior to submission. *A full list of interview and focus group participants can be found on page 53.*

## PHASE II: RETREAT DAY

The planning retreat took place on July 30, and 31, 2024, in Watertown, South Dakota. Twenty-three individuals participated in some or all of the two half-days.

Attendees:

Jamie Andrews (Developer), Hugh Bartels (South Dakota Representative – District 5), Scott Carbonneau (Lake Area Technical College), Chris Carter (Watertown Municipal Utilities), Chris Clifton (Watertown Development Company), Kathy DeJong (Codington County Community Services), Amy Eldridge (South Dakota Housing Authority), Joe Fiala (GOED), Sara Foust (Codington County Community Services), Allison Gilbertson (Prairie Lakes Healthcare System), Brandi Hanten (City of Watertown), Kristen Henderson (Watertown Area Community Foundation), Stacy Hendricks (Brothers and Sisters Behind Bars), Todd Kays (First District Association of Local Governments), Michael Klatt (Mother of God Monastery), Julie Kneeland (Watertown Area Homebuilders Association), Beth Lalim (Watertown Cares), Kyle Lalim (Haugan Nelson Realty), Luke Muller (Codington County Zoning Office), Angel Oeltjenbruns (Mother of God Monastery), Bill Rieffenberger (Hometown Building Center), Tiffany Sanderson (Lake Area Technical College), and Angie Yahne (Watertown Development Company).

# Process Overview cont.

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Upon review of the previously conducted housing studies and new primary data from stakeholders, MaxEx determined retreat discussion and activities would focus on the following:

- Finding clarity and alignment with the current state of housing in Watertown.
- Defining future vision for housing in Watertown.
- Addressing current challenges and identifying solutions.
- Leveraging resources to develop a coordinated community response to the housing crisis.
- Preparing an action plan for a proposed Housing Summit to bring together key stakeholders to help develop actionable recommendations based on the strategic plan discussion topics and outcomes.

Attendees worked quickly and efficiently, accomplishing the intended outcomes. Community engagement, collaboration, and the use of existing resources were top-of-mind and will continue to be as the plan is executed.

# Executive Summary

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Twenty-three individuals participated in the housing strategic planning retreat as part of efforts to increase community collaboration dedicated to Watertown's housing needs. The group focused primarily on developing Watertown's vision for housing, identifying restraining and driving forces, prioritizing housing types, identifying possible solutions, and developing an action plan for a Housing Summit.

## MAXEX DATA TAKEAWAYS

Upon collection and review of the available data, MaxEx offered the following key findings:

- There is an identified need for Watertown to develop a coordinated community response to the housing crisis.
- Affordable housing supply for rental and ownership in terms of current inventory and the ability to build new, is a priority identified by all audiences.
- Housing inventory is perceived to be sufficient in market rate rental units and \$350,000+ single family housing inventory.
- There are many influences on the feasibility of successfully addressing housing issues/challenges that span housing types.
- All audiences are unified on needing alignment, buy-in, a shared vision, and a plan for future housing in Watertown.

## VISION FOR HOUSING IN WATERTOWN

**Everyone who chooses to be part of the community can attain their ideal housing, leading the Watertown region to its optimal growth.**

## PRIORITIZED RESTRAINING FORCES

- Zoning regulations and related relationship friction.
- Proactive, long-term planning. Understanding the true needs, including infrastructure.
- Education and roles of elected and appointed officials.

## PRIORITIZED HOUSING TYPES

- Transitional/Supportive.
- Rental *affordable*.
- Workforce.
- Student Rental Housing.

*See pgs. 11-14 for prioritized potential solutions.*

## FIRST STEPS

- Connect with 2050 Visioning Group to discuss possible merger with the Oversight Committee owning the 2050 'housing arm,' and the timing of the 2050 rollout.
- Identify priority attendees desired at the Housing Summit. Use the report to debrief this group on retreat outcomes and invite them to the Housing Summit.
- Key Voices group will plan, design, and coordinate a Housing Summit to continue the work mapped out at the strategic planning retreat.

# Visioning

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MaxEx led participants through a visioning activity to understand where they would like to see housing in Watertown by 2030. Participants were encouraged to visualize, and think about, what they aspire to be the future of housing in Watertown and what they will ask the community to rally behind.

Once all responses were presented, MaxEx facilitated a discussion to determine the themes that will build the final vision statement. The group reached consensus on the following themes:

- Growth.
- Options.
- Organized.
- Sustainable.
- Collaboration.
- Community focused.
- Inclusivity for everyone.
- Desirable housing – people can find what they want along their journey. A staircase was used to visualize this concept.

MaxEx encouraged participants to explore the intentionality they wanted to take with their choice of words and phrases. Key discussion topics included:

- Should the vision statement call out the specific housing needs of certain populations or be inclusive of housing in relation to all of Watertown.
- Is the intent for everyone to have healthy, stable housing they can afford or for housing to help motivate overall growth and development in Watertown.

After discussion, the group reached consensus on the following draft vision statement:

**Everyone who chooses to be part of the community can attain their ideal housing, leading the Watertown region to its optimal growth.**

# Force Field Analysis

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MaxEx led participants through a *Force Field Analysis* activity where they identified the driving forces and restraining forces to reach the “desired state” of housing in Watertown based on the working vision statement themes.

- Driving Forces = the conditions that contribute to change.
- Restraining Forces = the conditions that hold back change.

## PRIORITIZED DRIVING FORCES AND ASSETS

- Collaboration.
- Healthcare system.
- Amenities – quality of life.
- Labor force. Base of Industry.
- City manager form of government.
- Education system, including LATC.
- The community wants to see progress and change and are invested in doing better.
- Aviation infrastructure.
- High emphasis on safety (police, fire, Ems).
- Realized growth and desired growth known.

## PRIORITIZED RESTRAINING FORCES

To assist with solution building, participants were asked to identify the priority situations they want to change in terms of the 80/20 Rule. Participants were guided to think of the restraining forces in terms of what are the 20% causes creating 80% of the consequences.

- Lack of childcare options.
- Repeal of cost share for utilities.
- Education for council and appointed board members.
  - Clarify the expectations of their role.
  - Clarify the vision of Watertown.
- Lack of long-term vision and planning.
  - What are the true infrastructure needs?
  - Floodplain management.
- Zoning regulations.
  - WMU and City – Relationship friction.
- Inspection/Quality of rentals.

### **Participants found consensus on three priority restraining forces to build solutions for:**

- Zoning regulations and related relationship friction.
- Long-term vision and planning.
- Education and roles of elected and appointed officials.

# Restraining Forces: Solutions

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Participants brainstormed ways to solve and/or strategize the prioritized restraining forces. Bolded statements indicate the solutions that received the most support from the full group.

## ZONING REGULATIONS

- **Solicit “best practices” from other communities who have been successful with this growth and development initiative. (2)**
- Be flexible to “new” style developments – by adjusting setbacks (sidewalk width, etc.).
- Define needs vs nice to haves.
- Communicate between city/county/WMU.
- Expand available districts that encourage flexible development.
- Is current housing being maintained? What regulations ensure this?
- Expand collaboration between developers, City, utilities, and County.
- Create flexible/mixed use zoning districts to provide a variety of options.
- Requirement of need for 40 acres to build a home on - consider re-evaluating that.
- Be flexible to “new” style developments – by adjusting setbacks (sidewalk width, etc.).
- Strike auxiliary regulations that slow progress and don’t produce high health/safety benefits.
- New zoning designations for transitional housing.
  - Minimize parking required.
- Daycare designations.
  - Rules and inspection required.
  - Parking.
- Comprehensive land use plan.
  - Student housing locations.
  - Man camp zoning sites.
  - Minimize sidewalks.



# Restraining Forces: Solutions

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## LONG-TERM VISION AND PLANNING

- Cohesive planning/support for city growth by WDC, City, and WMU. (3)
- Communication/work together. (2)
- City and WMU to partner in fostering development (2)
- Together at the Summit. City/county/WDC/WMU/developers/industry answer, what does 2030...2050 look like? How do we get there? (2)
- Focus on the future instead of the past all the time.
- Look at existing properties for development and rehab.
- Realistic engagement with landowners with property to develop.
- BOLD Initiative – Building Overdue/Needed Land Developments.
  - Full details of BOLD Initiative can be found on page 54.
- WUB and City (WW) should engage/design future growth plan together.
- Examine the needs of the entire community, not just the middle or upper class.
- Keeping and retaining LATC graduates – plumbers/electricians/building tracks, to increase competition and decrease prices.

## EDUCATION AND ROLES OF ELECTED AND APPOINTED OFFICIALS

- Make friends.
- Create a vision and trust the process.
- Comprehensive on-boarding for new officials.
- Incorporate service providers and end users in training/education.
- Understand some regulations are necessary but need to look at the overall picture.
- Educate city decision makers (council & mayor) on the effects of decisions or the lack of making decisions.
- Retreat facilitated by an outside organization to discuss the roles and goals for city officials and stakeholders.
- Improve communication.
  - What are the real problems?
  - Explain why - look at what can be changed.

# Housing Types Prioritization Activity

Participants completed an activity to determine the prioritized housing types/issues Watertown should focus on based on 'Right Now Urgency,' 'Multiplier Effect,' and 'Quick to Solve.'

Participants were instructed to mark a star by the top two most important housing types for each column and to mark an 'X' by the least important housing type/issue to focus on "right now." Participant responses are compiled in the following chart:

Housing Types	Right Now Urgency	Multiplier Effect	Quick to Solve
Emergency	1 star 1 X	2 Xs	3 stars 2 Xs
<b>Transitional/Supportive</b>	6 stars 2 Xs	5 stars 2 Xs	6 stars
For-Sale Single Family <i>market rate</i>	2 stars 2 Xs	1 star 3 Xs	2 stars 5 Xs
For-Sale Single Family <i>affordable</i>	3 stars 1 X	3 stars	
Rental <i>market rate</i>	4 Xs	1 X	1 star 2 Xs
<b>Rental affordable</b>	7 stars	3 stars 1 X	1 star 1 X
<b>Workforce</b>	5 stars	4 stars 1 X	1 star 1 X
<b>Student Rental Housing</b>	1 star 1X	2 stars 1 X	6 stars
Senior Housing	2 Xs	5 stars 2 Xs	1 star 2 Xs
<b>Proactive Planning</b>	4 stars 2 Xs	6 stars	7 stars

## Prioritized Housing Types:

- Proactive Planning.
- Transitional/Supportive.
- Rental *affordable*.
- Workforce.
- Student Rental Housing.

# Solutions by Housing Type

Participants brainstormed and then prioritized potential solutions for each type. A “Priority” = important to pursue; a “Thumbs Up” = endorse moving forward with this solution right away.

## TRANSITIONAL/SUPPORTIVE HOUSING

Solutions	Priority Sticker	Thumbs Up Sticker
Identify funding options, such as SDHDA or community support.	2	3
Define this group: supportive, transitional (high need), transitional (low need)	4	
Brainstorm potential properties <ul style="list-style-type: none"><li>- Existing vs. New</li><li>- Ruins; Drake Properties</li></ul>	1	

### DISCUSSION:

- Experts in the room provided context that transitional/supportive housing provides housing and case management/support to individuals and families so they can eventually attain and maintain stable housing.
- There is likely the need for diversified funding streams to support this type of housing.
- Successful transitional/supportive housing was also noted as potential component of supporting workforce development in Watertown.

## RENTAL - AFFORDABLE

Solutions	Priority Sticker	Thumbs Up Sticker
South Dakota Housing funds for mixed use rentals while parlaying collaborative efforts with local entities.	1	
Incentivize inspections. <i>Currently only have minimum safety standards.</i>	1	
Consider landlord needs/wants to sweeten the deal: <ul style="list-style-type: none"><li>– Long-term lease/backed</li><li>– Case management</li></ul>	1	
Increase community education/awareness.	1	
Consider mobile homes and infrastructure collaboration. (Sinclair & Midwest Bible)	1	

### DISCUSSION:

- Due to the cost restraints that appear to hinder this type of housing from being built/maintained, participants discussed creative incentives.
- Mobile homes were noted as one of the only three-bedroom units that lower-income families can afford, but prices are increasing, driving these families out.
- “Man Camps” are defined as pre-made homes that provide high-density housing. The idea is to provide housing quickly to address a need.

# Solutions by Housing Type cont.

## WORKFORCE HOUSING

Before discussion on Workforce housing solutions began, this group defined workforce housing by HUD definition of 80%-120% of AMI. For Watertown that is \$52,000-\$78,000.

Solutions	Priority Sticker	Thumbs Up Sticker
Develop a communication plan that includes all necessary players (bankers, City, Government, landowners, etc.). Entities/individuals need to take ownership and accountability.		11
Establish partnership between WMU, City, and WDC for infrastructure installation and potential development savings.		4
Partner with large manufacturers who need employees.	2	
Pursue high-density zoning districts and provide more options so there's less hesitation to develop. Minimize lot costs by 50-60%	1	
Determine the desires and needs of the next generation of homeowners.	1	

### DISCUSSION:

- Prefabricated homes could provide a quick solution to this housing need.
- May need to be addressed by large manufacturers/employers in Watertown.
- High density zoning districts would open more options for developers/builders and decrease lot cost by 50-60%, which has been cited as a workforce housing barrier.

## STUDENT HOUSING

Solutions	Priority Sticker	Thumbs Up Sticker
Form a group of entities to decide and carry out what the plan is. (LATC, City, Government).	8	
Embrace change to go beyond the talking and get to the action.	3	
Ensure plan “meshes” with current campus master plan initiative.	3	
Collaborate with the City to ensure all stakeholders understand the needs and process.	3	
Identify locations for student housing developments and secure proper zoning designation.	1	

### DISCUSSION:

- LATC cannot own student housing but can own student facilities. LATC could partner with the city or a developer to provide student services and housing in the same building. The demographics of a LATC student should be considered.
- LATC's campus plan was addressed. 1<sup>st</sup> Ave., Arrow Ave., & 11<sup>th</sup> St. are key areas for the student population. There is an opportunity for the Garfield elementary school block to become student housing/daycare.
- Zoning districts are in discussion with the city to increase density around campus.

# Housing Summit

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As part of Action Planning, participants prioritized outlining the key components of the Housing Summit. Discussion revolved around the following areas:

## PURPOSE/AGENDA

- The overall purpose of the Housing Summit is to create the opportunity for key entities/stakeholders to come together to hear the same information at the same time, and to create an environment for collaboration – which was identified as essential at the retreat for the execution of all housing goals.
- Introduce and model the collaboration effort set in place by retreat participants.
- Educate Summit attendees on the current state of housing in Watertown, economic projections, and what came from the retreat.
  - Similar to MaxEx's presentation on Day 1 of the retreat.
  - Present vision and identified driving and restraining forces.
- Present prioritized housing issues and possible solutions with designated committee member briefly explaining the process of how the group landed on that issue.
- Breakout rooms categorized by prioritized housing issue for Summit attendees to identify interest areas to continue strategizing possible solutions based on the draft retreat participants created.

## LEADERSHIP

- A Key Voices team consisting of Julie Kneeland, Sara Foust, Christ Clifton, Angie Yahne, Brandi Hanten, Tiffany Sanderson or Scott Carbonneau, and Bill Rieffenberger self-identified as being part of planning the Summit.
- Those who participated in the Watertown Strategic Planning Retreat focused on housing will constitute the Oversight Committee. This committee proposed its role will be to oversee the outcome of the Summit.
- WDC will seek outside consultative expertise to successfully coordinate the Summit.

## ATTENDANCE

- 40-50 key entities/stakeholders related to housing.
  - Attendee considerations include decision makers (city council, mayor, city manager, WMU); LATC; major employers (Terex, hospital, school); prominent developers; Homebuilder Association Society; key landowners; boards of key organizations; HAS; and County Commissions.
- Will not open to the general public. The public can join task forces/committees if they come out of the Summit.

## LOGISTICS & TIMING

- 3–4-hour long Summit to allow for data presentation and attendee collaboration.
- Proposal for the Summit to take place in late September in coordination with the 2050 Vision rollout.
- Proposal for an outside, neutral, third-party entity to facilitate the Summit to increase buy-in.
- Rollout of the outcome of the Summit to the public including prioritized areas and leadership, to then form task teams/committees.

# Action Planning

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As part of Action Planning, participants prioritized outlining the key components of the Housing Summit. Discussion revolved around the following areas:

## FIRST STEPS

- Connect with 2050 Visioning Group to discuss possible merger with the Oversight Committee owning the 2050 'housing arm,' and the timing of the 2050 rollout and Housing Summit.
- Identify priority attendees desired at the Housing Summit. Use the report to debrief this group on retreat outcomes and invite them to the Housing Summit.
- Oversight Committee to develop and implement an invitation strategy to the Summit.
- Key Voices team to plan, design, and coordinate the Housing Summit.

# Summary of Data Findings

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## HOUSING DEMAND ANALYSIS FOR WATERTOWN, SD – MAXFIELD RESEARCH & CONSULTING | 2019-2023 COMPARISON BY MAXEX

- Market area median rent increased from \$685 to \$822/monthly in 2023.
- Median sales price of homes doubled from \$100,250 (2005) to \$225,050 (2022).
- The largest existing gaps of available and affordable housing include market rate rentals, affordable rentals, and subsidized rentals for general occupancy.

## ACROSS AUDIENCES | HOUSING INDUSTRY EXPERTS; SERVICE PROVIDERS; STRATEGIC PLANNING RETREAT PARTICIPANTS; COMMUNITY STAKEHOLDERS

- Affordability for both rentals and ownership was indicated as a need.
- Collaboration and rallying behind a shared vision were top of mind across all audiences.
- Sufficiency was indicated in both market rate rental units and \$350,000+ single family housing inventory.
- All audiences were aware of the complex challenges that hinder addressing Watertown's housing needs effectively.
- Collaboration and rallying behind a shared vision were top of mind across all audiences.

## MAXEX DATA TAKEAWAYS

Upon collection and review of the available data, MaxEx offered the following key findings:

- Housing inventory in Watertown is perceived to be sufficient in two areas: market rate rental units and \$350,000+ single family housing inventory.
- Affordable housing supply for rental & ownership – current inventory & ability to build new – is a priority identified by all audiences.
- “Affordability” has many definitions and types, necessitating consensus building on the definition and true needs.
- There are many influences on the feasibility of successfully addressing housing issues/challenges that span housing types.
- Unified on needing alignment, buy-in, and a shared vision and plan for housing in Watertown. The plan will move the community to action.



# maximizing excellence

Maximizing Excellence, LLC works with people and organizations that want to improve their effectiveness and achieve high impact.