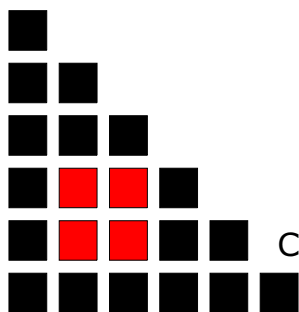


Bonesteel, Burke and Gregory HOUSING STUDY UPDATE

February 2024

An updated analysis of the overall housing needs of the
Cities of Bonesteel, Burke and Gregory in Gregory County, 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 Gregory County are privately owned and were constructed with private funds. On an increasing scale, however, the public is demanding that public officials control what happens in this largely private housing market by eliminating blight, protecting individual investments, and generating new housing growth to meet economic development needs.

Community Partners Research, Inc., was initially hired by the Cities of Bonesteel, Burke and Gregory in 2017 to conduct studies of the housing needs and conditions in each City. In 2023, an Update to the previous Housing Studies was initiated.

Goals

The multiple goals of the study include:

- ▶ Provide updated demographic data including the 2020 Census
- ▶ Provide an analysis of the current housing stock and inventory
- ▶ Determine gaps or unmet housing needs
- ▶ Examine future housing trends that the area can expect to address in the coming years
- ▶ Provide a market analysis for housing development
- ▶ Provide 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 October 2023 to January 2024. Data sources included:

- U.S. Census Bureau
- American Community Survey
- Applied Geographic Solutions, Inc., a private reporting service
- Esri, a private data company
- Records and data from the Towns
- Records and data maintained by Gregory County
- Interviews with housing stakeholders
- Area housing agencies
- State and Federal housing agencies
- Rental property owner surveys

Limitations

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

This study was prepared by:

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

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Demographic Data Overview

Sources of Data

The following pages contain demographic data obtained from a variety of local, state and national sources for the Cities of Bonesteel, Burke and Gregory, and for all of Gregory County.

At the time that research was completed for this Study, the Census Bureau had provided three releases of demographic and housing information from the 2020 decennial Census. However, many of the detailed tables were not released until 2023.

The global pandemic that began in 2020 resulted in a delay in the Census release schedule. It also affected the data collection in 2020. As a result, there are some questions about the accuracy of 2020 Census data, but in the opinion of the analysts it still represents the best demographic information available.

This Update has also reviewed post-Census estimates from secondary sources, including the American Community Survey, an annual sampling of households. However, because the American Survey is an estimate, based on sampling data, there is a margin of error that exists for each estimate. The American Community Survey estimates have an effective date in 2022. The estimates were derived from five-year sampling, obtained between 2018 and 2022.

This Update has also utilized demographic estimates and projections that have been generated by private data providers. The South Dakota Governor's Office of Economic Development contracts with Applied Geographic Solutions (AGS) to provide community profiles for each city in the State. The AGS estimates are effective for 2023, with projections to 2028.

Prior to using AGS, the State had used Esri, Inc., for community profiles. The analysts have also utilized 2023 estimates and 2028 projections from Esri. Both of these private data reporting services are widely used by financial and government entities.

Both AGS and Esri had access to the 2020 Census totals when preparing their 2023 estimates and projections, and in general, the demographic forecasts have been reconciled with the benchmark that was established by the Census.

Population Data and Trends

The release of population totals from the 2020 U.S. Census established a new benchmark for the number of people residing in each jurisdiction. The Census had an effective date of April 1, 2020.

Table 1 Population Trends - 1990 to 2020						
	1990 Census	2000 Census	% Change 1990-2000	2010 Census	% Change 2000-2010	2020 Census
Bonesteel	297	297	0%	275	-7.4%	258
Burke	756	676	-10.6%	604	-10.7%	575
Gregory	1,384	1,342	-3.0%	1,295	-3.5%	1,221
Gregory Co.	5,359	4,792	-10.6%	4,271	-10.9%	3,994

Source: U.S. Census

Bonesteel

- ▶ In 2020, the population for the City of Bonesteel was 258 people. When compared back to the 2010 Census, the City had lost 17 permanent residents, for a population decrease of -6.2%.
- ▶ The population loss for Bonesteel over the most recent decade was largely a continuation of longer-term patterns. Although the City’s population level had remained stable in the 1990s, the number of permanent residents residing in the City has steadily decreased since the year 2000.
- ▶ Applied Geographic Solutions (AGS), the data source provided by the Governor’s Office of Economic Development, estimates that the City of Bonesteel had 250 residents in 2023. This estimate was down slightly from the 2020 Census count of 258 people, as AGS believes that the City has continued to see a decrease of residents in the past three years.

Burke

- ▶ The City of Burke had 575 permanent residents at the time of the 2020 Census. When compared back to 2010, the City had lost 29 people over the decade, for a decrease of -4.8%.

- ▶ For Burke, the reduced population level was a continuation of longer-term patterns that have been present for at least the past three decades. However, the rate of loss between 2010 and 2020 was less than half the rate experienced in the prior two decades.
- ▶ The 2023 AGS estimate for Burke showed 549 residents, down by 26 people from the 2020 Census count.

Gregory

- ▶ The City of Gregory had 1,221 permanent residents at the time of the 2020 Census. When compared back to 2010, the City had lost 74 people over the decade, for a decrease of -5.7%.
- ▶ Gregory has also seen its population level decrease for at least the past three decades. However, the rate of loss after 2010, at -5.7%, was greater than the percentage reductions in the two previous decades, at -3% in the 1990s, and -3.5% between 2000 and 2010.
- ▶ The 2023 AGS estimate for Gregory showed 1,170 residents, down by 51 people from the 2020 Census count.

Gregory County

- ▶ In 2020, the population level for all of Gregory County was 3,994, down by 277 people, or -6.5%, from 2010.
- ▶ Although the three cities analyzed in this Update each contributed to the population decrease between 2010 and 2020, the remainder of the County's jurisdictions also represented part of the overall loss of residents.
- ▶ Gregory County has been consistently losing residents for at least the past three decades, although the rate of loss after 2010 was lower than in the past, In both the 1990s and between 2000 and 2010, the decrease was above 10%.
- ▶ The AGS estimate for Gregory County showed 3,938 residents in 2023, down by 56 people from the 2020 Census count.
- ▶ An estimate for Gregory County was also obtained from Esri which shows 3,910 residents in 2023, down by 84 people from 2020. The Esri estimate is slightly lower than the AGS estimate for the County.

Population Characteristics: Race and Ethnic Origin

- ▶ Gregory County's population was primarily White for race, according to the 2020 Census. Nearly 88% of the residents identified their race as White, with nearly 7% identified as Native American and more than 4% identified as "Two or More Races".
- ▶ At the time of the 2020 Census, only 1.3% of the County's residents were of Hispanic/Latino ethnic origin.

Population Characteristics: Group Quarters

- ▶ The 2020 Census identified 78 residents in Gregory County living in group quarters housing. All of these people were in nursing homes. There were 15 nursing home residents in Bonesteel and 63 nursing home residents in Gregory.
- ▶ The County's group quarters population total had increased between 2010 and 2020, with 44 people living in some type of group quarters housing in 2010. The increase in group quarters residents in the County appears to be due to a Census Bureau reclassification of existing residents.
- ▶ There were 42 nursing home residents in Gregory in 2010, compared to 63 nursing home residents in 2020. To reach the total reported in 2020, it would appear that people in both Silver Threads Assisted Living and Avera Rosebud Country Care Center were counted as nursing home residents in 2020. In 2010, only the residents of Avera Rosebud Country Care Center were counted as living in a nursing home.
- ▶ In 2010, there were no nursing home residents reported in Bonesteel, compared to 15 people counted in 2020. Therefore, it would appear that people living in Haisch Haus Assisted Living in Bonesteel were counted as nursing home residents in 2020. In 2010, the residents of Haisch Haus were not classified as group quarters residents.
- ▶ The Census Bureau's change in classification for people living in Silver Threads and Haisch Haus in 2020 did not impact the overall population counts for either community, as both group quarters and non-group quarters residents are included in the city population totals. However, the apparent change in classification did impact household counts, as will be explained later in this section.

Population by Age Trends in Bonesteel: 2010 to 2020

The 2020 Census included information on the age distribution of residents. This can be compared to the age patterns present at the time of the 2010 Census. The following table is for the City of Bonesteel.

Table 2 Bonesteel Population by Age - 2010 to 2020			
Age	2010	2020	Change
0-14	59	54	-5
15-19	16	11	-5
20-24	5	5	0
25-34	22	21	-1
35-44	28	26	-2
45-54	27	24	-3
55-64	35	33	-2
65-74	42	31	-11
75-84	25	37	12
85+	16	16	0
Total	275	258	-17

Source: U.S. Census

- ▶ There was a decrease of 17 residents in Bonesteel between 2010 and 2020. With limited overall change, most of the defined age groups remained relatively similar in size.
- ▶ The only age group to increase in size over the decade was senior citizens between 75 and 84 years old. This group added 12 people between 2010 and 2020.
- ▶ The largest decrease was among younger seniors, age 65 to 74. With fewer people in this age group and no growth from older seniors age 85 and above, Bonesteel had a net gain of only one resident age 65 and older.
- ▶ While most of the younger age ranges had only small changes, in total Bonesteel had 18 fewer residents age 64 and younger by 2020.

Population by Age Trends in Burke: 2010 to 2020

Table 3 Burke Population by Age - 2010 to 2020			
Age	2010	2020	Change
0-14	81	78	-3
15-19	35	22	-13
20-24	16	13	-3
25-34	47	59	12
35-44	63	51	-12
45-54	89	69	-20
55-64	95	83	-12
65-74	62	103	41
75-84	61	60	-1
85+	55	37	-18
Total	604	575	-29

Source: U.S. Census

- ▶ There was an overall decrease of 29 residents in Burke between 2010 and 2020. Only two of the defined age ranges increased in size over the decade.
- ▶ The only age groups to grow were in the younger senior range between 65 and 74 years old, which added 41 people, and the younger adult range between 25 and 34 years old, which added 12 people.
- ▶ If combined into larger groupings, Burke had a net increase of 22 residents age 65 and older, but a net decrease of 51 people age 64 and younger between 2010 and 2020.

Population by Age Trends in Gregory: 2010 to 2020

Table 4 Gregory Population by Age - 2010 to 2020			
Age	2010	2020	Change
0-14	234	225	-9
15-19	76	59	-17
20-24	59	56	-3
25-34	113	134	21
35-44	108	115	7
45-54	180	109	-71
55-64	184	186	2
65-74	116	170	54
75-84	128	97	-31
85+	97	70	-27
Total	1,295	1,221	-74

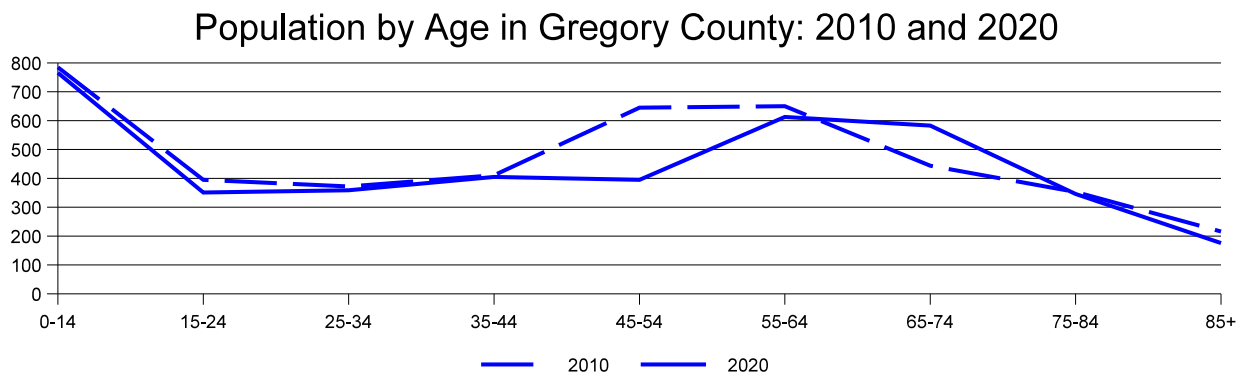
Source: U.S. Census

- ▶ There was an overall decrease of 74 residents in Gregory between 2010 and 2020. Only four of the defined age ranges increased in size over the decade.
- ▶ The largest numeric growth was in the younger senior range between 65 and 74 years old, which added 54 people. However, the number of older seniors, age 75 and above, decreased over the decade. As a result, the City actually had a net reduction of four residents age 65 and older.
- ▶ The City also had some growth in the younger adult age groups, with a gain of 21 people in the 25 to 34 year old range, and an increase of seven people in the 35 to 44 age group. Despite some growth in this 20-year range, the City had an overall net decrease of 44 adults in the age ranges between 20 and 64 years old.
- ▶ The City had 26 fewer children and young adults, age 19 and under, between 2010 and 2020.

Population by Age Trends in Gregory County: 2010 to 2020

Table 5 Gregory County Population by Age - 2010 to 2020			
Age	2010	2020	Change
0-14	785	766	-19
15-19	256	214	-42
20-24	139	137	-2
25-34	372	359	-13
35-44	411	405	-6
45-54	645	395	-250
55-64	650	613	-37
65-74	444	583	139
75-84	353	346	-7
85+	216	176	-40
Total	4,271	3,994	-277

Source: U.S. Census



- ▶ There was an overall decrease of 277 residents in Gregory County between 2010 and 2020. Only one of the defined age ranges increased in size over the decade.
- ▶ The County added 139 residents in the younger senior range between 65 and 74 years old. This would largely represent the movement of the “baby boom” generation through the aging cycle.

- ▶ Despite the growth in the younger senior range, the County had fewer residents age 75 and older. As a result, there was a net gain of 92 senior citizens in Gregory County, age 65 and older.
- ▶ All of the defined age ranges 64 and younger decreased in size between 2010 and 2020, although for some ranges the reduction was very small.
- ▶ The largest population decrease occurred in the 45 to 54 year old range, as the age cohort trailing behind the advancing baby boom was not as large and did not replace the advancing generation.
- ▶ If combined into larger groupings, the County had a reduction of 308 residents in the adult age ranges between 20 and 64 years old over the last decade.
- ▶ The County had a reduction of 61 children and young adults, age 19 and under, between 2010 and 2020.

Population Projections

The following table presents population projections for the 5-year period from 2023 to 2028. The primary projection source is Applied Geographic Solutions, although projections from Esri have also been reviewed for Gregory County.

Table 6 Population Projections - 2023 to 2028				
	2020 Census	2023 Estimate	2028 Projection	Change
Bonesteel - AGS	258	250	268	18
Burke - AGS	575	549	567	18
Gregory - AGS	1,221	1,170	1,089	-81
Gregory Co. - AGS	3,994	3,938	3,928	-10
Gregory Co. - Esri	3,994	3,910	3,817	-93

Source: AGS; Esri; U.S. Census

- ▶ A population projection is available from Applied Geographic Solutions (AGS) for **Bonesteel** for the 5-year time period from 2023 to 2028. This source expects a gain of 18 people in the City.
- ▶ AGS's growth projections from 2023 to 2028 expect a gain of 18 people in **Burke**. However, AGS believes that the population in Burke has been decreasing after 2020, and despite some growth going forward, this source still show the City with fewer residents in 2028 than were counted in the 2020 Census.
- ▶ The AGS projection for **Gregory** expects the City to lose 81 residents over the next five years. In the opinion of the analysts, this projection is overly pessimistic.
- ▶ The AGS forecast for all of **Gregory County** expects a relatively stable population between 2023 and 2018, with a loss of only 10 residents. However, AGS believes that the County has also lost some population between 2020 and 2023, so the projected population for 2028 is smaller than the 2020 Census count.
- ▶ Esri's forecast for **Gregory County** expects a larger loss of population, with a reduction of 93 residents between 2023 and 2028.

Household Data and Trends

The following table tracks changes in the number of permanent resident households between 1990 and 2020, as tracked by the Census.

Table 7 Household Trends - 1990 to 2020						
	1990 Census	2000 Census	% Change 1990-2000	2010 Census	% Change 2000-2010	2020 Census
Bonesteel	143	137	-4.2%	125	-8.8%	100
Burke	345	327	-5.2%	324	-1.0%	310
Gregory	629	613	-2.5%	611	-0.3%	553
Gregory Co.	2,139	2,022	-5.5%	1,936	-4.3%	1,721

Source: U.S. Census

Bonesteel

- ▶ The 2020 Census recorded 100 permanent resident households living in Bonesteel, down by 25 households from 2010, for a decrease of -20%.
- ▶ As explained previously, it appears that the 2020 Census counted residents of Haisch Haus Assisted Living as “group quarters” residents rather than as independent households. In the 2010 Census it appears that occupied units in Haisch Haus were counted as households rather than group quarters. It is not known how many Haisch Haus units were occupied when the 2010 Census was conducted, but potentially 16 households were removed from the City’s household total in 2020 due to this change in classification. Therefore, the potential reduction of households between 2010 and 2020 may have been reduced to only nine households, rather than 25 households.
- ▶ Although the actual numeric loss of households in Bonesteel over the prior decade may have been as small as nine households, it was a continuation of a longer-term pattern that has existed since at least 1990. In the 1990s the City lost six households, followed by a decrease of 12 households between 2000 and 2010.
- ▶ A post-Census estimate from Applied Geographic Solutions shows 99 households in the City in 2023. If accurate, Bonesteel has lost only one additional household after 2020.

Burke

- ▶ The 2020 Census reported 310 resident households in Burke, down by 14 households from the 2010 Census, for a decrease of -4.3%.
- ▶ Although Burke has continued to lose households for at least the past three decades, the actual rate of loss has been low. If 2020 is compared back to 1990, the City has lost only 35 total households over the 30-year time period, or an average of just over one household per year.
- ▶ While both Bonesteel and Gregory appear to have had assisted living residents counted as group quarters housing in the 2020 Census, this was not the case in Burke. The residents of TLC Assisted Living were not listed as nursing home residents in either 2010 or 2020. As a result, it appears that the occupied units in TLC were included in the household total for Burke in the 2020 Census. TLC Assisted Living has since closed but was in operation at the time the 2020 Census was conducted.
- ▶ The 2023 estimate from Applied Geographic Solutions shows 256 households in Burke, down significantly from 310 households in 2020. Although part of this reduction could have been due to the closure of the 16-unit TLC Assisted Living after 2020, this would only explain a portion of the estimated household loss. In the opinion of the analysts, the AGS estimate does not appear to be accurate based on other available data.

Gregory

- ▶ According to the Census there were 553 permanent resident households in Gregory in 2020, down by 58 households from 2010, for a decrease of -9.5%.
- ▶ Once again, part of the reported household reduction in Gregory appears to be due to a classification of units in the Silver Threads Assisted Living Center. In 2010, the occupied rooms in the 23-unit Silver Threads were apparently counted as households. In the 2020 Census, it appears that these units were not counted as independent households and instead residents were instead listed as "group quarters" residents. Occupants were counted as part of the City's population but not as households. It is possible that up to 23 of the 58 household decrease in the Census was due to a classification technicality.
- ▶ If the assumption about Silver Threads Assisted Living is accurate, Gregory had an estimated reduction of approximately 35 households between 2010 and 2020, for a change of -5.7%.

- ▶ While Gregory has lost households in prior decades, the rate of loss between 2010 and 2020 was greater than in the recent past. Between 2000 and 2010, the City had lost only two households. From 2010 to 2020, the City lost at least 35 households.
- ▶ The 2023 estimate from AGS shows 514 households in Gregory, down significantly from 553 households in 2020. Once again, this does not appear to be an accurate estimate based on other available data.

Gregory County

- ▶ The 2020 Census counted 1,721 permanent resident households in Gregory County, down by 215 households from 2010, for a decrease of -11.1%.
- ▶ Some of the Countywide household loss would be linked to the group quarters classifications in both Bonesteel and Gregory, but most of the reduction was outside of this technical classification issue.
- ▶ Gregory County has had a long-term pattern of fewer households, dating back to at least 1990. However, the rate of loss after 2010 was significantly greater than the rates of the prior two decades.
- ▶ A post-Census estimate for Gregory County is available from AGS. This source shows 1,711 households in 2023. If accurate, the County has lost only 10 households in the 3-year period from 2020 to 2023.
- ▶ A 2023 estimate from Esri shows the County with 1,696 households, down by 25 households from 2010.

Average Household Size

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

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

Table 8 Average Number of Persons Per Household: 1990 to 2020				
	1990 Census	2000 Census	2010 Census	2020 Census
Bonesteel	2.08	2.09	2.20	2.43
Burke	2.16	2.03	1.86	1.85
Gregory	2.20	2.19	2.05	2.09
Gregory County	2.47	2.32	2.18	2.28
South Dakota	2.59	2.50	2.42	2.44

Source: U.S. Census

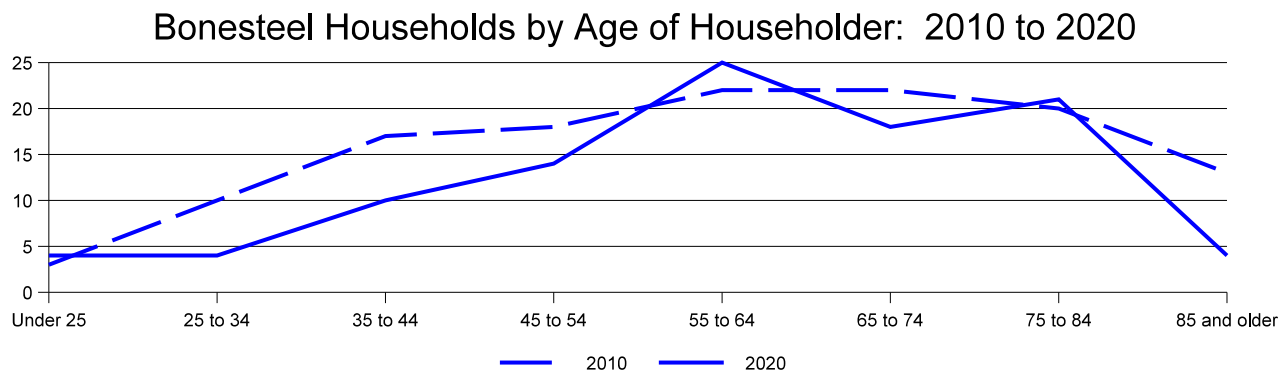
- ▶ The average household size in **Bonesteel** has been increasing in size in recent decades and was at 2.43 persons in 2020. By comparative standards, this was very similar to the Statewide average household size of 2.44 persons, and larger than the other Cities in Gregory County.
- ▶ The average household size in **Burke** has been decreasing for the past 30 years and was at only 1.85 persons in 2020, very small when compared to most communities in the State.
- ▶ The average household size in **Gregory** had been decreasing between 1990 and 2010, before increasing slightly between 2010 and 2020. Despite the recent increase, the City’s average household size was still relatively small, and well below the Statewide average in 2020.
- ▶ The average household size for all of **Gregory County** had also been decreasing between 1990 and 2010, before increasing to 2.28 persons in 2020. Despite the recent increase, the City’s average household size was still well below the Statewide average in 2020.

Household by Age Trends in Bonesteel: 2010 to 2020

The Census allows for some analysis of the City’s changing age patterns. The following table compares households by age of householder in 2010 and 2020.

Table 9 Bonesteel Households by Age - 2010 to 2020			
Age	2010	2020	Change
24 and younger	3	4	1
25-34	10	4	-6
35-44	17	10	-7
45-54	18	14	-4
55-64	22	25	3
65-74	22	18	-4
75-84	20	21	1
85 and older	13	4	-9
Total	125	100	-25

Source: U.S. Census



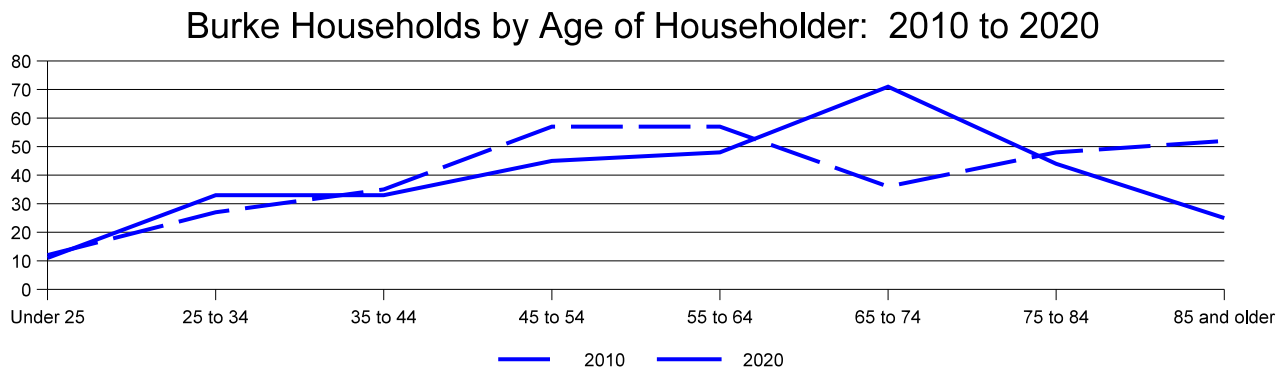
- ▶ Between 2010 and 2020 the City of Bonesteel lost a total of 25 households. As a result, there were fewer households in most of the defined age ranges. The largest increase occurred in the 55 to 64 year old group, with three additional households by 2020.
- ▶ The largest decrease occurred in the oldest senior range, with nine fewer households age 85 and older in 2020. However, as explained previously, it appears that residents of Haisch Haus Assisted Living were apparently not counted as households in 2020, impacting the older senior total.

Household by Age Trends in Burke: 2010 to 2020

The Census allows for some analysis of the City’s changing age patterns. The following table compares households by age of householder in 2010 and 2020.

Table 10 Burke Households by Age - 2010 to 2020			
Age	2010	2020	Change
24 and younger	12	11	-1
25-34	27	33	6
35-44	35	33	-2
45-54	57	45	-12
55-64	57	48	-9
65-74	36	71	35
75-84	48	44	-4
85 and older	52	25	-27
Total	324	310	-14

Source: U.S. Census



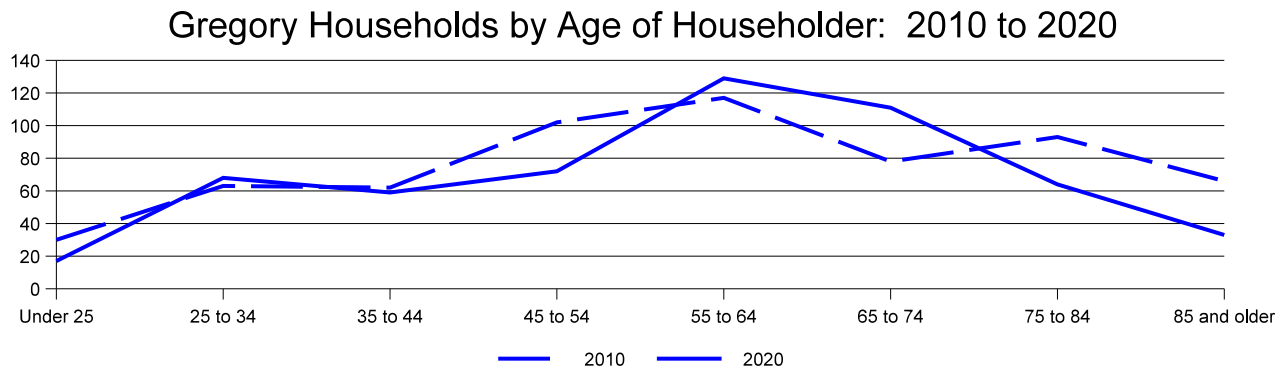
- ▶ Between 2010 and 2020 the City of Burke lost a total of 14 households. As a result, there were fewer households in most of the defined age ranges.
- ▶ The largest decrease occurred in the oldest senior range, with 27 fewer households age 85 and older in 2020.
- ▶ The largest increase occurred in the 65 to 74 year old group, with 35 additional households by 2020.

Household by Age Trends in Gregory: 2010 to 2020

The Census allows for some analysis of the City’s changing age patterns. The following table compares households by age of householder in 2010 and 2020.

Table 11 Gregory Households by Age - 2010 to 2020			
Age	2010	2020	Change
24 and younger	30	17	-13
25-34	63	68	5
35-44	62	59	-3
45-54	102	72	-30
55-64	117	129	12
65-74	78	111	33
75-84	93	64	-29
85 and older	66	33	-33
Total	611	553	-58

Source: U.S. Census



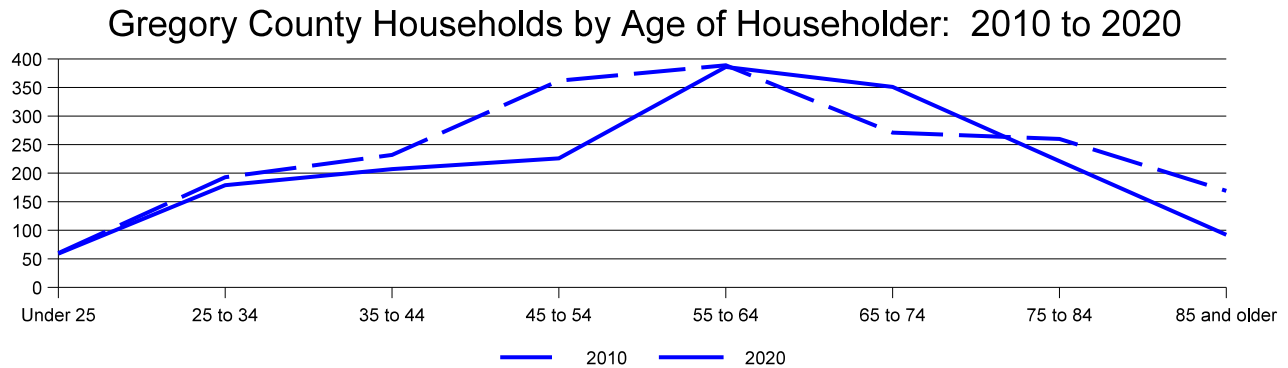
- ▶ Between 2010 and 2020 the City of Gregory lost a total of 58 households. As a result, there were fewer households in most of the defined age ranges. The largest increase occurred in the 65 to 74 year old group, with 33 additional households by 2020.
- ▶ The largest decrease occurred in the oldest senior range, with 33 fewer households age 85 and older in 2020. However, the apparent reclassification of Silver Threads Assisted Living as group quarters housing would have represented some of the change in older seniors.

Household by Age Trends in Gregory County: 2010 to 2020

The Census allows for some analysis of the County’s changing age patterns. The following table compares households by age in 2010 and 2020.

Table 12 Gregory County Households by Age - 2010 to 2020			
Age	2010	2020	Change
24 and younger	60	59	-1
25-34	193	179	-14
35-44	232	207	-25
45-54	362	226	-136
55-64	389	386	-3
65-74	271	351	80
75-84	260	221	-39
85 and older	169	92	-77
Total	1936	1721	-215

Source: U.S. Census



- ▶ Between 2010 and 2020 Gregory County lost a total of 215 households. As a result, there were fewer households in all but one of the defined age ranges.
- ▶ The only age range that increased in size between 2010 and 2020 was the youngest senior group, age 65 to 74 years old. This range added 80 households.

- ▶ Despite the growth in the younger senior group, the County had a decreasing number of households age 75 and older. As a result, there was a net loss of 36 senior-headed households age 65 and older.
- ▶ Some of the reduction of older senior households may have been due to group quarters classifications in both Bonesteel and Gregory, which appear to have shifted assisted living residents from households to group quarters totals.
- ▶ All of the age groups age 64 and younger decreased in size, although the loss of households was very small in some of the defined ranges.
- ▶ The largest decrease over the decade occurred in the 45 to 54 year old range, which had 136 fewer households by 2020.
- ▶ If all of the age ranges 64 and younger are combined, Gregory County had 179 fewer households according to the 2020 Census.

Household Projections

The following table presents household projections from AGS for 2028. A projection for all of Gregory County has also been obtained from Esri. The 2020 Census counts have been provided for comparison.

In the opinion of the analysts, the projections from AGS and Esri are overly pessimistic for Burke and Bonesteel and unreliable for Gregory. As a result, Community Partners Research, Inc., has generated a separate set of projections for each of the Cities, based on other data including housing starts and occupancy patterns.

Table 13 Household Projections Through 2028				
	2020 Census	2023 Estimate	2028 Projection	Projected Change
Bonesteel - AGS	100	99	98	-1
Burke - AGS	310	256	246	-10
Gregory - AGS	553	514	442	-72
Gregory Co. - AGS	1,721	1,711	1,580	-131
Gregory Co. - Esri	1,721	1,696	1,673	-23
Community Partners Research Projections				
	2020 Census	2023 Estimate	2028 Projection	Projected Change
Bonesteel	100	100	105 to 107	5 to 7
Burke	310	313	318 to 323	5 to 10
Gregory	553	554	564 to 569	10 to 15

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

- ▶ AGS believes that **Bonesteel** has remained relatively stable since 2020 and is projecting this will continue, with loss of only one household between 2023 and 2028.
- ▶ In the opinion of Community Partners Research, Inc., **Bonesteel** does have some growth potential over the next five years. Provided adequate housing opportunities exist, growth of between five and seven households represents an achievable forecast for the City over the 5-year time period.

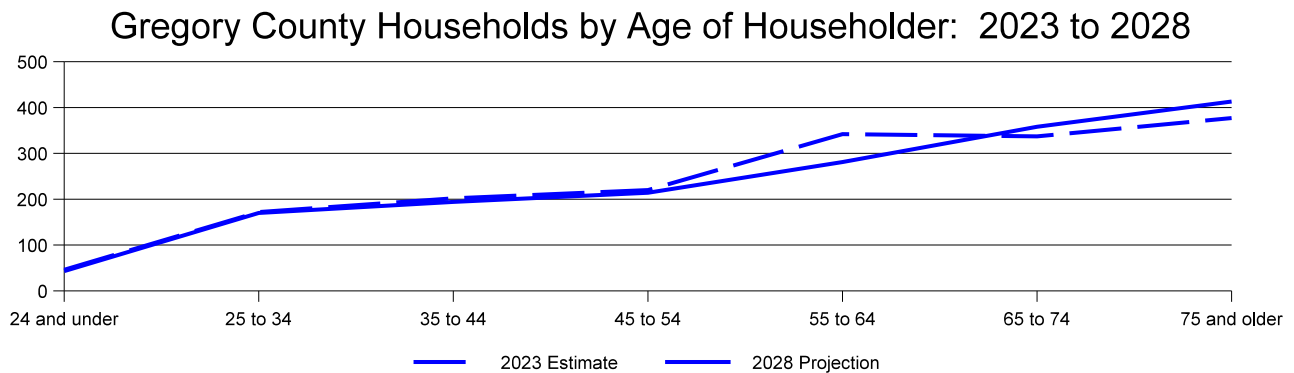
- ▶ The AGS projection for **Burke** expects the City to lose 10 households between 2023 and 2028. AGS also believes that Burke has lost a number of households since 2020. Based on other available data, these estimates and projections do not appear to be reliable.
- ▶ In the opinion of Community Partners Research, Inc., **Burke** has some growth potential. Provided adequate housing opportunities exist, growth of between five and 10 households represents an achievable forecast for the City, or an annual average of one to two households per year through 2028.
- ▶ AGS is estimating that **Gregory** has lost a significant number of households between 2020 and 2023, and will continue to lose households through 2028. Based on other available data, these estimates and projections do not appear to be reliable.
- ▶ In the opinion of Community Partners Research, Inc., **Gregory's** household count has remained relatively stable since 2020 and the City has some growth potential going forward. Provided adequate housing opportunities exist, growth of between 10 and 15 households represents an achievable forecast for the City, or an annual average of two to three households per year through 2028.
- ▶ AGS believes that the household count for all of **Gregory County** has remained relatively stable between 2020 and 2023, but going forward this source expects a significant loss of households by 2028. In the opinion of the analysts, this is not viewed as a reliable forecast for the County.
- ▶ Esri's estimate for 2023 shows a loss of 25 households in **Gregory County** between 2020 and 2023, and projects a further decrease of 23 households by 2028. If reduced to an annual average, this source shows a reduction of between four and five households per year over the 5-year projection period. In the opinion of the analysts, this is an overly conservative forecast, especially if some level of household growth occurs within the Cities of Bonesteel, Burke and Gregory.

Gregory County Household by Age Projections: 2023 to 2028

Applied Geographic Solutions does not provide projections by age of householder. However, the analysts have acquired age-based forecasts from Esri. Age-based forecasts are provided for all of Gregory County.

Table 14 Gregory County Projected Households by Age - 2023 to 2028			
	2023 Estimate	2028 Projection	Projected Change
24 and younger	46	43	-3
25-34	172	170	-2
35-44	202	194	-8
45-54	220	214	-6
55-64	342	281	-61
65-74	337	358	21
75 and older	377	413	36
Total	1,696	1,673	-23

Source: Esri



- ▶ Esri’s age-based projections expect an overall loss of only 23 households in Gregory County between 2023 and 2028. With very limited change in the household total, there are also relatively small changes expected within the defined age ranges.

- ▶ Esri does expect to see some growth in the number of senior-headed households, with an increase of 36 households age 75 and older, and an increase of 21 households in the 65 to 74 year old range. This projected growth is consistent with the movement of the large “baby boom” generation through the aging cycle. By 2028, nearly all of the baby boomers will be age 65 or older.
- ▶ A large decrease of 61 households is projected in the 55 to 64 year old range, as the age cohort immediately trailing behind the baby boom generation was not as large and will not fully replace the advancing age groups.
- ▶ Esri is also projecting that each of the defined age groups 54 and younger will decrease slightly in size by 2028, but the reduction in households is very limited. If all of these younger ranges are combined, these projections expect fewer than 20 households will be lost Countywide.
- ▶ It is important to note that these projections represent an informed estimate of future change, but it is also possible that the County could actually add households in some of the younger age groups if some level of household growth can be achieved going forward.

Households by Type: Bonesteel

The 2020 Census can be compared to information from 2010 to examine changes in household composition. The following table looks at household trends within the City of Bonesteel.

Table 15 Bonesteel Household Composition - 2010 to 2020			
	2010 Census	2020 Census	Change
Family Households			
Married Couple with own children	19	14	-5
Married Couple without own children	40	40	0
Single Parent with own children	8	8	0
Family Householder without spouse	7	5	-2
Total Families	74	67	-7
Non-Family Households			
Single Person	48	30	-18
Two or more persons	3	3	0
Total Non-Families	47	33	-18

Source: U.S. Census

- ▶ Between 2010 and 2020, Bonesteel had a decrease of seven family households and 18 non-family households, for an overall net loss of 25 households.
- ▶ The largest decrease for families occurred due to fewer married couples with children. However, there was no change in the number of married couples without children.
- ▶ There was a minor decrease in other types of family households, although the number of single parent families with children remained stable.
- ▶ The City had significantly fewer people living alone in 2020, resulting in an overall decrease of non-family households. This probably reflects the classification change for single residents of Haisch Haus, who were not counted as independent households in 2020. There was no change in non-family households with two or more people living together.

Households by Type: Burke

The 2020 Census can be compared to information from 2010 to examine changes in household composition. The following table looks at household trends within the City of Burke.

Table 16 Burke Household Composition - 2010 to 2020			
	2010 Census	2020 Census	Change
Family Households			
Married Couple with own children	47	35	-12
Married Couple without own children	92	98	6
Single Parent with own children	12	16	4
Family Householder without spouse	10	12	2
Total Families	161	161	0
Non-Family Households			
Single Person	157	139	-18
Two or more persons	6	10	4
Total Non-Families	163	149	-14

Source: U.S. Census

- ▶ Between 2010 and 2020, Burke had no change in the overall number of family households living in the community, although there were some changes in the family types. The City did have a decrease of 14 non-family households, resulting in an overall net loss of 14 total households.
- ▶ The City added some family households in married couples without children and in single parent families both with and without children. However, there was a reduction of married couples with children in the City resulting in no net change in the total number of families in Burke.
- ▶ The City had significantly fewer people living alone in 2020. Although there was a small increase of non-family households with two or more unrelated people living together, the City had an overall decrease of non-family households.

Households by Type: Gregory

The 2020 Census can be compared to information from 2010 to examine changes in household composition. The following table looks at household trends within the City of Gregory.

Table 17 Gregory Household Composition - 2010 to 2020			
	2010 Census	2020 Census	Change
Family Households			
Married Couple with own children	73	70	-3
Married Couple without own children	168	151	-17
Single Parent with own children	58	50	-8
Family Householder without spouse	27	30	3
Total Families	326	301	-25
Non-Family Households			
Single Person	267	235	-32
Two or more persons	18	17	-1
Total Non-Families	285	252	-33

Source: U.S. Census

- ▶ Between 2010 and 2020, Bonesteel had a decrease of 25 family households and 33 non-family households, for an overall net loss of 58 households.
- ▶ The largest decrease for families occurred due to fewer married couples without children. There was also a small decrease of married couples with children, resulting in an overall reduction of 20 married families in the City.
- ▶ There was a small reduction of single parent families with children but a small increase of families without a spouse or children in the household.
- ▶ Gregory had significantly fewer people living alone in 2020, although this was due in part to the apparent reclassification of single residents in Silver Threads Assisted Living being counted as group quarters residents rather than one person households in 2020. The number of non-family households with two or more unrelated people remained generally stable.

Households by Type: Gregory County

The 2020 Census can be compared to 2010 to examine changes in household composition. The following table looks at household trends within all of Gregory County.

Table 18 Gregory County Household Composition - 2010 to 2020			
	2010 Census	2020 Census	Change
Family Households			
Married Couple with own children	298	266	-32
Married Couple without own children	669	596	-73
Single Parent with own children	121	113	-8
Family Householder without spouse	84	95	11
Total Families	1172	1,070	-102
Non-Family Households			
Single Person	709	591	-118
Two or more persons	55	60	5
Total Non-Families	764	651	-113

Source: U.S. Census

- ▶ Between 2010 and 2020, Gregory County lost 215 total households, with a decrease of 102 family households and 113 non-family households.
- ▶ The loss of family households was primarily due to fewer married couples, with a reduction of 73 married couple households without children and 32 married couple households with children.
- ▶ Only minor changes occurred among single parent family households and other family households without children or a spouse.
- ▶ Gregory County had significantly fewer people living alone in 2020, with some of this due to the classification of assisted living residents in both Bonesteel and Gregory in 2020. Although the number of non-family households with two or more unrelated people living together increased slightly, overall the City had substantially fewer non-family households in 2020.

Housing Tenure

Housing occupancy tenure information is available through the 2020 Census.

Table 19 Household Tenure - 2020				
	Number of Owners	Percent of all Households	Number of Renters	Percent of all Households
Bonesteel	91	91.0%	9	9.0%
Burke	206	66.5%	104	33.5%
Gregory	392	70.9%	161	29.1%
Gregory County	1,309	76.0%	412	24.0%

Source: AGS

- ▶ The 2020 Census reported a home ownership rate of 91% in **Bonesteel**, with only nine renter-occupancy households in the City.
- ▶ It is probable that the renter household count in **Bonesteel** would have been significantly higher in 2020 if the residents of Haisch Haus Assisted Living would have been counted as renter households instead of group quarters residents. Potentially there could have been up to 24 renter households in 2020.
- ▶ **Burke** had the highest rate of renter-occupancy of the three cities in 2020, with 33.5% of all households renting their unit.
- ▶ The home ownership rate in **Gregory** was just below 71% in 2020, with 29.1% of households living in rental units. If the residents of Silver Threads Assisted Living had been counted as renter households in 2020, instead of group quarters residents, the City's rental rate would have been even higher.
- ▶ The home ownership rate for all of **Gregory County** was 76% in 2020, with 24% of households renting their housing unit. The rural portions of the County have a high rate of home ownership.

Tenure patterns in 2010 and 2020 can be compared to see changes that have been occurring within each jurisdiction.

Table 20 Households by Housing Tenure - 2010 to 2020						
Tenure	Owners			Renters		
	2010	2020	Change	2010	2020	Change
Bonesteel	93	91	-2	32	9	-23
Burke	223	206	-17	101	104	3
Gregory	410	392	-18	201	161	-40
Gregory Co.	1,431	1,309	-122	505	412	-93

Source: U.S. Census

- ▶ **Bonesteel** had a total decrease of 25 households between 2010 and 2020, with most of this loss due to 23 fewer renter households over the decade. If residents of Haisch Haus would have been counted as renters, the reduction of renter-occupancy households may have been as small as eight households. The City lost only two owner-occupancy households.
- ▶ **Burke** had a reduction of 14 total households between 2010 and 2020, but added three renter-occupancy households over the decade. All of the household loss was due to fewer home owners in 2020. In 2010, nearly 69% of all households in Burke were home owners, compared to fewer than 67% in 2020.
- ▶ **Gregory** had 58 fewer households in 2020 than in 2010. This was primarily due to 40 fewer renter-occupancy households, but some of this loss appears to be due to the classification of Silver Threads Assisted Living as group quarters housing. The City also had a reduction of 18 owner-occupancy households over the decade.
- ▶ All of **Gregory County** had a loss of 215 permanent resident households between 2010 and 2020. There were 122 fewer owner households and 93 fewer renter households in the County in 2020. In 2010, the home ownership rate in the County was approximately 74%, but had increased to 76% by 2020. The reclassification of assisted living residents in Bonesteel and Gregory had some impact on the tenure distribution percentages Countywide.

Median Income Data

Income estimates are available at the city, town and county level through the American Community Survey. The most recent estimates are for 2022.

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.

Table 21 Median Household Income - 2010 to 2022			
	2010 Median	2022 Median	% Change
Bonesteel	\$35,417	\$40,938	15.6%
Burke	\$36,181	\$37,750	4.3%
Gregory	\$31,555	\$46,071	46.0%
Gregory County	\$33,940	\$48,272	42.2%
South Dakota	\$46,369	\$69,457	49.8%

Source: ACS

- ▶ The estimated median household income for **Bonesteel** in 2022 was \$40,938. The City’s median had increased by less than 16% from 2010 and was more than \$28,500 below the Statewide median in 2022.
- ▶ The median household income estimate for **Burke** was \$37,750, the lowest of the Gregory County jurisdictions reviewed. When compared to 2010, the City’s median household income had increased by only 4.3%. While this may represent a data sampling error, it could also be an indication that there was a large number of retirees living on fixed incomes. In 2022, the median for Burke was approximately \$37,700 below the comparable Statewide median household income level.
- ▶ The 2022 median estimate for **Gregory** showed an increase of 46% from 2010. The City’s median of \$46,071, was the highest of the three communities analyzed in this report, but was still lower than the comparable County or Statewide medians.
- ▶ For all of **Gregory County**, the estimated median household income was \$48,272 in 2022. The County’s median had increased by more than 42% from 2010 but was still more than \$21,000 below the Statewide median.

Family income levels are generally higher than household incomes because families contain two or more members and more potential income earners.

Table 22 Median Family Income - 2010 to 2022			
	2010 Median	2022 Median	% Change
Bonesteel	\$44,250	\$69,583	57.2%
Burke	\$38,478	\$47,083	22.4%
Gregory	\$52,500	\$78,958	50.4%
Gregory County	\$44,333	\$73,068	64.8%
South Dakota	\$58,958	\$88,996	50.9%

Source: ACS

- ▶ The estimated median family income for **Bonesteel** in 2022 was \$69,583. The City’s median had increased by more than 57% from 2010. Despite the increase from 2010, the City’s family median was still lower than the comparable Countywide median for families.
- ▶ The median family income for **Burke** in 2022 was \$47,083, the lowest of the three communities included in this Study. The City’s median had increased by 22.4% from 2010 and was still nearly \$26,000 below the median family income for all of Gregory County.
- ▶ The 2023 median family income estimate for **Gregory** was \$78,958, and was up by more than 50% from 2010. The median for Gregory was higher than the median family income in Gregory County but approximately \$10,000 lower than the Statewide median in 2022.
- ▶ The estimated median family income for **Gregory County** was \$73,068 in 2022, up by nearly 65% from 2010. Despite significant growth in recent years, the County’s median was nearly \$16,000 lower than the median family income for South Dakota, at \$88,996 in 2022.

Gregory County Household Income Distribution by Tenure

The American Community Survey contains household income distribution estimates. This information is available by ownership or renter status.

When compared to the 2020 Census, the 2022 American Community Survey estimates underestimated the number of both owner and renter households living in the County. However, the percentage distribution of households by income is the best available information on this topic.

Table 23 Gregory County Income Distribution by Tenure: 2022			
Household Income	Owner Households	Renter Households	Total Households
\$0 - \$14,999	5.8%	28.7%	11.2%
\$15,000 - \$24,999	8.5%	21.5%	11.6%
\$25,000 - \$34,999	14.2%	5.9%	12.2%
\$35,000 - \$49,999	16.6%	16.0%	16.4%
\$50,000 - \$74,999	13.6%	14.4%	13.7%
\$75,000 - \$99,999	14.1%	8.2%	12.7%
\$100,000+	27.2%	5.3%	22.0%
Total	100%	100%	100%

Source: American Community Survey

- ▶ Income and housing tenure are often linked for most households, with home owners generally having higher annual income levels, and renters having lower incomes.
- ▶ Within the moderate to higher income ranges, there was a greater frequency for home ownership. Nearly 55% of all home owners in Gregory County in 2022 had an annual income of \$50,000 or more.
- ▶ Most renter households had more moderate income levels. In 2022, more than 56% of all renter households in the County had an annual income below \$35,000.
- ▶ For home owners in the County, the estimated median household income in 2022 was \$59,141. For all renter households, the estimated median income level in 2022 was \$24,896.

Estimated Income and Rental Costs - Gregory County

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

When compared to the 2020 Census, the American Community Survey may have under estimated the total number of renter households in Gregory County. However, it is assumed that the percentage distribution is relatively accurate.

Federal standards for rent subsidy programs generally identify 30% of household income as the maximum household contribution. When more than 30% of income is required, this is often called a “rent burden”. When more than 35% is required, this can be considered a “severe rent burden”.

Table 24 Gross Rent as a Percentage of Income - Gregory County	
Percent of Income for Housing	Percent of All Renter Households
Less than 20%	27.9%
20% to 29.9%	18.9%
30% to 34.9%	2.9%
35% or more	16.8%
Not Computed	33.5%
Total	100%

Source: American Community Survey

- ▶ The 2022 American Community Survey estimate contained a large number of renters where a housing cost analysis could not be calculated. Overall, 33.5% of renter households were not included in the estimate. This may be a reflection of Tribal housing options that exist in the County.
- ▶ Most of the renter households where a calculation could be made did not report a housing cost burden in 2022, as nearly 47% of all renters were applying less than 30% of income for rent.
- ▶ Nearly 19% of all renters did report a housing cost burden in 2022, with most of these households applying 35% or more of income to rent.

Estimated Income and Ownership Costs - Gregory County

The American Community Survey also provided housing cost estimates for owner-occupants. The following table provides estimates of the percentage of households in the Gregory County that were paying different percentages of their gross household income for owner housing costs in 2022.

When compared to the 2020 Census, the American Community Survey appears to have under estimated the number of owner households in the County. However, it is assumed that the percentage distribution is relatively accurate.

Mortgage lending practices will often prevent households from applying an overly large percentage of their income for housing.

Table 25 Ownership Costs as a Percentage of Income - Gregory County	
Percentage of Income for Housing Costs	Percent of All Owner Households
0% to 19.9%	72.9%
20% to 29.9%	11.2%
30% or more	15.4%
Not Computed	0.6%
Total	100%

Source: ACS

- ▶ More than 84% of owner-occupants, which would include households with and without a mortgage, reported paying less than 30% of their income for housing. However, 15.4% of all home owners reported that they paid more than 30% of their income for housing.
- ▶ The large majority of the owner households reporting a cost burden had an annual income below \$35,000 in 2022.

New Housing Construction Activity

Building permit issuance for new housing is available from annual reports submitted to the Census Bureau. For Gregory, information was also obtained from City officials, which sometimes differed from the Census Bureau reporting. When the available reports were different, City information has been used.

Table 26 Housing Unit Construction Activity: 2010 to 2023					
Year	Bonesteel	Burke	Gregory	Remainder of County	Gregory County Total
2023	-	1	8	2	11
2022	-	1	0	9	10
2021	-	1	1	0	2
2020	-	1	0	13	14
2019	-	1	3	9	13
2018	-	1	2	0	3
2017	-	1	1	5	7
2016	-	0	2	10	12
2015	-	1	0	6	7
2014	-	0	0	10	10
2013	-	0	1	9	10
2012	-	0	3	5	8
2011	-	2	7	7	16
2010	-	1	0	5	6
TOTAL	4*	11	28	90	133

Source: Census Bureau; Community Partners Research, Inc.

*Bonesteel had 4 houses built between 2010 and 2023, but the exact years of permitting were not identified

- ▶ Based on available reporting, there have been 133 total housing units constructed in **Gregory County** over the 14-year time period, spanning 2010 through 2023. Most of these units were listed as permitted in unincorporated areas in the County.

- ▶ The Census Bureau reports did not include any reporting for **Bonesteel**. City officials stated that four single family houses had been permitted in the City since 2010, but the actual year of permit issuance was not available.
- ▶ There were 11 housing units permitted in **Burke** between 2010 and 2023. All of these were identified as single family structures.
- ▶ The combination of City reporting and Census Bureau information indicates that 28 total housing units were built in **Gregory** over the past 14 years. This total includes eight units in twin home structures that started construction in 2023 and a four-plex that was permitted in 2011. All of the remaining units were identified as single family houses.
- ▶ All of the units permitted in the unincorporated portions of **Gregory County** are believed to be traditional single family houses.

2020 Census Housing Unit Data

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

Table 27 Housing Units, Occupancy and Vacancy - 2020									
	Total Housing Units			Occupied Units			Vacant Units		
	2010	2020	Change	2010	2020	Change	2010	2020	Change
Bonesteel	170	142	-28	125	100	-25	45	42	-3
Burke	398	345	-53	324	310	-14	74	35	-39
Gregory	730	681	-49	611	553	-58	119	128	9
Gregory Co.	2,503	2,186	-317	1,936	1,721	-215	567	465	-102

Source: U.S. Census

- ▶ According a reconciliation of decennial Census data, **Bonesteel** had a decreased housing inventory between 2010 and 2020. During the decade there was a loss of 28 housing units in the City. It is possible that some of this unit reduction reflected the change in classification for Haisch Haus Assisted Living. In 2020, the 16 rooms in this facility may not have been counted as housing units.
- ▶ Despite some loss of housing units over the decade, **Bonesteel** still had 42 vacant/unoccupied units recorded by the 2020 Census. However, the City had only six vacant rental units and no houses that were vacant and listed for sale. There were 16 seasonal/recreational use units in Bonesteel and 20 units listed as "other vacant" in 2020.
- ▶ For **Burke**, the Census showed a loss of 53 housing units between 2010 and 2020. On a previous page, information was presented on new building permit issuance. Between 2010 and 2019, there were seven new houses permitted in the City, but the loss of 53 units during the decade indicates that a substantially larger number of older units were lost.
- ▶ Most of the unit loss in **Burke** was due to a large reduction of vacant units by 2020. According to the Census, there were 11 vacant or unoccupied rental units, but no houses that were vacant and for sale. There were nine units that were identified as seasonal/recreational use housing and 15 units listed as "other vacant" in 2020.

- ▶ **Gregory** also experienced a reduction of housing, with 49 fewer units between 2010 and 2020. It is possible that some of this unit reduction reflected the change in classification for Silver Threads Assisted Living. In 2020, the 23 rooms in this facility may not have been counted as housing units.
- ▶ As reported previously, as many as 19 new units were constructed between 2010 and 2019, but **Gregory** lost an even larger number of older units.
- ▶ The Census recorded a large volume of 128 vacant units in **Gregory** in 2020. The Census counted 43 vacant/unoccupied rental units in the City in 2020, along with 20 houses that were vacant and for sale. Gregory also had 31 seasonal/recreational use units in 2020 and 34 units of “other vacant” housing.
- ▶ For all of **Gregory County**, the 2020 Census reported a net loss of 317 housing units. This would include the 130 lost units in Bonesteel, Burke and Gregory, and 187 in the remaining jurisdictions in the County.
- ▶ As reported previously, there were 92 new housing units permitted Countywide between 2010 and 2019, indicating that more than 400 older units were lost in **Gregory County** over the decade.
- ▶ **Gregory County** had a large number of vacant units in 2020, with 465 counted by the Census. There were 163 units of seasonal/recreational use housing, and 178 units recorded as “other vacant”. The County had 85 vacant/unoccupied rental units in 2020 and 38 houses that were vacant and listed for sale.

Housing Age Estimates

The 2022 American Community Survey included an estimate of the year of construction for housing.

Year of Construction: Owner-occupancy Housing

The estimated median year for owner-occupancy units was as follows:

- ▶ Bonesteel - 1939
- ▶ Burke - 1964
- ▶ Gregory - 1958
- ▶ Gregory County - 1959

Gregory County has a large number of older housing units. Countywide, a majority of houses are more than 60 years old.

Year of Construction: Rental Housing

The estimated median year for renter-occupancy units was as follows:

- ▶ Bonesteel - 1993
- ▶ Burke - 1972
- ▶ Gregory - 1973
- ▶ Gregory County - 1971

The County's rental stock is newer than the owner-occupancy units, but the estimated median year of construction is 1971, with most rental units more than 50 years old.

Existing Home Sales

This section examines houses that have been sold from 2018 to 2022 in Bonesteel, Burke and Gregory. The information was obtained from the South Dakota Department of Revenue, but reflects sales records assembled by the Gregory County Equalization Office.

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

The County also attempts to sort the residential sales into different groupings, primarily based on whether or not the house was actively listed for sale in the open market. As a result, some transactions in the County's sample may have been sales that could be considered distressed, such as houses that were previously bank-owned, but were sold by the bank back into private ownership. While it can be argued that sales of bank-owned properties acquired through foreclosure are not fair market transactions, they may be included in the County data if the bank openly placed them for sale in the public market.

The County's sales ratio year differs slightly from the calendar year. It begins on November 1st and ends the following October 31st. No sales information is yet available for the 2023 sales period.

Bonesteel Existing Home Sales

Table 28 Bonesteel Residential Sales Activity - 2018 to 2022				
Sales Year	Number of Sales	Median Sale Price	Highest Sale	Lowest Sale
2022	6	\$46,750*	\$100,000	\$5,000
2021	2	-	\$48,000	\$6,000
2020	6	\$71,250*	\$182,500	\$25,000
2019	3	\$40,000	\$130,000	\$5,000
2018	3	\$27,000	\$110,000	\$10,000

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

*Median calculated from two nearest sales

- ▶ There were only 20 “good” sales in Bonesteel over the 5-year time period reviewed. With a very limited number of sales within any 12-month period, there can be a wide variation in the annual median sale price.
- ▶ Despite the limited sales, it does appear that most houses in the City are in a very moderate price range. In all of the years reviewed, the estimated median was below \$75,000.
- ▶ In four of the five years at least one home was sold for \$100,000 or more, but no sales occurred for \$200,000 or more.
- ▶ In four of the five years at least one house appeared to sell for \$10,000 or less.
- ▶ Another source of information on home values is available from the American Community Survey, which asks home owners about the value of their house. In 2022, the estimated median value in Bonesteel was \$62,500, higher than the median based on recent sales activity.

Burke Existing Home Sales

Table 29 Burke Residential Sales Activity - 2018 to 2022				
Sales Year	Number of Sales	Median Sale Price	Highest Sale	Lowest Sale
2022	7	\$157,000	\$242,000	\$8,500
2021	10	\$105,000*	\$305,000	\$21,500
2020	6	\$57,400*	\$170,000	\$25,000
2019	15	\$31,000	\$115,000	\$6,250
2018	9	\$49,000	\$185,000	\$14,500

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

*Median calculated from two nearest sales

- ▶ In three of the five years reviewed there were fewer than 10 “good” sales in Burke. With a limited number of sales within any 12-month period, there can be a wide variation in the annual median sale price.
- ▶ Despite the limited sales, it does appear that home values in the City may have been rising rapidly in the past few years. Between 2020 and 2021, the median sale price doubled. In both 2021 and 2020 the midpoint sale was above \$100,000.
- ▶ Although a majority of houses still sell in a relatively moderate price range, in both 2021 and 2022 there were home sales for \$242,000 or more.
- ▶ In all of the years reviewed at least one house was sold for \$25,000 or less.
- ▶ Another source of information on home values is available from the American Community Survey, which asks home owners about the value of their house. In 2022, the estimated median value in Burke was \$107,000. Although this estimated median was well below the midpoint sale price in 2022, it was generally similar to the median sale in 2021.

Gregory Existing Home Sales

Table 30 Gregory Residential Sales Activity - 2018 to 2022				
Sales Year	Number of Sales	Median Sale Price	Highest Sale	Lowest Sale
2022	17	\$92,900	\$270,000	\$25,000
2021	17	\$72,000	\$220,000	\$4,500
2020	19	\$87,000	\$200,000	\$15,000
2019	28	\$63,750*	\$197,000	\$3,000
2018	25	\$50,000	\$190,000	\$2,000

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

*Median calculated from two nearest sales

- ▶ In all of the years reviewed there were at least 17 “good” sales in Gregory.
- ▶ Although there has been some year to year fluctuation, there has been a general pattern of escalating home values in the City. However, the annual median has remained below \$100,000 in each of the years reviewed.
- ▶ While a majority of houses sell in a relatively moderate price range, since 2020 at least one home was sold each year for \$200,000 or more.
- ▶ In all of the years reviewed at least one house was sold for \$25,000 or less.
- ▶ Another source of information on home values is available from the American Community Survey, which asks home owners about the value of their house. In 2022, the estimated median value from the American Community Survey was \$108,400 in Gregory, higher than the midpoint sale price in 2022 of \$92,900.

Rental Housing Data - Gregory

Census Bureau Rental Inventory - Gregory

According to the 2020 U.S. Census, there were 161 occupied rental units and 43 unoccupied or vacant rental units in Gregory, for a total estimated rental inventory of 204 units. The City's rental tenure rate in 2020 was 29.1%, below the Statewide rental rate of 33.0%. However, the City did have a large number of vacant/unoccupied rental units and the rental tenure rate would have been higher if these units would have been occupied at the time of the last Census.

At the time of the 2010 Census, Gregory had 201 occupied rental units and 42 unoccupied rental units, for a total estimated rental inventory of 243 units. The City's rental tenure rate in 2010 was 32.9%, above the Statewide rental rate of 31.9%.

Based on a reconciliation of Census data, Gregory lost 40 renter-occupancy households between 2010 and 2020. Part of the reported renter household reduction in Gregory appears to be due to a classification of units in the Silver Threads Assisted Living Center. In 2010, any occupied rooms in the 23-unit Silver Threads were apparently counted as households. In the 2020 Census, it appears that these units were not counted as independent renter households and instead residents were listed as "nursing home" residents. It is possible that up to 23 of the 40 renter household decrease in the Census was due to a classification technicality.

The City did have a large number of vacant/unoccupied rental units in 2020, but this total was very similar to the vacant/unoccupied total reported in 2010. This may represent housing units that are in poor condition.

There were four new rental units constructed by the Gregory HRC in 2011, but even with the explanation of Silver Threads, overall the City lost rental housing over the decade.

Pending Projects - Gregory

The research for this Update did not find any new rental housing that was created after the 2020 Census. A developer is proposing the construction of a four unit rental project.

Market Rate Summary - Gregory

Information was obtained from four different rental projects in Gregory with a combined 24 units of conventional market rate housing. Each of the contacted projects had four or more rental units.

Some additional generalized information was collected from owners of single family rental houses in Gregory but this has not been included in the analysis that follows.

Unit Mix

We obtained the bedroom mix on the 21 market rate units in the multi-family projects and duplexes. The bedroom mix of the units is:

- ▶ studio - 2 (9.5%)
- ▶ one-bedroom - 0 (0%)
- ▶ two-bedroom - 15 (71.4%)
- ▶ three-bedroom - 4 (19.1%)

There were no one-bedroom units in the multi-family rental projects or single family homes that were surveyed.

Occupancy / Vacancy

At the time of the survey, there was one vacancy in the 21 market rate units that were surveyed, which is a 4.8% vacancy rate. All of the market rate multi-family projects and single family homes were occupied. There was one vacancy in a mixed-use building.

Owners of single family houses that are used as rentals indicated that strong demand exists for this type of rental unit.

Rental Rates

Rental units may include the primary utility payments within the contract rent, or the tenant may be required to pay some utilities separately, in addition to the contract rent. In the following summary, Community Partners Research, Inc., has attempted to estimate the gross rents being charged, inclusive of an estimate for tenant-paid utilities.

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

<u>Unit Type</u>	<u>Lowest/Highest Gross Rents</u>
Two-bedroom	\$400-\$1,075
Three-bedroom	\$1,150

Please note that the three-bedroom units were only reported from one multifamily rental project, and no one-bedroom units were surveyed.

The City's supply of single family rental houses will often contain three or more bedrooms, but the contract rent amounts can vary widely depending on condition, quality and amenities.

Tax Credit Summary - Gregory

Since the late 1980s, the primary federal incentive program for the production of affordable rental housing has been through federal low income housing tax credits, also referred to as Section 42 housing. In South Dakota, tax credits are awarded annually on a competitive basis through the South Dakota Housing Development Authority (SDHDA).

Projects receiving tax credit assistance have income, occupancy and rent restrictions in place for 15 years or more. The income limits are generally tied to 60% or less of a HUD-designated median income level, although a portion of the units may be set aside for lower or higher income ranges.

Since the tax credit program became available, no awards have been made in Gregory. Only one award has been made in Gregory County. Kopper Key Apartments, an 8-unit project in Burke, received one of the first tax credit awards in the State in 1987. The contract compliance requirements for this project were probably in place for only 15 years and this project would have fulfilled the requirements many years ago. Kopper Key is now owned and operated by SWA Corporation and provides affordable housing for Tribal Members.

Subsidized Summary - Gregory

Subsidized Inventory

The research completed for this Update identified four federally subsidized rental projects in Gregory, providing very affordable rental opportunities for 52 lower income households. All of the current subsidized projects in Gregory were developed with HUD/SDHDA assistance.

Two of the subsidized projects, with a combined 27 units, are designated for senior/disabled tenant occupancy. The remaining two projects, with a combined 25 units, are designated as general occupancy housing.

- ▶ **Church Street Apartments** is a 9-unit HUD/SDHDA project constructed in 1979. There are nine one-bedroom units. This project was originally developed for senior/disabled tenant occupancy but was later changed to general occupancy housing.
- ▶ **Edmonton Heights** is a 16-unit HUD project designated for general occupancy. The units are town house-style and all have two or more bedrooms.
- ▶ **Gregory Housing Senior Village** is a HUD Section 8/SDHDA project that was constructed in the late 1970s. All 19 units have one bedrooms and the project is designated for senior/disabled tenant occupancy.
- ▶ **Sunburst Apartments** is an 8-unit HUD/SDHDA project constructed in 1981. All eight units have one bedroom and the project is designated for senior/disabled tenant occupancy.

At the time of the 2017 Housing Study there had been an additional subsidized project in Gregory but Rosebud Apartments has ended its USDA Rural Development subsidy contract and operates as conventional market rate housing. This project has 12 two-bedroom units and had been designated as general occupancy housing.

Unit Mix

The bedroom mix for the 52 federally subsidized housing units in Gregory is as follows:

- ▶ One-bedroom - 36 units (69.2% of total)
- ▶ Two-bedroom - 8 units (15.4%)
- ▶ Two-bedroom+den - 4 units (7.7%)
- ▶ Three-bedroom - 4 units (7.7%)

Occupancy/Vacancy

No occupancy information could be obtained from Edmonton Heights. The other three subsidized projects all reported high occupancy rates at the time of the survey. Any open units due to turnover are quickly filled from a waiting list.

Rental Rates

All of the subsidized units in Gregory have access to project-based rent assistance that allows tenants to pay rent based on 30% of household income. Each project also has a maximum rent level and tenants do not pay more than the market rent for their unit.

Senior Housing with Services - Gregory

There are three senior housing with services projects in Gregory:

- ▶ **Avera Rosebud Country Care Center** is a State-licensed Skilled Nursing Facility that relocated to a new building in 2023 and has capacity for 30 residents in 30 rooms. The facility is connected to a new hospital.
- ▶ **Silver Threads Assisted Living** is a State-licensed Assisted Living Center with 23 rooms and capacity for 26 residents. The facility was constructed in 2001 and offers different room options, each with a private bathroom. There are different levels of assisted living care offered depending on the resident needs.
- ▶ **Silver Threads Apartments** is attached to the assisted living facility but provides independent senior housing, with optional meals and services available for purchase. The facility was constructed in 2001 and offers different apartment options.

Occupancy/Vacancy

Avera Rosebud Country Care Center reported a high rate of occupancy and a waiting list. Most of the beds are used for long-term care but two beds are typically available for shorter-term transitional care. The capacity in the new facility is lower than in the previous building, but was based in part on staffing availability. A long waiting list for occupancy exists in 2023.

Silver Threads Assisted Living reported that an average of two rooms are typically available, due in part to turnover. No waiting list existed at the time of the rental survey.

Silver Threads Apartments reported full occupancy at the time of the survey. A waiting list had just been created for this building.

Rental Rates

No information was collected on rental rates for skilled nursing beds. Silver Threads Assisted Living has different rates depending on unit type, services needed. The lowest entry point for a single unit is \$3,400. The facility will accept Medicaid assistance for residents in single units.

Silver Threads Apartments have the lowest entry point at \$1,270 per month for a one-bedroom unit. Optional daily meals and garage parking can be added for \$500 per month.

Table 31 Gregory Multifamily Rental Housing Inventory

Name	Number of Units / Bedroom Mix	Rent	Vacancy/ Wait List	Tenant Mix	Comments
Gregory - Market Rate					
Gregory HRC 4-Plex	3 - 2 bedroom <u>1 - 3 bedroom</u> 4 total units	\$925 \$975 +utilities	No vacant units, waiting list	Mostly seniors	Publicly-owned 4-plex constructed by the Gregory HRC in 2011. Tenant pays utilities in addition to rent. Units are town house-style with 2-car attached garage. Amenities include 1-level living, dishwasher, in-unit laundry and 2 bathrooms. Full occupancy reported and a waiting list exists. Most tenants are seniors but some younger tenants as well. Rents are unchanged from 2017 survey.
Klein 4-plex	<u>4 - 2 bedroom</u> 4 total units	\$300 +utilities	No vacant units	Mix of tenants	Four-plex constructed in the early 1970s. Tenant pays utilities in addition to rent. Owner reported full occupancy and good demand. Rent is unchanged from 2017 survey.
Main Street Apartments	<u>4 - 2 bedroom</u> 4 total units	\$650 +utilities	One intentionally vacant unit	Mix of tenants	Four-plex constructed in the 1970s. Tenant pays utilities in addition to rent. Owner reported one open unit to allow for renovation but good demand exists. Rent has increased by \$300 from 2017 survey.
Rosebud Apartments (formerly Nemer) 415 Rosebud	<u>12 - 2 bedroom</u> 12 total units	\$400 +heat, electric	No vacant units	Mix of tenants	Originally developed as a USDA Rural Development subsidized project in 1976 but converted to conventional market rate housing in about 2019. Eligible tenants at time of conversion were given rent assistance Vouchers and 3 still remain in occupancy. Tenant pays electric heat, hot water and electricity in addition to rent. The manager reported full occupancy and strong demand for affordable housing.

Table 31 Gregory Multifamily Rental Housing Inventory

Name	Number of Units / Bedroom Mix	Rent	Vacancy/ Wait List	Tenant Mix	Comments
Gregory - Subsidized					
Church Street Apartments (formerly Nemer) 415 Church St	<u>9 - 1 bedroom</u> 9 total units	\$631 30% of Income	No vacant units, waiting list	General occupancy	HUD Section 8/SDHDA subsidized project constructed in 1979 and originally for senior/disabled occupancy but later changed to general occupancy. One-level building. All tenants have access to project-based rent assistance that allows rent based on 30% of income, up to maximum rent listed. The manager reported full occupancy and strong demand for affordable housing.
Edmonton Heights 628 E 6 th St	8 - 2 bedroom 4 - 2 bdrm+den <u>4 - 3 bedroom</u> 16 total units	30% of Income	N/A	General occupancy	Unable to contact in 2023 - information provided is from prior survey or project website. HUD subsidized project for general occupancy. All tenants have access to project-based rent assistance that allows rent based on 30% of income, up to a maximum rent. Units are 2-level town house-style with microwave, wall AC and ain-unit laundry hookup. Two-bedrooms have 960 sq ft and 3-bedrooms have 1080 sq ft; all units have 1 bathroom.
Gregory Housing Senior Village 811 Rice St	<u>19 - 1 bedroom</u> 19 total units	\$531 max. 30% of Income	Any open units in process of being filled from waiting list	Senior/ disabled occupancy	HUD Section 8/SDHDA subsidized project for senior/disabled tenant occupancy constructed in the late 1970s. All tenants have access to project-based rent assistance that allows rent based on 30% of income, up to maximum rent listed. Tenants that do not meet the income guidelines can rent a unit if there are vacancies, but low income seniors/disabled have preference. The manager reported that any open units were in the process of being filled from waiting list.
Sunburst Apartments (formerly Nemer) 307 W 3 rd St	<u>8 - 1 bedroom</u> 8 total units	\$689 30% of Income	Open unit in process of being filled	Senior/ disabled occupancy	HUD Section 8/SDHDA subsidized project for senior/disabled tenant occupancy constructed in 1981. All tenants have access to project-based rent assistance that allows rent based on 30% of income, up to maximum rent listed. The manager reported one open unit on date of survey due to turnover but a new application was in process from waiting list with strong demand for affordable housing.

Table 31 Gregory Multifamily Rental Housing Inventory

Name	Number of Units / Bedroom Mix	Rent	Vacancy/ Wait List	Housing Type	Comments
Gregory - Senior with Services					
Avera Rosebud County Care Center 126 S Logan Ave	30 licensed beds	N/A	High occupancy rate and waiting list	Skilled nursing home	New skilled nursing facility that opened January 2023 and licensed for 30 residents. Licensing is down from older facility that was licensed for 52 person 2017 although staffing limitations had resulted in only 40 beds in use. The Care Center is attached to a new hospital. Typical bed use is 28 long-term care and 2 beds for transitional care. High rate of bed utilization and long waiting list in 2023.
Silver Threads Assisted Living 210 E 12 th St	12 - single 2 - suites 8 - double <u>1 - master suite</u> 23 total units with licensed capacity for 26 residents	\$3400+ \$3550+ \$3800+ \$4200+ higher levels of care as needed	2 open units typical	Assisted Living Center	State-licensed Assisted Living Center constructed in 2001 with capacity for 26 residents in 2023 - down from 32 resident license in 2017. Units are sleeping rooms with private bathroom but no kitchen facilities. The facility provides assisted living care with various service packages depending on needs and cognitive ability - rents listed are for lowest service level by unit type. Due to turnover there are typically an average of 2 open units - no waiting list exists. Facility will accept Medicaid assistance for lower income seniors in single units.
Silver Threads Apartments 210 E 12 th St	2 - 1 bedroom 3 - 1 bdrm+den <u>4 - 2 bedroom</u> 9 total units	\$1270 \$1470 \$1670 +optional meals and services	No vacant units, short waiting list	Senior housing with optional light services	Independent senior housing constructed in 2001 and attached to assisted living - offering optional meals and light services. At time of survey no current tenants were purchasing meals. Rent does include emergency call system and access to activities in assisted living building. Optional 3 daily meals and garage parking adds \$500 to rents listed. At the time of the survey there were no vacant units and a short waiting list had been created.

Source: Community Partners Research, Inc.

Rental Housing Data - Burke

Census Bureau Rental Inventory - Burke

According to the 2020 U.S. Census, there were 104 occupied rental units and 11 unoccupied or vacant rental units in Burke, for a total estimated rental inventory of 115 units. The City's rental tenure rate in 2020 was 33.5%, very similar to the Statewide rental rate of 33.0%.

At the time of the 2010 Census, Burke had 101 occupied rental units and 24 unoccupied rental units, for a total estimated rental inventory of 125 units. The City's rental tenure rate in 2010 was 31.2%, once again very similar to the Statewide rental rate of 31.9%.

Between 2010 and 2020, Burke added three renter-occupancy households. However, the City lost 13 rental units from the inventory. In 2010 there had been 24 vacant/unoccupied rental units, but by 2020 this had been reduced to 11 units.

Based on available information, no new rental housing was constructed or created in Burke between 2010 and 2020, but it does appear that some older units were removed from the usable housing inventory.

Unlike both Gregory and Bonesteel, an assisted living facility operating in Burke in 2020 was counted by the Census as rental housing, and not as a nursing home. It appears that there was inconsistency on the part of Census takers, as the assisted living residents in Gregory and Bonesteel were recorded as residents of "nursing homes".

The assisted living project in Burke, TLC Assisted Living, was closed in 2022 but any occupied units at the time of the 2020 Census should have been counted.

Pending Projects - Burke

One new rental unit is being added to an existing downtown commercial building. Also, the Burke Economic Development Authority, in conjunction with the Hospital, is planning to create two rental units using the DakotaPlex Program.

Market Rate Summary - Burke

According to the 2020 Census, there were 115 total rental housing units in the City of Burke. However, 50 of these units are in federally subsidized rental projects. It is also probable that 16 rental units counted in 2020 were in a senior assisted living facility which was operational at that time but has since been closed.

After removing the units in the other rental segments, there were probably fewer than 50 conventional market rate units in Burke. Only one larger multifamily rental project was identified in the City, Lake Drive Apartments with 8 units, but no information could be obtained from this property. The large majority of the City's inventory of conventional market rate housing exists in single family houses and mobile homes.

There was no information collected in the telephone survey from market rate units in Burke. However, some estimates exist from the 2022 American Community Survey.

Rental Rates

The American Community Survey included an estimate of the median gross rent, inclusive of tenant-paid utilities, in Burke in 2022. Due to the small number of units in the City, information was only provided for one and two-bedroom units.

- ▶ One-bedroom - \$469/month
- ▶ Two-bedroom - \$583/month

Based on these estimates, there is a very moderate rent range in Burke.

Tax Credit Summary - Burke

Since the late 1980s, the primary federal incentive program for the production of affordable rental housing has been through federal low income housing tax credits, also referred to as Section 42 housing. In South Dakota, tax credits are awarded annually on a competitive basis through the South Dakota Housing Development Authority (SDHDA).

Projects receiving tax credit assistance have income, occupancy and rent restrictions in place for 15 years or more. The income limits are generally tied to 60% or less of a HUD-designated median income level, although a portion of the units may be set aside for lower or higher income ranges.

Since the tax credit program became available, only one award has been made in Gregory County. Kopper Key Apartments, an 8-unit project in Burke, received one of the first tax credit awards in the State in 1987. The contract compliance requirements for this project were probably in place for only 15 years and this project would have fulfilled the requirements many years ago. Kopper Key is now owned and operated by SWA Corporation and provides affordable housing for Tribal Members.

Although Kopper Key was originally developed as tax credit housing, it now operates as subsidized housing, with rent based on income, and has been included in the subsidized analysis in Burke which is provided on the following pages.

Subsidized Summary - Burke

Subsidized Inventory

The research completed for this Update identified four federally subsidized rental projects in Burke, providing very affordable rental opportunities for 50 lower income households. All of the current subsidized projects in Burke were developed with HUD or USDA Rural Development assistance.

Three of the subsidized projects, with a combined 42 units, are designated for senior/disabled tenant occupancy. The remaining project, Kopper Key Apartments with eight units, is owned and operated by SWA Corporation and provides housing for Tribal members.

- ▶ **Burke Public Housing** is a HUD Public Housing project constructed in the 1960s. The units are designated for senior/disabled tenant occupancy.
- ▶ **Kopper Key Apartments** was originally developed as USDA Rural Development subsidized housing that also utilized federal low income housing tax credits. Although the USDA Rural Development contract has ended and the tax credit compliance requirements have been met, the project was acquired by SWA Corporation and continues to provide very affordable housing for Tribal members with rent based on income.
- ▶ **Parkview Manor** is a 12-unit HUD Section 8/SDHDA project constructed in the 1960s. The project is designated as senior/disabled occupancy housing.
- ▶ **Rosebud Apartments** is a HUD Section 8/SDHDA project constructed in 1975. The project is designated as senior/disabled occupancy housing.

The inventory of subsidized rental housing in Burke has not changed from the time of the 2017 Housing Study.

Unit Mix

The bedroom mix breakdown for subsidized housing in Burke is as follows:

- ▶ One-bedroom - 43 (86% of total)
- ▶ Two-bedroom - 7 (14%)

Occupancy / Vacancy

At the time of the rental survey there were five vacant one-bedroom units identified in the HUD subsidized projects, for a vacancy rate of 11.9%. Although some applications had been requested to fill some of these units, no one-bedroom waiting list existed at the HUD projects.

There were also an unspecified number of vacant units in Kopper Key Apartments, which provides housing for Tribal members.

Rental Rates

Tenants in the four subsidized projects have access to project-based rent assistance. The tenants in Burke Public Housing, Parkview Manor and Rosebud Apartments pay rent based on approximately 30% of their income. Tenants in Kopper Key Apartments pay rent based on 15% of their income. Each project also has a maximum rent level and tenants do not pay more than the market rent for their unit.

Subsidized Housing Gains/Losses

Federal subsidy sources for low income rental housing have been very limited for the past few decades. Most subsidized projects were constructed in the 1960s, 1970s and 1980s. Some of the older projects around 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.

In addition to the USDA Rural Development contract termination at Kopper Key Apartments, Lake Drive Apartments in Burke had also ended its subsidy contract at some point prior to the 2017 Housing Study. Lake Drive had originally been developed as USDA Rural Development subsidized housing for general occupancy, with eight two-bedroom units.

Senior Housing with Services - Burke

Unit Inventory

There are no specialized providers of senior housing with services operating in Burke in 2024.

At the time of the 2017 Housing Study, there had been a licensed Assisted Living Center in Burke. TLC Assisted Living had capacity for 16 residents. However, this facility has since closed, probably in 2022, and no further information was available.

Table 32 Burke Multifamily Rental Housing Inventory

Name	Number of Units / Bedroom Mix	Rent	Vacancy/ Wait List	Tenant Mix	Comments
Burke - Market Rate					
Lake Drive Apartments 426 E 7 th	<u>8 - 2 bedroom</u> 8 total units	N/A +heat, electric	N/A	N/A	Unable to contact in 2023 - information provided is from prior survey. Originally developed as a USDA Rural Development subsidized project in 1980 but later converted to conventional market rate housing. Tenant pays heat and electricity in addition to rent.
Burke - Subsidized					
Burke HRC Public Housing	19 - 1 bedroom <u>3 - 2 bedroom</u> 22 total units	\$517 \$661 30% of Income	1 vacant unit 1 - 1 bdrm	Senior/ disabled occupancy	HUD Public Housing project designated for senior/disabled tenant occupancy - one-level building constructed in the 1960s. All tenants pay rent based on 30% of income up to maximum rents listed. New HUD rule on assets may limit eligibility in the future for tenants with land ownership unless waivers can be obtained. One unit vacant at time of survey due to recent turnover and no waiting list exists although some applications were recently requested.
Kopper Key Apartments 446 W 8 th St	<u>8 - 1 bedroom</u> 8 total units	15% of income	Some vacant units	Tribal member housing	Originally developed as a USDA Rural Development/Tax Credit subsidized project in 1987 but later acquired by SWA Corporation for Tribal housing. Income limits apply and tenants pay 15% of their income for rent. At the time of the survey there were an undisclosed number of vacant units.
Parkview Manor 817 Jefferson	8 - 1 bedroom <u>4 - 2 bedroom</u> 12 total units	\$507 \$563 30% of Income	1 vacant unit 1 - 1 bdrm	Senior/ disabled	HUD Section 8/SDHDA subsidized project for senior/disabled tenant occupancy - one-level building constructed in the 1960s. All tenants have access to project-based rent assistance that allows rent based on 30% of income up to maximum rents listed. New HUD rule on assets may limit eligibility in the future for tenants with land ownership unless waivers can be obtained. One unit vacant at time of survey due to recent turnover and no waiting list exists although some applications were recently requested. This project can request a waiver that allows applicants that are over income to rent a unit.

Table 32 Burke Multifamily Rental Housing Inventory

Name	Number of Units / Bedroom Mix	Rent	Vacancy/ Wait List	Tenant Mix	Comments
Burke - Subsidized					
Rosebud Apartments 1017 S Main	<u>8 - 1 bedroom</u> 8 total units	\$604 30% of Income	3 vacant unit 3 - 1 bdrm	Senior/ disabled	HUD Section 8/SDHDA subsidized project for senior/disabled tenant occupancy - one-level building constructed in 1975. All tenants have access to project-based rent assistance that allows rent based on 30% of income up to maximum rent listed. New HUD rule on assets may limit eligibility in the future for tenants with land ownership unless waivers can be obtained. Three units vacant at time of survey due to recent turnover and no waiting list exists although some applications were recently requested. This project can request a waiver that allows applicants that are over income to rent a unit.

Source: Community Partners Research, Inc.

Rental Housing Data - Bonesteel

Census Bureau Rental Inventory - Bonesteel

According to the 2020 U.S. Census, there were only nine occupied rental units and six vacant rental units in Bonesteel, for a total estimated rental inventory of 15 units. The City's rental tenure rate in 2020 was only 9.0%, well below the Statewide rental rate of 33.0%.

At the time of the 2010 Census, Bonesteel had 32 occupied rental units and eight unoccupied rental units, for a total estimated rental inventory of 40 units. The City's rental tenure rate in 2010 was 25.6%, below the Statewide rental rate of 31.9%.

As presented earlier in this document, it appears that a senior assisted living project in Bonesteel was not counted as rental housing in the 2020 Census, but instead was listed as a nursing home. This change in classification accounts for the reduction in the number of rental housing units in the City in 2020 when compared to 2010.

While the number of occupied rental units decreased significantly, the number of vacant/unoccupied rental units in 2020 was generally similar to the vacant/unoccupied total reported in 2010.

No rental construction/creation of new rental housing can be identified in Bonesteel between 2010 and 2020.

Pending Projects - Bonesteel

The research for this Update did not find any new rental housing that was created after the 2020 Census, and no rental development projects are pending.

Market Rate Summary - Bonesteel

According to the 2020 Census, there were only 15 total rental housing units in the City of Bonesteel.

There had been only one multifamily rental project that had been present in Bonesteel. River Hills Apartments, with 8 apartment units, had been developed as USDA Rural Development subsidized housing, but was later converted to convention market rate rentals. However, by 2023, River Hills had been removed from the long-term rental segment and was operating as a nightly rental option serving seasonal/recreational occupants. In 2023, all of the City's conventional market rate rental units are believed to exist in single family houses.

There was no information collected in the telephone survey from market rate rental houses in Bonesteel. However, some estimates exist from the 2022 American Community Survey.

Rental Rates

The American Community Survey included an estimate of the median gross rent, inclusive of tenant-paid utilities, in Bonesteel in 2022. Due to the small number of units in the City, information was only provided for one and two-bedroom units.

- ▶ One-bedroom - \$509/month
- ▶ Two-bedroom - \$619/month

Based on these estimates, there is a very moderate rent range in Bonesteel.

Tax Credit Summary - Bonesteel

Since the late 1980s, the primary federal incentive program for the production of affordable rental housing has been through federal low income housing tax credits, also referred to as Section 42 housing. In South Dakota, tax credits are awarded annually on a competitive basis through the South Dakota Housing Development Authority (SDHDA).

Projects receiving tax credit assistance have income, occupancy and rent restrictions in place for 15 years or more. The income limits are generally tied to 60% or less of a HUD-designated median income level, although a portion of the units may be set aside for lower or higher income ranges.

Since the tax credit program became available, no awards have been made in Bonesteel. Only one award has been made in Gregory County. Kopper Key Apartments, an 8-unit project in Burke, received one of the first tax credit awards in the State in 1987. The contract compliance requirements for this project were probably in place for only 15 years and this project would have fulfilled the requirements many years ago. Kopper Key is now owned and operated by SWA Corporation and provides affordable housing for Tribal Members.

Subsidized Summary - Bonesteel

There are no federally subsidized rental projects in Bonesteel.

There had once been a USDA Rural Development project in Bonesteel, but River Hills Apartments (previously known as Blacksmith Manor) had ended its subsidy contract prior to the 2017 Housing Study and had been converted to conventional market rate housing. River Hills was constructed with eight one-bedroom units for senior/disabled tenant occupancy.

After 2017, River Hills was taken out of the long-term rental inventory and in 2023 is being used for nightly rentals serving the seasonal/recreational market.

Senior Housing with Services - Bonesteel

Unit Inventory

There is one provider of specialized senior housing in Bonesteel.

- ▶ **Haisch Haus Assisted Living** is a State-licensed Assisted Living Center with capacity for 16 residents. The facility was constructed in the late 1990s.

Occupancy/Vacancy

Haisch Haus reported two unoccupied beds and indicated that some vacant beds are typically, due in part to turnover. No waiting list existed at the time of the rental survey.

Rental Rates

No information was collected on rental rates. Haisch Haus will accept Medicaid assistance for lower income seniors.

Table 33 Bonesteel Multifamily Rental Housing Inventory					
Name	Number of Units / Bedroom Mix	Rent	Vacancy/ Wait List	Tenant Mix	Comments
Bonesteel - Market Rate					
River Hills Apartments (formerly Blacksmith Manor) 208 Garrison	<u>8 - 1 bedroom</u> 8 total units	Nightly rentals	Nightly rentals	Nightly rentals	Not offered as long-term rentals in 2023. Originally developed as a USDA Rural Development subsidized project in the late 1970s but later converted to conventional market rate housing and then into vacation rental.
Bonesteel - Senior with Services					
Haisch Haus Assisted Living 201 Garrison St	<u>16 licensed beds</u> 16 total beds	Based on level of services	2 vacant beds	Assisted Living Center	State-licensed Assisted Living Center with 16 resident capacity in 2023, unchanged from 2017. The facility was constructed in the late 1990s and provides assisted living services with different levels of care available. Two unoccupied beds at time of survey and some level of vacancy is typical. The facility accepts Medicaid assistance for lower income seniors and residents may come from a wide geographical area.

Source: Community Partners Research, Inc.

Employment and Local Economic Trends

While many factors influence the need for housing, employment opportunities represent a predominant demand generator. Without jobs and corresponding wages, the means to afford housing is severely limited. The type of employment, wage level, and working conditions will each influence the kind of housing that is needed and at what level of affordability.

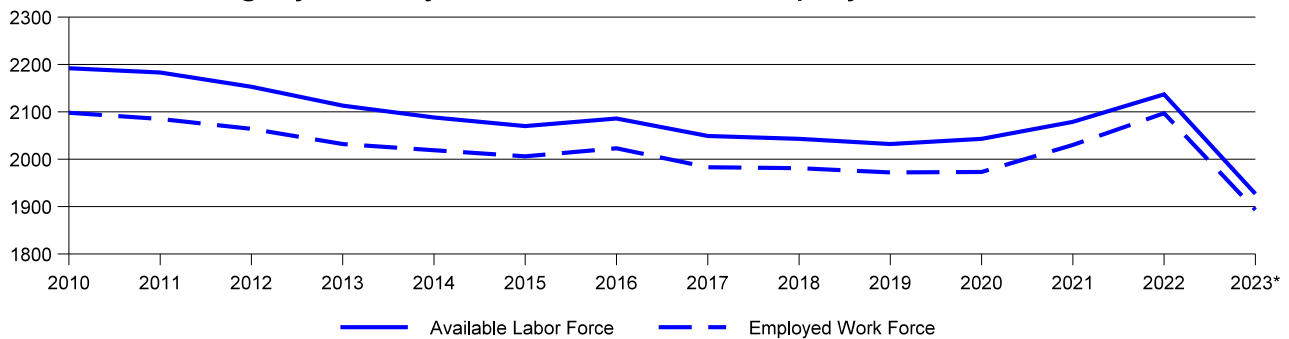
Work Force and Unemployment Rates

Employment information has been analyzed for Gregory County in this section of the Study. Data in the tables that follow have been obtained from the South Dakota Department of Labor and Regulation.

Table 34 Gregory County Annual Labor Statistics: 2010 to 2023*						
Year	Labor Force	Employed	Unemployed	Unemployment Rate - County	Unemployment Rate - SD	Unemployment Rate - US
2010	2,192	2,098	94	4.3%	4.9%	9.6%
2011	2,183	2,085	98	4.5%	4.6%	8.9%
2012	2,153	2,064	89	4.1%	4.1%	8.1%
2013	2,113	2,032	81	3.8%	3.7%	7.4%
2014	2,088	2,019	69	3.3%	3.3%	6.2%
2015	2,070	2,006	64	3.1%	3.0%	5.3%
2016	2,086	2,023	63	3.0%	3.0%	4.9%
2017	2,049	1,983	66	3.2%	3.1%	4.4%
2018	2,043	1,981	62	3.0%	2.8%	3.9%
2019	2,032	1,972	60	3.0%	2.8%	3.7%
2020	2,043	1,973	70	3.4%	4.2%	8.1%
2021	2,079	2,030	49	2.4%	2.6%	5.3%
2022	2,137	2,097	40	1.9%	2.1%	3.7%
2023*	1,927	1,893	34	1.8%	2.0%	3.7%

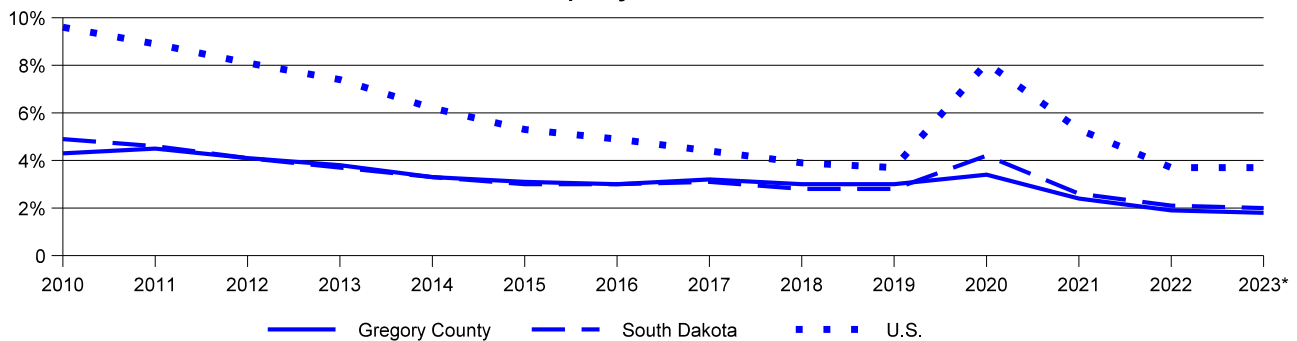
Source: South Dakota Department of Labor & Regulation; Community Partners Research, Inc.
 *2023 is through October

Gregory County Labor Force and Employed Work Force



- ▶ The statistics on the labor force track people by their county of residence. When viewed over the 14-year period, the size of the County’s resident labor force has decreased. Comparing 2022 (the last full year of data) to 2010, the available labor force decreased by 55 people, or -2.5%.
- ▶ While the decrease in the labor force between 2022 and 2010 was relatively small, the County’s labor force had been growing even smaller through 2019, but since that time there has been some rebound, despite the Covid pandemic starting in 2020.
- ▶ The number of employed County residents has followed the same pattern. After decreasing steadily between 2010 and 2019, the number of employed residents of Gregory County then increased somewhat between 2019 and 2022. The number of people in the employed work force in 2022 was nearly identical to the count in 2010.
- ▶ Partial-year statistics for 2023 show a drop in both the labor force and employed work force in Gregory County, However, these statistics may be revised once a full-year of data become available.

Unemployment Rates



- ▶ Throughout the time period reviewed, the unemployment rate in Gregory County has remained low by comparative standards. In 2022, the last full year of data, the unemployment rate in Gregory County was less than 2.0%.
- ▶ There was an upward “spike” in the unemployment rates in 2020, due to the global pandemic, but this was much less evident in Gregory County. By 2021, the County’s unemployment rate had moved below the pre-pandemic level.

Employment and Wages

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

Table 35 Gregory County Average Annual Wages - 2022		
Industry	2022 Employment	Average Weekly Wage
Total All Industry	1,579	\$709

Source: South Dakota Department of Labor & Regulation

- ▶ The average weekly wage for all industry in 2022 was \$709 in Gregory County. At full-time employment, this would yield an annual average wage of just under \$36,900.

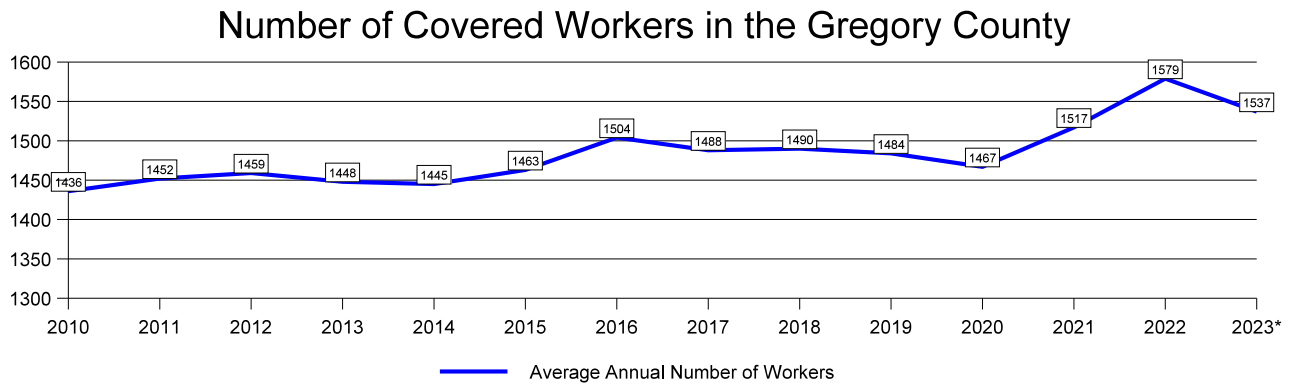
Since the Quarterly Census of Covered Workers (QCEW) tracks employees covered by unemployment insurance by location of the worker, it is possible to examine longer-term patterns in the local employment level. The following table displays the total number of workers reported in the County back to the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

Table 36 Gregory County Average Annual Employment			
Year	Total Covered Employment	Year	Total Covered Employment
2010	1,436	2017	1,488
2011	1,452	2018	1,490
2012	1,459	2019	1,484
2013	1,448	2020	1,467
2014	1,445	2021	1,517
2015	1,463	2022	1,579
2016	1,504	2023*	1,537

Source: QCEW - SD Department of Labor

*2023 is through June

- ▶ There has been some growth in the number of covered employees working in Gregory County. If 2022 (the last full year of data) is compared to the year 2010, there had been an increase of 143 reported workers covered by unemployment insurance, or an increase of 10%.
- ▶ The employment level that was reached in 2022 was the highest for the time period reviewed.



Commuting Patterns of Area Workers

Information is available on area workers that commute for employment from the American Community Survey, and has been examined for the Gregory County. The first table examines County residents that traveled to work and excludes people that work at home.

Table 37 Commuting Times for Gregory County Residents - 2022		
Travel Time	Number	Percent
Less than 10 minutes	846	48.4%
10 to 19 minutes	376	21.5%
20 to 29 minutes	210	12.0%
30 minutes +	316	18.1%
Total	1,748	100%

Source: American Community Survey

- ▶ A large majority of Gregory County’s residents worked locally in 2022, with nearly 70% traveling less than 20 minutes for their primary job. However, more than 18% of the County’s residents were commuting 30 minutes or more to work.

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

Table 38 Commuting Times for County-based Employees - 2022		
Travel Time	Number	Percent
Less than 10 minutes	869	53.6%
10 to 19 minutes	366	22.6%
20 to 29 minutes	201	12.4%
30 minutes +	184	11.4%
Total	1,620	100%

Source: American Community Survey

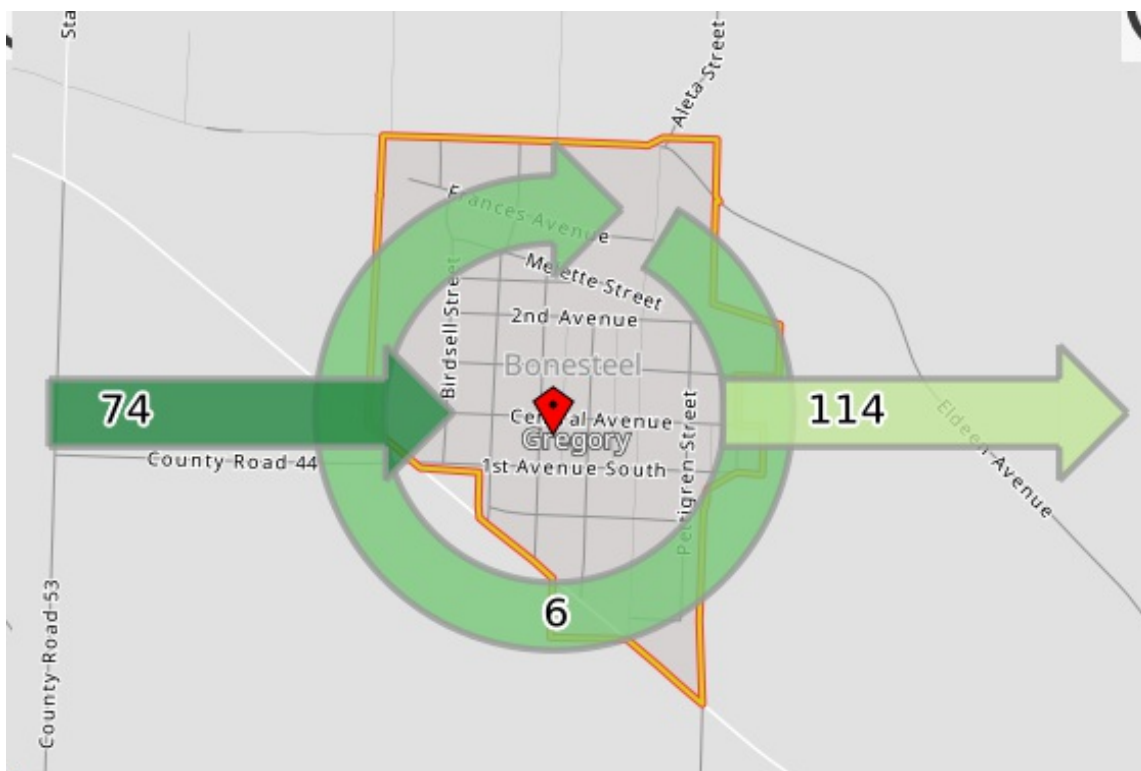
- ▶ Most of the people that worked in Gregory County lived within the immediate area, as more than 76% traveled 19 minutes or less to their job. This would include people that both lived and worked in the County. Only 11.4% of workers traveled 30 minutes or more.

Census On the Map - Bonesteel

The Census Bureau also produces commuter reports through its Center for Economic Studies division. This information is based on reports for the year 2021 and provides a further breakdown of worker movement.

According to the report for Bonesteel, there were 80 people that were employed within the City in 2021. Only six of these City-based employees also lived in Bonesteel. The remaining 74 of employees lived outside the City and commuted in for their job. For people that were coming into Bonesteel for their job, the primary home locations were Burke, West Gregory UT, East Gregory UT and Gregory.

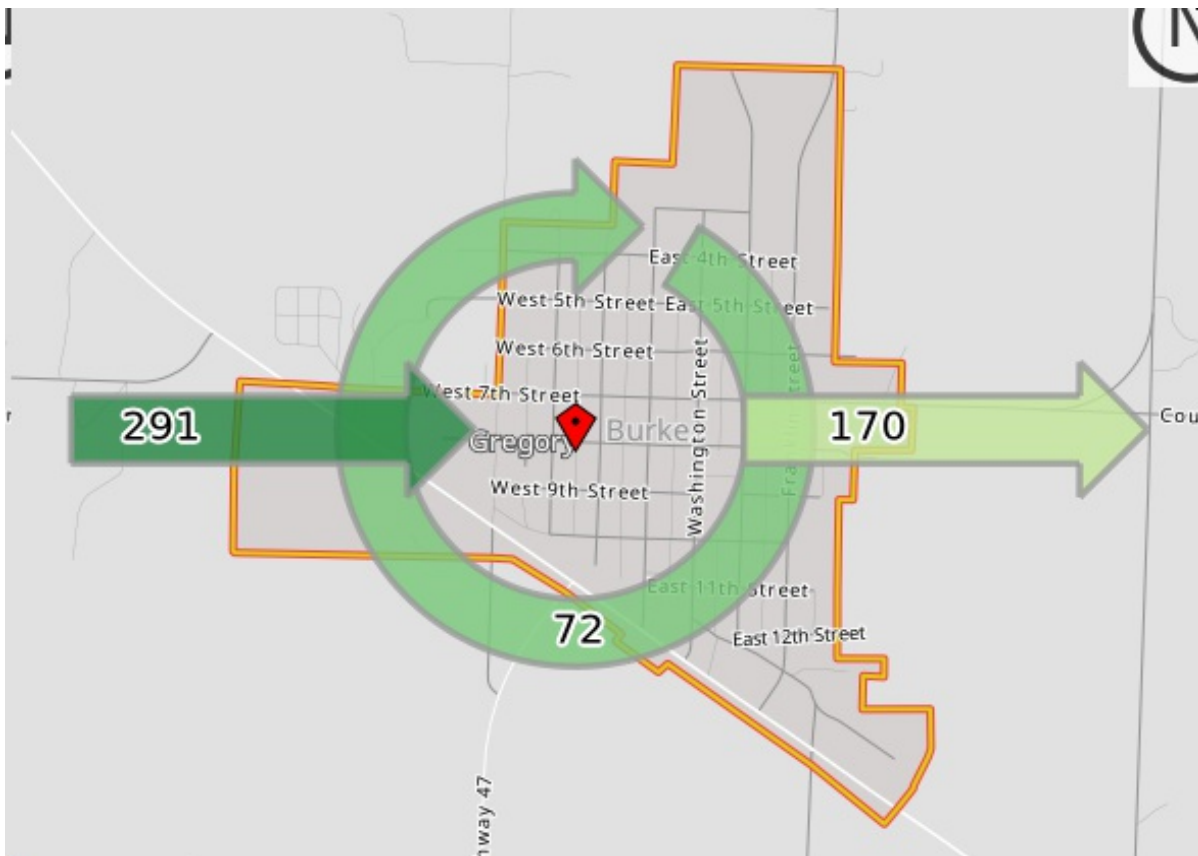
On the Map can also be used to track worker outflow patterns from the City. Overall, there were an estimated 120 Bonesteel residents that were employed. A very large majority of these City residents worked outside the community, as 114 people left the City for their job. For Bonesteel residents that left the City for their employment, the primary destinations were Burke, Sioux Falls, Gregory and Wagner.



Census On the Map - Burke

According to the report for Burke, there were 363 people that were employed within the City in 2021. More than 80%, or 291 people, lived outside the City and commuted in for their job. Fewer than 20%, or 72 of these City-based employees also lived in Burke. For people that were commuting into Burke for their job, the primary home locations were West Gregory UT, Gregory, Bonesteel and East Gregory UT.

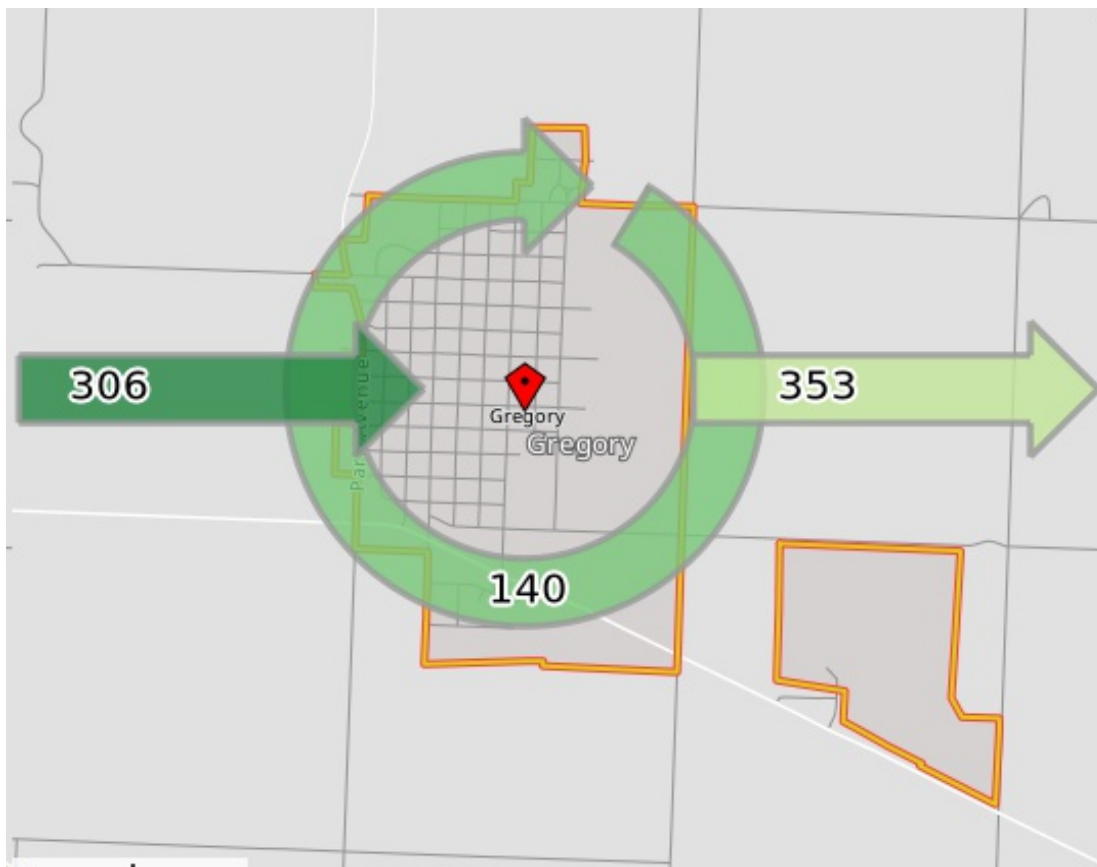
On the Map can also be used to track worker outflow patterns from the City. Overall, there were 242 Burke residents that were employed. Most of these City residents worked outside the community, as approximately 70%, or 170 people, left the City for their job. Only an estimated 72 City residents also worked within their home community. For Burke residents that left the City for their employment, the primary destinations were Gregory, West Gregory UT, Bonesteel and Winner.



Census On the Map - Gregory

According to the report for Gregory, there were 446 people that were employed within the City. Approximately 69% of these City-based employees, or 306 people, lived outside the City and commuted in for their job. There were 140 Gregory residents that also worked in the City. The primary identified jurisdictions for inbound workers were North Gregory UT, Burke, Edens Township and West Gregory UT.

On the Map can also be used to track worker outflow patterns from the City. Overall, there were 493 Gregory residents that were employed. Most of these City residents worked outside the community, as approximately 72%, or 353 residents, left the City for their job. Only an estimated 140 City residents also worked within their home community. The primary destinations for outbound commuters were Sioux Falls, North Gregory UT, Burke and Winner.



Findings on Growth Trends

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

Bonesteel

The City of Bonesteel has become progressively smaller over the past three decades, with a gradual decrease of households and permanent residents. The loss of households between 2010 and 2020 appears to have been overstated by the classification of residents in an assisted living facility in the City, but even after adjusting for this technical change the City still had fewer households and residents in 2020.

Any change in the supply of housing in Bonesteel has been limited, as only four new houses have been constructed in recent years. However, with an older stock of existing homes, the best available evidence indicates that the inventory of housing in the City has been gradually decreasing over time, consistent with an ongoing loss of households.

Bonesteel has an older single family housing stock and very few multifamily rental options. It is probable that some of the City's older homes have been removed from the usable stock due to deterioration or quality issues. Without some expansion of desirable housing options in the future, the City is unlikely to add many new households or residents.

Burke

Based on the 2020 Census, Burke lost 14 permanent resident households between 2010 and 2020. Unlike Bonesteel and Gregory, this loss was not due in part to a classification of assisted living facilities. Instead, the Census reported a loss of households, continuing a longer-term pattern that has been present since at least 1990.

It is important to note, however, that the rate of household loss has been relatively limited. Dating back to 1990, the City has averaged approximately one less household per year. The average annual population loss has been larger in recent decades, as aging patterns show fewer children over time and more senior citizens. In 2020, the City's average household had only 1.85 persons, very small by comparative standards.

There has been some limited new housing construction that can be identified in Burke, although no development of multifamily units has occurred. Despite some recent single family home construction, the 2020 Census reported an overall decrease of housing units in the City.

Like other communities in Gregory County, Burke has an older housing stock, especially for single family houses. Over time it appears that some housing units have been removed from the usable inventory. Without some expansion of desirable housing options in the future, the City is unlikely to add many new households or residents.

Gregory

As tracked by the most recent Census, Gregory had a fairly significant loss of households between 2010 and 2020. Similar to Bonesteel, part of the loss of households appears to have been due to a reclassification of residents in an assisted living facility in Gregory. However, even after adjustment for this classification change, Gregory lost substantially more permanent households between 2010 and 2020 than had occurred in the 1990s or between 2000 and 2010.

The City's permanent resident population has also been decreasing steadily over the past three decades. In 2020, the City's average household size was only 2.09 persons, relatively small by comparative standards. Over time the City has had fewer children and more senior citizens, as the existing population moves through the aging cycle.

There has been some limited new housing construction that can be identified in Gregory, although the last development of multifamily units occurred more than 10 years ago. Despite some recent single family construction, the 2020 Census reported an overall decrease of housing units in the City.

Similar to other communities in the County, Gregory has an older housing stock for both owner and renter units. Over time it appears that some housing units have been removed from the usable inventory. Without some expansion of desirable housing options in the future, the City is unlikely to add many new households or residents.

Summary of Findings on Projected Growth

This Update has examined available demographic projections for the three cities as well as for all of Gregory County. The primary projection source that was reviewed was Applied Geographic Solutions (AGS), although some forecasts from Esri were also examined for the entire County. In the opinion of the analysts, the available projections from AGS and Esri are overly conservative and Community Partners Research, Inc., has generated alternate forecasts for each of the three cities analyzed in this Update.

Bonesteel

Applied Geographic Solutions is projecting the City of Bonesteel to remain relatively stable over the next five years, with a reduction of only one household by 2028.

This forecast is very consistent with recent patterns in the community. However, in the opinion of the analysts, if some new housing units can be developed in Bonesteel, it is certainly possible that the City could add some households between 2023 and 2028.

Over the five-year projection period, a gain of between five and seven total households in Bonesteel is an achievable projection. This growth forecast has been used in the housing unit recommendations presented later in this section.

Burke

Applied Geographic Solutions is projecting the City of Burke to lose an average of two households per year over the next five years. This would indicate that a faster rate of household loss will occur in the future, as the City has had a long-term pattern of a lower level of household loss.

In the opinion of the analysts, Burke does have the potential to add some households, if some new housing units can be developed. Over the five-year projection period, a gain of between five and 10 total households in Burke is an achievable projection. This growth forecast has been used in the housing unit recommendations presented later in this section.

Gregory

Applied Geographic Solutions is projecting that the City of Gregory will lose 72 households between 2023 and 2028. Based on all available evidence, this is an unreliable forecast. A household decrease at this level would exceed the cumulative loss in Gregory over the past 30 years.

In the opinion of the analysts, it is certainly possible that the City could add some households between 2023 and 2028, provided that some new housing units can be developed over the five-year projection period. A gain of between 10 and 15 total households in Gregory is an achievable projection, or an annual average of between two and three households per year. This growth forecast has been used in the housing unit recommendations presented later in this section.

Gregory County

For Gregory County, a projection to 2028 is also available from Esri. This source shows relative stability with a Countywide loss of only 23 households over the 5-year projection period.

The forecast from AGS is much more pessimistic, consistent with their belief that each of the three cities will lose households through 2028. In the opinion of the analysts, the AGS projection is not reliable.

Although Community Partners Research, Inc., is projecting some limited growth in Bonesteel, Burke and Gregory, it is very possible that the more rural areas of the County will experience some loss of households over the next five years. With an aging population, some senior-headed households in the smaller communities and rural portions of the County will elect to relocate into the cities to access services and amenities. Older residents will also look for age-appropriate housing options in the future, which will generally be located in the larger cities.

As a result, probable growth in Bonesteel, Burke and Gregory, will largely be offset by minor household losses in the remainder of Gregory County. The Esri forecast that there will be an annual average net loss of between four and five households per year Countywide does represent a reasonable projection that is consistent with long-term patterns in Gregory County.

Summary of Gregory County’s Growth Projections by Age Group

The Demographic section of this Update presented projection information on anticipated changes by age group in Gregory County from 2023 to 2028. This information can be informative in determining the housing that may be needed due to age patterns of the County’s population. The age-based projections were generated by Esri.

<u>Age Range</u>	<u>Projected Change in Households 2023 to 2028</u>
24 and younger	-3
25 to 34	-2
35 to 44	-8
45 to 54	-6
55 to 64	-61
65 to 74	21
75 and older	<u>36</u>
Total change	-23

Overall, these projections expect a net loss of 23 households Countywide between 2023 and 2028. As a result, most of the defined age ranges are also expected to decrease in size over the 5-year time period. However, for many of the ranges, the expected change is very limited.

Esri’s projections expect the County to add senior-headed households, with an increase of 36 households in the older senior group, age 75 and above, and an increase of 21 households in the younger senior range between 65 and 74 years old. This is consistent with the advancement of the large baby boom generation through the aging cycle.

Trailing behind the baby boom age groups was a much smaller demographic cohort, and a large reduction of households in the age range between 55 and 64 years old is projected. This demographic group was not as large and will not fully replace the advancing baby boomers.

All of the younger ranges age 54 and younger are projected to decrease in size, although the numeric loss is very limited. If combined, these projections expect a decrease of fewer than 20 total households age 54 and younger in Gregory County between 2023 and 2028.

Findings on Unit Demand by Type of Housing

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

Age 24 and Younger - The projections used for this Update expect relative stability in the 15 to 24 age range from 2023 to 2028. Past tenure patterns indicate that most of these households will rent their unit. Stability in households in this age range should mean that rental demand from younger households will remain relatively unchanged during the projection period.

25 to 34 Years Old - The projections also show a relatively stable number of households Countywide in this age range by 2028. Within this age range households often move from rental to ownership housing. Limited change within this age range indicates demand for both first-time home buyer and rental opportunities from this age range will also remain relatively stable during the projection period.

35 to 44 Years Old - The projection for this 10-year age cohort expects a loss of approximately eight households between 2023 and 2028 in Gregory County. In the past, this age group has predominantly been home owners, and these households often represent both first-time buyers and households looking to trade-up in housing, selling their starter home for a more expensive house. A small decrease within this age range indicates demand for home ownership will decrease slightly during the projection period.

45 to 54 Years Old - The projection for this 10-year age cohort expects a loss of approximately six households between 2023 and 2028 in Gregory County. This age group generally has a high rate of home ownership. Households within this range often represent households looking to trade-up, selling their starter home for a more expensive house. A small decrease within this age range indicates demand for home ownership will decrease slightly during the projection period.

55 to 64 Years Old - By 2028, this age cohort will largely represent the generation that followed behind the baby boomers. This age group represents a much smaller segment of the population than the baby boom age group. For Gregory County, the projections show a reduction of 61 households in this age range. This age group typically has had a rate of home ownership and will often look for trade-up housing opportunities. A reduced number of households in this age group indicates that the demand for trade-up housing from this age range will decrease during the projection period.

65 to 74 Years Old - A gain of 21 households is expected by the year 2028 in the 65 to 74 age range. While this group will begin moving to life-cycle housing options as they age, the younger seniors are still predominantly home owners. Preferences for age-appropriate housing units should increase from household growth within this age cohort.

75 Years and Older - There is a projected gain of approximately 36 households in Gregory County in this age range between 2023 and 2028. An expansion of housing options that are age-appropriate for seniors, including low maintenance ownership housing and high quality rental housing should appeal to this age group. In most cases, income levels for senior households have been improving, as people have done better retirement planning. As a result, households in this age range may have fewer cost limitations for housing choices than previous generations of seniors.

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

Findings and Recommendations for the City of Gregory

Findings on Housing Unit Demand and Tenure

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

Demand from Growth - Community Partners Research, Inc., projects that Gregory will gain 10 to 15 households from 2023 to 2028. Household growth in the City will yield some demand for new housing production in Gregory.

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

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

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

Strengths for Housing Development

The following strengths for the City of Gregory were identified through statistical data, local interviews, research and on-site review of the local housing stock and strengths identified in the 2017 Gregory Comprehensive Housing Study.

- ▶ **Gregory serves as a small regional center** - Gregory provides employment opportunities, retail/service options, health and professional services, governmental services and recreational facilities for a geographical area that surrounds the City.
- ▶ **Affordable priced housing stock** - The City of Gregory has a stock of affordable, existing houses. Our analysis shows that the City's median home value, based on 2022 sales, is approximately \$92,900. This existing stock, when available for sale, provides an affordable option for home ownership.
- ▶ **Educational system** - Gregory has a public pre-school-12 school system.
- ▶ **Infrastructure** - Although improvements are needed, Gregory's water and sewer infrastructure can accommodate future expansion and infrastructure improvements are ongoing.
- ▶ **Commercial development** - Gregory's commercial district is adequate to meet most daily needs. The City has a Main Street Design that will coincide with future street improvements.
- ▶ **Employers** - Gregory has a significant number of employers that provide job opportunities for local residents.
- ▶ **Commuters** - More than 291 employees are commuting into Gregory daily for work. These commuters are a potential market for future housing construction.
- ▶ **Gregory Economic Development Group (GED)** - The Gregory Economic Development Group has been active in developing and expanding business opportunities and residential development.
- ▶ **Gregory Housing and Redevelopment Commission (Gregory HRC)** - The Gregory Housing and Redevelopment Commission has been active in the past in addressing Gregory's housing needs. The Gregory HRC owns and manages rental housing in Gregory.

- ▶ **Gregory Dallas Area Chamber of Commerce** - The Gregory Dallas Area Chamber of Commerce is active in promoting Gregory and its businesses. The Chamber also sponsors many projects and events.
- ▶ **Household growth** - Community Partners Research, Inc. is projecting that Gregory will add households over the next five years.
- ▶ **Health facilities** - Gregory has excellent health facilities including a new hospital, medical clinic and nursing home that were constructed in 2023.
- ▶ **Small town atmosphere** - Gregory has the real and perceived amenities of a small town. Small town living is attractive for some households.
- ▶ **Active builders and developers** - Gregory has active housing developers and builders that are willing to invest in new housing construction.
- ▶ **Residential lots** - Gregory has lots immediately available for new housing construction.
- ▶ **Desirable location for seniors and retirees** - Gregory is an attractive option for seniors as a retirement location. As a provider of health, retail and governmental services, the City has amenities that are attractive for seniors as they age.
- ▶ **Proactive city involvement** - The City and the Gregory Economic Development Group have a track record of being proactive in developing housing opportunities including rental housing and subdivision development.
- ▶ **Adequate land for development** - Gregory has adequate land available for both residential and commercial/industrial development. However, some of the land needs to be serviced with infrastructure improvements.
- ▶ **New housing construction** - From 2010 to 2023, 28 new housing units have been constructed in Gregory.
- ▶ **City amenities** - Gregory has amenities including a swimming pool, golf course, parks, hunting and fishing opportunities in the area, etc.

Barriers or Limitations to Housing Activities

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

- ▶ **Age and condition of the housing stock** - While the existing stock is affordable, some of the housing is in need of improvements to meet expectations of potential buyers. Gregory has a significant number of dilapidated homes.
- ▶ **Low rent structure** - The area's rent structure is relatively low, which makes it difficult to construct new rental housing.
- ▶ **Value gap deters new owner-occupied construction** - Based on market values from 2022 residential sales, we estimate that the median priced home in Gregory is valued at approximately \$92,900. This is below the comparable cost for new housing construction, which will generally be above \$275,000 for a stick built home with commonly expected amenities. This creates a value gap between new construction and existing homes. This can be a disincentive for any type of speculative building and can also deter customized construction.
- ▶ **Lower paying jobs** - Although Gregory has job opportunities, some jobs are at the lower end of the pay scale and employees with these jobs have limited housing choices.
- ▶ **Commercial/retail options** - Gregory has a limited number of commercial and retail opportunities compared to larger regional centers.
- ▶ **Distance from a major regional center** - Many households desire to or need to be near a major regional center because of healthcare, jobs or other amenities. Gregory is 124 miles from Yankton, 119 miles from Pierre, 110 miles from Mitchell and 181 miles from Sioux Falls.
- ▶ **Competition from rural lots** - There are residential building sites available in rural areas surrounding Gregory. These building sites compete with available residential lots within the City of Gregory.

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 Gregory. They are based on the following strategies.

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

Summary of Findings/Recommendations

The findings/recommendations for the City of Gregory have been formulated through the analysis of the information provided in the previous sections and include 23 recommendations. The findings/recommendations have been developed in the following five categories:

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

The findings/recommendations for each category are as follows:

Rental Housing Development

1. Develop 14 to 16 general occupancy market rate rental units
2. Promote the development/conversion of six to eight affordable market rate rental housing units
3. Promote the development of six to eight subsidized/moderate rent rental housing units
4. Preserve the existing supply of subsidized housing
5. Consider the development of additional senior housing with services beds
6. Develop a downtown mixed-use commercial/housing project
7. Utilize the Housing Choice Voucher Program
8. Renovation and re-use of the 'old hospital and nursing home'

Home Ownership

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

Single Family Housing Development

11. Lot availability and development
12. Strategies to encourage residential lot sales and new home construction in Gregory
13. Coordinate with agencies/nonprofits that develop affordable housing
14. Promote twin home/town home development

Housing Rehabilitation

15. Promote rental housing rehabilitation
16. Promote owner-occupied housing rehabilitation efforts
17. Consider the development and implementation of a Rental Inspection Program

Other Housing Initiatives

18. Encourage employer involvement in housing
19. Continue to acquire and demolish dilapidated structures
20. Create a plan and a coordinated effort among housing agencies
21. Strategies for downtown redevelopment
22. Develop home ownership and new construction marketing programs and strategies
23. The 'Rosebud Plaza' site

Gregory - Rental Housing Development

Rental Housing Development

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

Since the 2017 Gregory Comprehensive Housing Study through 2023, we are aware of no rental units that were constructed in Gregory. However, some single family homes were converted from owner-occupied to rental use and vice versa from 2017 and 2023.

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

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

Our household projections for Gregory expect some limited household growth over the next five years. From 2024 to 2029, it is projected that there will be a gain of approximately 15 households. It is estimated that approximately 40% of these households will be rental households, thus, there will be a demand for approximately six additional rental units due to household growth over the next five years.

Demand created by replacement of lost units is more difficult to determine, but the best available evidence suggests that the City will lose as many as two to three units per year. As a result, approximately 10 to 15 additional units will be needed over the next five years to replace lost units. In some cases, this unit replacement will be necessary as existing units are removed from the inventory through demolition. In other cases, this replacement is appropriate due to the deteriorating condition of older, substandard rental housing that should be removed from the occupied stock. Rental units may also be lost due to rental units converting to owner occupancy.

Pent-up demand also exists for some rental housing segments. As part of this study, a rental survey was conducted. The survey found very high occupancy rates in the general occupancy market rate and subsidized units that were surveyed.

We identified pent-up demand for high quality and affordable market rate rental units and additional senior with services units/beds.

These three demand generators, after factoring current vacancy rates, show a need for 26 to 32 rental units in Gregory over the next five years. We are also recommending 24 to 26 senior with services units in Gregory County. Based on the factors stated above, we recommend the development of the following new rental units/beds over the next five years from 2024 to 2029:

▶ General Occupancy Market Rate	14-16 units
▶ Subsidized/Moderate Rent	6-8 units
▶ Affordable/Conversions	<u>6-8 units</u>
Total	26-32 units

* In addition to these recommendations, a total of 24 to 26 senior with services units/beds are recommended for all of Gregory County.

1. Develop 14 to 16 general occupancy market rate rental units

Findings: Approximately 75% of the rental housing in the City of Gregory can be classified as general occupancy market rate housing. These units are free of any specific occupancy restrictions such as financial status, age, or student enrollment. Market rate housing does not have any form of rent controls, other than those imposed by the competitive marketplace.

In the market rate rental units were surveyed, we found no vacancies.

From the 2017 Comprehensive Gregory Housing Study through 2023, no market rate rental units were constructed in Gregory. However, some single family homes converted from owner-occupied to rental units and vice versa.

There is a wide variation in rental rates in the market rate segment in the City of Gregory. The existing rent range, including utilities, is approximately \$400 to \$1,075 for a two-bedroom unit and \$1,150 for a three-bedroom unit. The Gregory HRC units are the newest market rate units and have the highest rents in the City.

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 14 to 16 market rate rental units over the next five years. The new units should be one, two and three-bedroom units.

Town home-style units or a high quality apartment building 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. A developer is in the planning phase for a four-unit market rate rental project in Gregory.

The first option to developing market rate housing would be to encourage private developers to undertake the construction of market rate rental housing. If private developers do not proceed, GED, the Gregory HRC or a regional housing agency could potentially utilize essential function bonds, or similar funding sources, to construct market rate units. The Gregory HRC successfully developed four market rate rental housing units in 2011.

Also, GED or the Gregory HRC could partner with private developers to construct units. The City could assist with land donations, tax increment financing, tax abatement, tax deferments, reduced water and sewer hookup fees, etc. Additionally, SDHDA assistance such as the DakotaPlex Program could be utilized.

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

<u>Unit Type</u>	<u>No. of Units</u>	<u>Size/Sq. Ft.</u>	<u>Rent</u>
One Bedroom	3-4	650 - 800	\$750 - \$850
Two Bedroom	8-9	850 - 1,000	\$900 - \$1,050
Three Bedroom	<u>3</u>	1,050 - 1,250	\$1,000 - \$1,250
Total	14-16		

Note: The recommended rents are gross rents including all utilities. The rents are quoted in 2024 dollars.

It would be advantageous to have the rents for some of the units at or less than the Fair Market Rent standards for the Housing Choice Voucher Program, thus, the units would be affordable for more households. The Fair Market Rents currently are:

- ▶ 1 bedroom - \$696
- ▶ 2 bedroom - \$905
- ▶ 3 bedroom - \$1,229

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

Findings: The previous recommendation addressed the market potential to develop high quality rental units in Gregory. Unfortunately, these units would tend to be beyond the financial capability of many area renters. A majority of Gregory's renter households have an annual income below \$35,000. These households would need a rental unit at \$875 per month or less.

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

There are still some programs for affordable housing creation for moderate income renters. The federal low income housing tax credit program is one available resource. However, competition for tax credits is very difficult, and few awards are made to small cities for small rental projects.

Recommendation: We continue to encourage the City of Gregory to promote the development/conversion of more affordable rental units. A goal of six to eight units over the next five years would help to replace affordable housing that has been lost. In addition to the goal of six to eight units, the potential may exist to convert the vacant hospital and nursing home into rental housing.

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

The estimated prevailing rent range for older rental units in Gregory is typically between \$450 and \$650. Creating some additional units with contract rents below \$875 per month would help to expand the choices available to a majority of the City's renter households.

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

3. Promote the development of six to eight subsidized/moderate rent 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 people access to the housing at an affordable rent.

The research completed for this Study found four subsidized projects in Gregory with a total of 52 units.

- ▶ **Church Street Apartments** is a 9-unit HUD/SDHDA project constructed in 1979. There are nine one-bedroom units. This project was originally developed for senior/disabled tenant occupancy but was later changed to general occupancy housing.
- ▶ **Edmonton Heights** is a 16-unit HUD project designated for general occupancy. The units are town house-style and all have two or more bedrooms.
- ▶ **Gregory Housing Senior Village** is a HUD Section 8/SDHDA project that was constructed in the late 1970s. All 19 units have one bedrooms and the project is designated for senior/disabled tenant occupancy.
- ▶ **Sunburst Apartments** is an 8-unit HUD/SDHDA project constructed in 1981. All eight units have one bedroom and the project is designated for senior/disabled tenant occupancy.

The tenants in these projects pay 30% of their income up to a maximum rent. At the time of the survey, there were no vacancies in the subsidized projects and the projects had waiting lists.

Although there are 52 subsidized rental units in Gregory, the American Community survey estimated that approximately 20% of the renter households in Gregory were paying 30% or more of their income for rent.

Recommendation: Based on the cost burden rental household data contained in the American Community Survey and the lack of multi-bedroom family subsidized units, we recommend that the City, GED and the HRC look to develop affordable rental housing with two or three bedrooms for lower income renter family households. Over the next five years, we recommend that the City, GED, and the HRC construct six to eight units that achieve a rent level that would be affordable to low income households earning less than \$35,000 per year.

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

All of the units should have two or three-bedrooms to provide options for families.

4. Preserve the existing supply of subsidized housing

Findings: The City of Gregory has four “deep subsidy” rental housing projects that allow tenants to pay rent based on 30% of income. These projects were constructed in the 1970s and 1980s when the federal government was actively involved in producing low income housing.

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

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

Recommendation: Based on the research for this Study, the subsidized projects in Gregory are not currently viewed as being at risk of leaving their subsidy program. Three projects are privately owned and one project is owned by the Gregory HRC. The City should monitor the status of federal subsidy programs. If a subsidized project is considering opting out of the subsidy program and converting to market rate, the Gregory HRC or GED could potentially purchase the project and keep it in the subsidy program.

5. Consider the development of additional senior with services units/beds in Gregory County

Findings: Senior housing with services defines a wide range of housing types. Skilled nursing homes, assisted living and memory care housing are generally the most service-intensive units. High-service housing provides 24-hour staffing and a high level of assistance with daily living needs of residents.

Lower-service housing, sometimes referred to as congregate senior housing, generally offers the availability of a daily meal, and services such as weekly light housekeeping. Gregory County has four specialized projects that provide housing with supportive services for an elderly population, including three projects in Gregory and one project in Bonesteel. At the time of the 2017 Housing Study, Burke also had an assisted living project, however, this project was closed in 2022. The four senior with services projects include:

- ▶ **Haisch Haus Assisted Living** - Haisch Haus Assisted Living is a 16-bed assisted living facility located in Bonesteel. The facility is approximately 25 years old. The facility provides the full array of assisted living senior services, including meals, bathing, laundry, medication management, etc. The facility offers three levels of service, thus, tenants can receive additional services as needed. The owner reported two vacant beds at the time of the survey. The number of vacant beds fluctuates due to turnover. The facility accepts Medicaid residents, thus, residents come from a wide geographical area.
- ▶ **Avera/Rosebud Country Care Center** - The Avera/Rosebud Country Care Center is located in Gregory and has relocated to a new building in 2023. It has capacity for 30 licensed skilled nursing beds. The old facility was licensed for 52 beds. The 30 beds have a high occupancy rate and there is a waiting list. The Care Center is attached to the new hospital.
- ▶ **Silver Threads Assisted Living** - Silver Threads Assisted Living is located in Gregory and is part of the Silver Threads campus. Silver Threads is an assisted living facility with 23 rooms and capacity of 26 residents. The licensed beds are in a variety of unit types. The facility was constructed in 2001 and provides the full array of senior assisted living services including three daily meals, laundry, bathing, medication management, etc. There are different levels of assisted living care offered depending on the residents' needs. At the time of the survey, the staff reported an average of two vacancies.

- ▶ **Silver Threads Apartments** - Silver Threads Apartments in Gregory has nine units and is part of the Silver Threads campus. Silver Threads Apartments were constructed in 2001 and include two one-bedroom, three one-bedroom plus den and four two-bedroom units. Tenants can get up to three meals a day, weekly housekeeping and they can participate in activities at Silver Threads Assisted Living. At the time of the survey, there were no vacancies and the staff reported that there is a waiting list.
- ▶ **TLC Assisted Living** - As stated earlier, the TLC Assisted Living was located in Burke but was closed in 2022. The assisted living facility had 16 beds and was constructed in 2001. The facility provided the full array of assisted living services, including meals, medication management, laundry, bathing, etc. Residents with memory loss, upon doctors approval, have access to a wander-guard bracelet, which prevented the resident from leaving the facility unattended.

Recommendation: In 2020, Gregory County had 583 people between the age of 65 and 74 and 522 people age 75 and older. The growth projections show an expected significant increase of younger seniors in the 65 to 74 year old range over the next five years.

- ▶ **Skilled Nursing Home** - The research for this Study points to a decreasing reliance on nursing homes as a long-term residency option for older senior citizens. Over time, the nursing homes have tended to use more beds for rehab/recovery stays, or other specialized uses. There has also been a long-standing State moratorium that limits expansion in most cases. A new nursing home has been constructed in Gregory since the 2017 Housing Study. The number of beds in the new facility has been reduced to 30 beds from 52 beds that were in the previous facility. At this time, it is our opinion that the new facility in Gregory is meeting the demand for skilled nursing beds in Gregory County.
- ▶ **Memory Care Housing** - There are no designated memory care beds in a secured facility in Gregory County. However, the nursing home and the assisted living facilities all serve residents that have memory loss issues. Local providers do report some unmet demand for this type of specialized memory care housing. Based on the demand for the beds and unmet need, we recommend the development of eight to 10 beds in a secure facility dedicated for memory care over the next five years. It would be advantageous for these beds to be part of an existing senior with services facility in Gregory County.

- ▶ ***Assisted Living*** - Gregory County has two assisted living projects with a total of 39 units/beds. Silver Threads located in Gregory has 23 rooms and a capacity of 26 residents, and Haisch Haus Assisted Living in Bonesteel has 16 beds. At the time of the 2017 Housing Study, TLC Assisted Living with 16 beds was operating in Burke but has closed. The two facilities had a total of four vacant beds at the time of the survey. For all two facilities to be fully occupied, an 8.0% capture rate among Gregory County seniors (over age 75) would be needed. Based on industry standards, this is a high capture rate. The two facilities do, however, have residents coming to their facilities from outside of Gregory County. Based on the current number of assisted living beds in Gregory County, we do not recommend additional assisted living beds at this time. However, the need for additional beds should continue to be monitored.
- ▶ ***Independent/Light Service Housing*** - Currently, there is one independent/light service project in Gregory County. Silver Threads Apartments is located in Gregory and has nine units. Tenants receive weekly housekeeping and can receive up to three meals a day. Tenants can also participate in activities at Silver Threads Assisted Living. It is estimated that in 2023, there were 714 households in Gregory County over the age of 65. If a 3.5% capture rate could be achieved among senior-headed households over age 65 in Gregory County, approximately 25 units of independent/lighter services housing could be supported. With nine units in Silver Threads Apartments, another 16 units could be supported.

The supply and demand overview presented above indicates potential demand for eight to 10 memory care beds and 16 independent/light services units. It would probably be most cost effective for the recommended units/beds to be added to existing Gregory County senior with services facilities.

The purpose of this recommendation is to provide general guidance. A developer or existing senior with services facility planning a specific project should have a project-specific study conducted.

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

Findings: A new mixed-use rental housing/commercial project would be an asset to Downtown Gregory and would complement the current efforts to revitalize the City's downtown.

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

Recommendation: We continue to recommend the development of a mixed-use building in the downtown Gregory area. There are several potential sites in the downtown area for a mixed-use project. The site could be a vacant parcel, or potentially a dilapidated structure or structures could be demolished to provide a site.

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

The units should be primarily one-bedroom and two-bedroom units. Please note that these units are not in addition to the units recommended in the previous recommendations of this section. If a mixed use building was constructed, the number of units recommended 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, tax deferments, land at a reduced price or other local funds.

7. Utilize the Housing Choice Voucher Program

Findings: The Housing Choice Voucher Program provides portable, tenant-based rent assistance to lower income renter households. The program requires participating households to contribute from 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.

The Housing Choice Voucher Program is administered in Gregory and Gregory County by the Yankton Housing and Redevelopment Commission. The Yankton Housing and Redevelopment Commission administers Vouchers in a multi-county area. There is typically a waiting list for Vouchers.

Recommendation: The City of Gregory, the GED and the Gregory HRC should work with the Yankton Housing and Redevelopment Commission to assure that renter households in Gregory are aware of the Housing Choice Voucher Program and have an opportunity to apply for assistance.

8. Renovation and re-use of the 'old hospital and nursing home'

Findings: A new hospital and nursing home were recently constructed in Gregory. The 'old hospital and nursing home' are vacant.

Recommendation: We recommend that the City of Gregory, GED and the Gregory HRC work with the hospital to determine if it would be feasible to renovation and re-use the existing buildings. Potential re-use options for the facilities include senior independent living, single room occupancy units, a group home, a rehabilitation facility, etc.

Gregory - Home Ownership

Home Ownership

Findings: Expanding home ownership opportunities is one of the primary goals for most cities. High rates of home ownership promote stable communities and strengthen the local tax base. The median owner-occupied home value in Gregory is estimated to be approximately \$92,900 based on sales activity in 2022. The home values in Gregory provide a good opportunity for first time buyers and households seeking moderately priced homes.

Our analysis of Gregory County’s demographic trends over the next five years, shows an increase in the number of households in the traditionally strong home ownership in the 65 and older age ranges. The 54 and younger age ranges are projected to have slight losses. Some households in these age ranges as well as other age ranges that have not been able to achieve the goal of home ownership may need the assistance of special programs to help them purchase a home.

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

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

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

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

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

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

The City of Gregory, GED and the Gregory HRC should also work with housing agencies to assure that they are receiving their share of resources that are available in the county.

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

10. Develop a Purchase/Rehabilitation Program

Findings: The City of Gregory has a stock of older, lower valued homes, many of which need repairs. Our analysis of 2022 sales activity indicates that approximately 50% of the homes in Gregory are valued less than \$92,900. As some lower valued homes come up for sale, they may not be attractive options for potential home buyers because of the amount of repair work that is required.

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

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

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

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

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

Also, there may be an opportunity for local and regional housing agencies to financially assist the private sector with purchasing, rehabilitating and selling homes. This may increase the inventory of substandard homes that economically can be rehabilitated and sold.

Gregory - Single Family Housing Development

Single Family Housing Development

Findings: Based on City information, 28 single family owner-occupancy housing units were constructed or are under construction in Gregory from 2017 to 2023. This is an average of two houses per year.

It is our opinion that if the City, GED, housing agencies, developers and builders are proactive, 13 to 17 owner-occupancy units can be constructed in Gregory from 2024 to 2029, for an annual average of three to four units. The breakdown of our projection of 13 to 17 new owner-occupancy housing units over the next five years is as follows:

▶ Higher and medium priced homes (over \$300,000)	4-5
▶ Affordable homes (under \$300,000)	5-6
▶ Twin homes/town homes	4-6
	<hr/>
Total	13-17

11. Lot availability and lot development

Findings: As part of this Study, we attempted to identify the inventory of available residential lots for single family and twin home housing construction in the City of Gregory.

It is estimated that there are approximately 25 residential lots available for new housing construction, or that will be available by late summer 2024 in the Grandview Subdivision. Also, there is additional land available for future lot development phases in the Grandview Subdivision.

There are also miscellaneous infill lots scattered around the City. We do not know the availability of these infill lots, if they have enough square footage for new construction, if they are in attractive locations, etc. Also, dilapidated homes are being demolished in Gregory. Some of the cleared lots may be potential sites for new construction.

Recommendation: Using the projection that between 13 to 17 owner-occupancy units will be constructed over the next five years, the City will have lots available to meet demand over the next five years, with some lots also available after 2028. Part of this demand would exist for the construction of attached single family units.

The lot development in the second phase of Grandview Subdivision should include the following:

- ▶ The lots must be as aesthetically acceptable as possible and include high quality amenities.
- ▶ 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 units 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, home builders, developers, the City of Gregory, GED, and the Gregory HRC. Financial assistance such as tax increment financing, tax abatement, tax deferrals and land donations or write-downs, may be necessary to make the development of lots feasible.

We also recommend that the City research and compile an inventory of all the existing vacant lots and land parcels to determine their availability and viability for new home construction. A lot inventory, based on this research, should be maintained and made available to future home buyers.

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

Findings: There is an inventory of lots available in the City of Gregory. The capacity also exists to develop additional lots.

Recommendation: We recommend that the City of Gregory and GED coordinate efforts with the private sector to promote lot sales and housing development in Gregory.

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

- ▶ ***Competitive pricing*** - There are lots that are available in communities throughout the Region. Lot prices in Gregory will need to be competitive.
- ▶ ***Plan for long-term absorption*** - The research completed for this Study expects limited annual absorption of lots in Gregory over the next five years. It is necessary to view the lot sales and housing development in the Grandview Subdivision as a long-term plan.
- ▶ ***Consider developing an exclusive builder(s) relationship*** - Several lots could be sold to a builder(s). 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 lot owners should require the builder to construct a minimum number of homes per year. Builders are more willing to enter a market when the lots are attractive and very affordable. Several lots available to an exclusive builder or developer should be explored, even if significant price concessions are required. The City of Gregory and GED have developed a working relationship with a developer/builder which has been successful.
- ▶ ***User-Friendly*** - The lot purchase and homebuilding process must be 'user-friendly.' This includes builders, who are readily available to build custom homes, information on quality homes that could be moved into the community and City regulations that are fair and reasonable. This entire process should be as user-friendly as possible to encourage new home construction.
- ▶ ***Lot Availability for affordable homes*** - Lots should be available for affordable homes including modular homes and Governors Homes.
- ▶ ***Allow for a range of house prices*** - Lots should be available in Gregory in as wide a range of home sizes and prices as possible. This would broaden the lot buyer market.
- ▶ ***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, tax deferments, cash incentives, etc. Incentives should be considered to promote new home construction. The City of Gregory and GED have a property tax rebate program designed to encourage new construction.

- ▶ ***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 be available for twin home/town home lot development.
- ▶ ***Marketing*** - The City of Gregory, GED and builders should continue a marketing strategy to sell the available lots. All stakeholders including realtors, financial institutions, builders, employers, etc. should be included in marketing strategies. In addition to marketing the lots, the City of Gregory and its amenities should be marketed.

13. 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 and nonprofit groups. Private developers may also have an interest in constructing affordable housing in Gregory. These sources can help generate new homes for moderate income families in Gregory.

Recommendation: We continue to recommend that the City of Gregory and GED coordinate with housing agencies, nonprofit groups and private sector builders to produce housing units for moderate income ownership. The City may be able to contribute to the project through land donations, tax increment financing (TIF), tax abatement, tax deferments or project coordination activities. The Governors Home Program could also be utilized to reduce the cost of a new affordable home. The Governors Home Program is available to builders and developers, in addition to individual households.

If dilapidated homes are demolished, some of the cleared lots may be suitable for new affordable home construction. Existing in-fill lots could also be utilized.

14. Promote twin home/town home development

Findings: Attached housing provides desirable alternatives for empty nesters and seniors to move out of their single family homes, thus, making homes available for families. It is important for the community to offer a range of life-cycle housing options. Since the 2017 Gregory Comprehensive Housing Study, four twin homes (eight units) have been constructed or are under construction.

In 2023, it is estimated that Gregory County has approximately 714 households in the 65 and older age ranges. These age ranges are expected to add approximately 57 households from 2023 to 2028. Household growth among empty-nester and senior households should result in demand for attached single family units. It is likely that demand for attached housing units will also be dependent on the product's ability to gain additional market acceptance among the households in the prime target market, and among other households. Also, the success of the newly constructed twin homes will have an impact on future twin home/town home construction.

Recommendation: It is our projection that approximately four to six new owner-occupied twin home or town home units could be constructed in Gregory over the next five years. These units are in addition to the eight twin home units that are currently under construction. This recommendation assumes the successful sale of the units currently being constructed.

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

- ▶ Senior friendly home designs
- ▶ Maintenance, lawn care, snow removal, etc. all covered by an Association
- ▶ Cluster development of homes, which provides security
- ▶ Homes at a price that is acceptable to the market
- ▶ The units should have high quality designs and workmanship

Gregory's role is to assure that adequate land continues to be available for development and that zoning allows for attached housing construction.

Gregory - Housing Rehabilitation

Housing Rehabilitation

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

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

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

15. Promote rental housing rehabilitation

Findings: Based on 2020 U.S. Census data, the City of Gregory had approximately 204 rental units in 2020. These rental units are in multi-family projects, single family homes, mobile homes and mixed-use buildings. Some of these rental structures could benefit from rehabilitation as approximately 50% of these rental structures are more than 50 years old and some of these rental units are in poor condition.

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

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

16. Promote owner-occupied housing rehabilitation efforts

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

Approximately 50% of the owner-occupied homes in Gregory were constructed prior to 1958 and are over 65 years old. Some of these homes need rehabilitation to continue to be viable housing options. Without rehabilitation assistance, the affordable housing stock will shrink in Gregory.

Recommendation: We recommend that the City of Gregory, GED and the Gregory HRC seek local, state and federal funds to assist in financing housing rehabilitation. USDA Rural Development, the South Dakota Housing Development Authority, the Federal Home Loan Bank, the Rural Office of Community Services, Inc., and Grow South Dakota are potential funding sources.

Grow South Dakota and USDA Rural Development currently have several housing programs to assist households with the rehabilitation of their homes. The Rural Office of Community Services, Inc. administers the Weatherization Program in Gregory County.

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

17. Develop a Rental Inspection and Registration Program

Findings: A Rental Inspection and Registration Program can be a valuable tool in improving the quality of the City's rental housing. It is estimated that there are approximately 204 rental units in the City of Gregory, approximately 50% of these units are more than 50 years old. There are also a significant number of single family homes that have converted from owner-occupied to rentals. Neighborhood deterioration, lower property values and unsafe rental units are often prevented when a Rental Housing Inspection and Registration program is successfully implemented. The City of Gregory has hired a code enforcement office to identify code violations in the City of Gregory.

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

Health and Safety

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

Age of Housing Stock

- ▶ Much of the existing rental housing stock in Gregory is more than 30 years old.
- ▶ Older housing needs continued rehabilitation and maintenance.
- ▶ Older housing often has difficulty complying with current codes.

Conversions

- ▶ Some of the rental buildings were originally constructed for other uses, including single family homes converted into multiple units, or commercial buildings converted to residential use. In conversion, owners often do the work themselves and have inadequate or faulty mechanical, electrical, plumbing, and heating systems. Also, constructing an apartment in the basement often results in a lack of natural lighting, ventilation and proper access and egress.

Trends of Conversions

- ▶ Many of Gregory’s buyers want more amenities and conveniences, and less maintenance, thus, they are less likely to purchase older homes. Also, there was an increase in foreclosures during the recession. These issues result in the conversion of older homes to rental units which magnify the problem.

Maintenance Efforts

- ▶ A large number of property owners are providing standard housing and reinvesting in their rental properties. However, some landlords do not maintain their buildings. Ongoing maintenance is necessary for older housing as buildings with continued deferred maintenance become unsafe and substandard.

High Number of Rental Property Owners

- ▶ Gregory has a significant number of rental property owners. Many of these owners do an excellent job; however, some absentee owners do not reinvest in their properties, and create a need for the program.

Neighborhood Stabilization

- ▶ Rental units need to be maintained to keep the integrity of the neighborhood and stabilize property values. Deferred maintenance, parked junk cars, trash and debris all have a negative impact on residential neighborhoods.

Zoning and Codes

- ▶ Illegal apartments such as inappropriately constructed basement apartments may be unsafe and a violation of zoning regulations.

Coordination

- ▶ A Rental Inspection and Registration Program provides a record of rental units and owners.
- ▶ The program provides a better opportunity for coordination of city programs and codes.

Recommendation: We continue to recommend the development and implementation of a Rental Inspection and Registration Program to assure that all rental units in Gregory comply with housing laws and codes. The Program will help assure that Gregory's rental units are safe and sanitary, thus, removing blighted and unsafe conditions.

Potentially, the code enforcement officer's duties could involve the implementation of Rental Inspection and Registration Program.

Gregory - Other Housing Initiatives

Other Housing Initiatives

18. Encourage employer involvement in housing

Findings: The City of Gregory has several large employers. The connection between economic development and housing availability has become an increasingly important issue as local employers have the need to attract new workers into the community.

Although the jobs being created may have good wages for the area, some jobs do not pay wages sufficient for workers to buy or improve their housing. Housing for new employees is a concern for employers. It may be advantageous for employers to become involved in housing.

Recommendation: We continue to recommend an ongoing effort to involve employers as partners in addressing Gregory's housing needs. Several funding sources have finance programs that include employers. The funding agencies often view applications favorably that include employers in the problem solving process.

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

Additionally, employers can continue to support other city projects such as parks, ballfields, trails, etc. that have a positive impact on housing in Gregory.

19. Continue to acquire and demolish dilapidated structures

Findings: There is a significant number of single family houses in Gregory that are dilapidated and too deteriorated to rehabilitate. We have also identified single family houses in Gregory as needing major repair and some of these homes may be too dilapidated to rehabilitate. To improve the quality of the housing stock and to maintain the appearance of the City, these structures should be demolished.

The City of Gregory has been active in working with property owners to demolish dilapidated structures. Three dilapidated houses have recently been demolished and the City of Gregory has targeted several additional homes for demolition. Also, the City of Gregory has hired a code enforcement officer that can identify dilapidated homes.

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

The City of Gregory should maintain an inventory of structures that may be candidates for future acquisition and demolition. Additionally, an inventory of in-fill lots for future development should be maintained.

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

Findings: The City of Gregory will continue to need staff resources in addition to existing City, GED and Gregory HRC staff to plan and implement many of the housing recommendations advanced in this Study. The City of Gregory has access to the Planning and Development District III, the Rural Office of Community Services, Inc., Grow South Dakota, the South Dakota Housing Development Authority, USDA Rural Development and Dakota Resources. These agencies all have experience with housing and community development programs.

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

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

21. Strategies for Downtown Redevelopment

Findings: Downtown Gregory has buildings that have been renovated and have high quality commercial space. There are also buildings that have not been maintained and are substandard. This recommendation provides an outline of actions that could be taken to continue 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 commercial district is an important factor in their decision making process.

Since the 2017 Gregory Comprehensive Housing Study, the City and the GED have developed a Main Street Design Plan of the downtown. Also, there are several new businesses downtown and two dilapidated buildings have been demolished downtown. Also, a downtown park is in the planning phase.

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

- ▶ Interview downtown 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, a downtown park, etc.)
- ▶ Develop a mini-plan for each downtown property and each downtown block. This may include:
 - ▶ Commercial building rehab and renovations
 - ▶ Facade work
 - ▶ Building demolition
 - ▶ New commercial construction
 - ▶ Recruiting new businesses
 - ▶ Housing development

- ▶ Identify funding sources
 - ▶ Property owner funds
 - ▶ City of Gregory
 - ▶ Gregory Economic Development Group
 - ▶ Gregory HRC
 - ▶ Federal Home Loan Bank
 - ▶ Special tax districts
 - ▶ Tax increment financing
 - ▶ Tax abatement/tax deferments
 - ▶ Funds from South Dakota State Agencies

- ▶ Work with stakeholders to identify roles, secure funding, develop and implement programs and projects
 - ▶ Property owners
 - ▶ City of Gregory
 - ▶ Gregory Economic Development Group
 - ▶ Gregory HRC
 - ▶ Planning and Development District III

22. Develop home ownership and new construction marketing programs and strategies

Findings: Cities that invest in marketing have a competitive 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, availability of local builders, etc. This is especially evident for new households moving into the area. The home buying/home building process can be intimidating for first-time buyers and builders. It is important for the home buying or home building process to be user-friendly.

The City of Gregory, GED, the Gregory HRC, and private builders and developers have been active in promoting the City, including housing opportunities.

Recommendation: We recommend that the stakeholders continue to promote and market housing in Gregory as follows:

- ▶ Determine the City's strengths and competitive advantages and heavily promote them

- ▶ Continue to create marketing materials that can be distributed regionally (including social media, TV, radio, etc.)
- ▶ Work closely with employers (Gregory and the area) to provide employees (especially new employees) with housing opportunities in Gregory
- ▶ Work with housing agencies to provide down payment and closing cost assistance, gap financing, low interest loans, home owner education and home owner counseling and other housing programs
- ▶ Continue to work on the creation of jobs and the development of retail, service and recreational opportunities that make the City a “full service” community
- ▶ Continue to provide attractive lots at an affordable price for a variety of home sizes, styles and price ranges
- ▶ Develop a plan to preserve the quality of existing neighborhoods through the rehabilitation of substandard housing and the demolition of dilapidated structures that are beyond repair
- ▶ Continue to develop new housing choices, such as new single family homes, rental housing, twin homes, senior with services, 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 City’s housing stakeholders

23. The ‘Rosebud Plaza’ Site

Findings: A developer purchased a school in Gregory approximately 10 years ago that is no longer utilized as a school. His intent was to convert the school into housing units. He named the building ‘Rosebud Plaza’ and has made only minimal improvements over the years. No renovation work has been done to the building for an extended period of time and the building has continued to deteriorate. It is probably not cost effective or feasible to continue to renovate the building.

Recommendation: In reviewing the ‘Rosebud Plaza’ site and the surrounding area, we have determined that the site is an excellent location for new housing or commercial development. The site is in an established neighborhood near the downtown and close to many amenities and services. Infrastructure and utilities are available to the site.

It is our opinion that a planned housing development could include owner-occupied or rental twin homes/town homes and/or a rental apartment building. The site could also be utilized for commercial, retail or office space.

The development could also be planned as a mixed-use project that includes all or some of these options. Amenities such as sidewalks, walking paths, landscaping, lighting, a pond, etc. could enhance the development. The site has the potential to be a 'showplace' and a draw to the community.

Findings and Recommendations for the City of Burke

Findings on Housing Unit Demand and Tenure

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

Demand from Growth - Community Partners Research, Inc., projects that Burke will gain five to 10 households from 2023 to 2028. Household growth in Burke will yield some demand for new housing production in Burke.

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

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

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

Strengths for Housing Development

The following strengths for the City of Burke were identified through statistical data, local interviews, research and on-site review of the local housing stock and strengths identified in the 2017 Burke Comprehensive Housing Study.

- ▶ **Burke serves the surrounding area** - Burke provides employment opportunities, retail/service options, health and professional services, governmental services and recreational facilities for a small geographical area that surrounds the City.
- ▶ **Affordable priced housing stock** - The City of Burke has a stock of affordable, existing houses. Our analysis shows that the City's median home value based on 2021 and 2022 sales is approximately \$131,000. This existing stock, when available for sale, provides an affordable option for home ownership.
- ▶ **Educational system** - Burke has a public pre-school-12 school system.
- ▶ **Infrastructure** - Burke's water and sewer infrastructure can accommodate future expansion and infrastructure improvements are ongoing.
- ▶ **Commercial development** - Burke's commercial district is adequate to meet most daily needs.
- ▶ **Burke Economic Development Authority** - The Burke Economic Development Authority is very active in addressing Burke's community and economic development and housing needs.
- ▶ **Employers** - Burke has employers that provide job opportunities for local residents.
- ▶ **Commuters** - Approximately 291 employees are commuting into Burke daily for work. These commuters are a potential market for future housing development.
- ▶ **Burke Housing and Redevelopment Commission** - The Burke Housing and Redevelopment Commission (HRC) has been active in the past in addressing Burke's housing needs. The HRC owns and manages rental housing in Burke.

- ▶ **Household growth** - Community Partners Research, Inc., is projecting that Burke will add households over the next five years.
- ▶ **Health facilities** - Burke has excellent health facilities including a hospital and medical clinic. The hospital and clinic have recently expanded. Also, senior housing with services facilities are located in other Gregory County cities.
- ▶ **Small town atmosphere** - Burke has the real and perceived amenities of a small town. Small town living is attractive for some households.
- ▶ **City amenities** - The community has amenities including a daycare center, fitness center, a park and civic center that impact the residents' quality of life.
- ▶ **Land for development** - The community has land available for residential development, however, some of the land needs to be purchased, serviced with infrastructure improvements and/or annexed into the City.
- ▶ **New housing construction** - Since the 2017 Burke Housing Study, seven new single family homes have been constructed in Burke.
- ▶ **Area Amenities** - Burke is in a region that provides recreational opportunities including fishing, hunting, boating, camping, etc.

Barriers or Limitations to Housing Activities

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

- ▶ **Age and condition of the housing stock** - While the existing housing stock is affordable, some of the housing is in need of improvements to meet expectations of potential buyers.
- ▶ **Low rent structure** - The area's rent structure is relatively low, which makes it difficult to construct new rental housing.
- ▶ **Value gap deters new owner-occupied construction** - Based on market values from 2021 and 2022 residential sales, we estimate that the median priced home in Burke is valued at approximately \$131,000. This is below the comparable cost for new housing construction, which will generally be above \$275,000 for a stick built home with commonly expected amenities. This creates a value gap between new construction and existing homes. This can be a disincentive for any type of speculative building and can also deter customized construction.
- ▶ **Lower paying jobs** - Although Burke has job opportunities, some jobs are at the lower end of the pay scale and employees with these jobs have limited housing choices.
- ▶ **Commercial/retail options** - Although Burke has commercial/retail options to meet daily needs, Burke has a limited number of commercial and retail opportunities compared to larger regional centers.
- ▶ **Proximity to a large regional center** - Burke is not located near a large regional center. Burke is 105 miles from Mitchell, 115 miles from Yankton, 128 miles from Pierre and 176 miles from Sioux Falls.
- ▶ **Available residential lots** - Burke has only a few lots available for new home construction and there is not a parcel of land immediately available for residential lot development.
- ▶ **Competition from rural lots** - There are lot opportunities available in rural areas surrounding Burke. These potential building sites compete with available residential lots within the City of Burke.
- ▶ **TLC Assisted Living closure** - TLC Assisted Living in Burke has closed and is no longer in operation. The facility had 16 beds and was constructed in 2001.

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 Burke. They are based on the following strategies.

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

Summary of Findings/Recommendations

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

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

The findings/recommendations for each category are as follows:

Rental Housing Development

1. Develop 12 to 14 general occupancy market rate rental units
2. Promote the development/conversion of five to six affordable market rate rental housing units
3. Promote the development of four to five additional subsidized rental housing units
4. Develop additional senior housing with services units/beds
5. Preserve the existing supply of subsidized housing
6. Develop a downtown mixed-use commercial/housing project
7. Utilize the Housing Choice Voucher Program
8. Renovation and re-use of the TLC Assisted Living facility

Home Ownership

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

Single Family Housing Development

11. Lot availability and development
12. Strategies to encourage residential lot sales and new home construction in Burke
13. Coordinate with agencies/nonprofits that develop affordable housing
14. Promote twin home/town home development

Housing Rehabilitation

15. Promote rental housing rehabilitation
16. Promote owner-occupied housing rehabilitation efforts

Other Housing Initiatives

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

Burke - Rental Housing Development

Rental Housing Development

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

From 2000 to 2023, we are aware of no rental units that were constructed in Burke. However, some single family homes were converted from owner-occupied to rental use between 2000 and 2023, and vice versa.

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

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

Our household projections for Burke expect some limited household growth over the next five years. From 2023 to 2028, we are projecting that there will be a gain of up to 10 households. It is estimated that five of these households will be rental households, thus, there will be a demand for approximately five additional rental units due to household growth over the next five years.

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

Pent-up demand also exists for some rental housing segments. There are no high quality market rate rental projects in Burke. Also, there are no subsidized rental units for larger families in Burke. Additionally, there is a need in Gregory County for additional senior with services units/beds.

These three demand generators, after factoring current vacancy rates, show a need for 21 to 25 rental units over the next five years. Based on the factors stated above, we recommend the development of the following new rental units over the next five years from 2024 to 2029:

▶ General Occupancy Market Rate	12-14 units
▶ Subsidized	4-5 units
▶ Affordable/Conversions	<u>5-6 units</u>
Total	21-25 units

* In addition to these recommendations, a total of 24 to 26 senior with services units/beds are recommended for all of Gregory County.

1. Develop 12 to 14 general occupancy market rate rental units

Findings: Approximately 43% of the rental housing in the City of Burke can be classified as general occupancy market rate housing. These units are free of any specific occupancy restrictions such as financial status, age, or student enrollment. Market rate housing does not have any form of rent controls, other than those imposed by the competitive marketplace.

The majority of these rental units were in single family homes as there is only one market rate rental project in Burke, Lake Drive Apartments. This project is more than 35 years old.

Based on American Community Survey data, the existing median rent for market rate rental units in Burke, including utilities, is approximately \$469 for a one-bedroom unit and \$583 for a two-bedroom unit.

From 2000 to 2023, no market rate rental units were constructed in Burke. However, some single family homes converted from owner-occupied to rental units and vice versa. Also, the Burke EDA in coordination with the hospital, is planning to develop two rental units in Burke utilizing the SDHDA DakotaPlex Program. Additionally, a rental unit is under construction on the upper floor of a downtown building. In the 2017 Burke Housing Study, we recommended the construction of eight to 10 units.

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 12 to 14 market rate rental units over the next five years. The new units should be one, two and three-bedroom units.

Town home-style units or a high quality apartment building 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, such as twin homes or four-plexes. This strategy allows the new units to be absorbed into the market.

The first option to developing market rate housing would be to encourage private developers to undertake the construction of market rate rental housing. If private developers do not proceed, the Burke EDA or the Burke HRC could potentially utilize essential function bonds, or similar funding sources, to construct market rate units.

Also, the Burke EDA or Burke HRC could partner with private developers to construct units. Additionally, the City could assist with land donations, tax increment financing, tax abatement, tax deferrals, reduced water and sewer hookup fees, etc. Also, SDHDA assistance such as the DakotaPlex Program could be accessed.

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

<u>Unit Type</u>	<u>No. of Units</u>	<u>Size/Sq. Ft.</u>	<u>Rent</u>
One Bedroom	4	650 - 800	\$750 - \$850
Two Bedroom	6-7	850 - 1,000	\$900 - \$1,050
Three Bedroom	2-3	1,050 - 1,250	\$1,000 - \$1,250
Total	12-14		

Note: The recommended rents are gross rents including all utilities. The rents are quoted in 2024 dollars.

It would be advantageous to have the rents for some of the units at or less than the Fair Market Rent standards for the Housing Choice Voucher Program, thus, the units would be affordable for more households. The Fair Market Rents currently are:

- ▶ 1 bedroom - \$696
- ▶ 2 bedroom - \$905
- ▶ 3 bedroom - \$1,229

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

Findings: The previous recommendation had addressed the market potential to develop high quality rental units in Burke. Unfortunately, these units would tend to be beyond the financial capability of many area renters. A majority of Burke's renter households have an annual income below \$35,000. These households would need a rental unit at \$875 per month or less.

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

There are still some programs for affordable housing creation for moderate income renters. The federal low income housing tax credit program is one available resource. However, competition for tax credits is very difficult, and few awards are made to small cities for small rental projects.

Recommendation: We continue to encourage the City of Burke to promote the development/conversion of affordable rental units. A goal of five to six units over the next five years would help to replace affordable housing that has been lost. In addition to the goal of five to six units, the potential exists to convert the vacant assisted living building into rental housing.

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

The estimated prevailing gross rent range for older rental units in Burke is typically between \$500 and \$650. Creating some additional units with contract rents below \$875 per month would help to expand the choices available to many of the City's renter households.

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

3. Promote the development of four to five subsidized/moderate rent 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 people access to the housing at an affordable rent.

The research completed for this Study found four subsidized projects in Burke, with a total of 50 units. Only seven of the 50 subsidized units have two bedrooms. Forty-three units have one bedroom. No units have three or more bedrooms. The only two-bedroom units are in senior/disabled projects.

- ▶ **Burke Public Housing** is a HUD Public Housing project constructed in the 1960s. The units are designated for senior/disabled tenant occupancy.
- ▶ **Kopper Key Apartments** was originally developed as USDA Rural Development subsidized housing that also utilized federal low income housing tax credits. Although the USDA Rural Development contract has ended and the tax credit compliance requirements have been met, the project was acquired by SWA Corporation and continues to provide very affordable housing for Tribal members with rent based on income.
- ▶ **Parkview Manor** is a 12-unit HUD Section 8/SDHDA project constructed in the 1960s. The project is designated as senior/disabled occupancy housing.
- ▶ **Rosebud Apartments** is a HUD Section 8/SDHDA project constructed in 1975. The project is designated as senior/disabled occupancy housing.

Currently, according to the American Community Survey, 20% of the renter households in Burke are paying 30% or more of their income for rent.

Recommendation: Based on the cost burden rental household data contained in the American Community Survey and the lack of multi-bedroom family subsidized units, we recommend that the City, the EDA and the HRC look to develop deep subsidy rental housing with two or three bedrooms for lower income renter family households. Over the next five years, we recommend that the City, the EDA and the HRC construct four to five units that achieve a rent level that would be affordable to low income households earning less than \$35,000 per year.

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

All of the units should have two or three-bedrooms to provide options for larger families.

4. Consider the development of additional senior with services units/beds in Gregory County

Findings: Senior housing with services defines a wide range of housing types. Skilled nursing homes, assisted living and memory care housing are generally the most service-intensive units. High-service housing provides 24-hour staffing and a high level of assistance with daily living needs of residents.

Lower-service housing, sometimes referred to as congregate senior housing, generally offers the availability of a daily meal, and services such as weekly light housekeeping. Gregory County has four specialized projects that provide housing with supportive services for an elderly population, including three projects in Gregory and one project in Bonesteel. At the time of the 2017 Housing Study, Burke also had an assisted living project, however, this project was closed in 2022. The four senior with services projects include:

- ▶ **Haisch Haus Assisted Living** - Haisch Haus Assisted Living is a 16-bed assisted living facility located in Bonesteel. The facility is approximately 25 years old. The facility provides the full array of assisted living senior services, including meals, bathing, laundry, medication management, etc. The facility offers three levels of service, thus, tenants can receive additional services as needed. The owner reported two vacant beds at the time of the survey. The number of vacant beds fluctuates due to turnover. The facility accepts Medicaid residents, thus, residents come from a wide geographical area.
- ▶ **Avera/Rosebud Country Care Center** - The Avera/Rosebud Country Care Center is located in Gregory and has relocated to a new building in 2023. It has capacity for 30 licensed skilled nursing beds. The old facility was licensed for 52 beds. The 30 beds have a high occupancy rate and there is a waiting list. The Care Center is attached to the new hospital.

- ▶ **Silver Threads Assisted Living** - Silver Threads Assisted Living is located in Gregory and is part of the Silver Threads campus. Silver Threads is an assisted living facility with 23 rooms and capacity of 26 residents. The licensed beds are in a variety of unit types. The facility was constructed in 2001 and provides the full array of senior assisted living services including three daily meals, laundry, bathing, medication management, etc. There are different levels of assisted living care offered depending on the residents' needs. At the time of the survey, the staff reported an average of two vacancies.
- ▶ **Silver Threads Apartments** - Silver Threads Apartments in Gregory has nine units and is part of the Silver Threads campus. Silver Threads Apartments were constructed in 2001 and include two one-bedroom, three one-bedroom plus den and four two-bedroom units. Tenants can get up to three meals a day, weekly housekeeping and they can participate in activities at Silver Threads Assisted Living. At the time of the survey, there were no vacancies and the staff reported that there is a waiting list.
- ▶ **TLC Assisted Living** - As stated earlier, the TLC Assisted Living was located in Burke but was closed in 2022. The assisted living facility had 16 beds and was constructed in 2001. The facility provided the full array of assisted living services, including meals, medication management, laundry, bathing, etc. Residents with memory loss, upon doctors approval, have access to a wander-guard bracelet, which prevented the resident from leaving the facility unattended.

Recommendation: In 2020, Gregory County had 583 people between the age of 65 and 74 and 522 people age 75 and older. The growth projections show an expected significant increase of younger seniors in the 65 to 74 year old range over the next five years.

- ▶ **Skilled Nursing Home** - The research for this Study points to a decreasing reliance on nursing homes as a long-term residency option for older senior citizens. Over time, the nursing homes have tended to use more beds for rehab/recovery stays, or other specialized uses. There has also been a long-standing State moratorium that limits expansion in most cases. A new nursing home has been constructed in Gregory since the 2017 Housing Study. The number of beds in the new facility has been reduced to 30 beds from 52 beds that were in the previous facility. At this time, it is our opinion that the new facility in Gregory is meeting the demand for skilled nursing beds in Gregory County.

- ▶ ***Memory Care Housing*** - There are no designated memory care beds in a secured facility in Gregory County. However, the nursing home and the assisted living facilities all serve residents that have memory loss issues. Local providers do report some unmet demand for this type of specialized memory care housing. Based on the demand for the beds and unmet need, we recommend the development of eight to 10 beds in a secure facility dedicated for memory care over the next five years. It would be advantageous for these beds to be part of an existing senior with services facility in Gregory County.

- ▶ ***Assisted Living*** - Gregory County has two assisted living projects with a total of 39 units/beds. Silver Threads located in Gregory has 23 rooms and a capacity of 26 residents, and Haisch Haus Assisted Living in Bonesteel has 16 beds. At the time of the 2017 Housing Study, TLC Assisted Living with 16 beds was operating in Burke but has closed. The two facilities had a total of four vacant beds at the time of the survey. For all two facilities to be fully occupied, an 8.0% capture rate among Gregory County seniors (over age 75) would be needed. Based on industry standards, this is a high capture rate. The two facilities do, however, have residents coming to their facilities from outside of Gregory County. Based on the current number of assisted living beds in Gregory County, we do not recommend additional assisted living beds at this time. However, the need for additional beds should continue to be monitored.

- ▶ ***Independent/Light Service Housing*** - Currently, there is one independent/light service project in Gregory County. Silver Threads Apartments is located in Gregory and has nine units. Tenants receive weekly housekeeping and can receive up to three meals a day. Tenants can also participate in activities at Silver Threads Assisted Living. It is estimated that in 2023, there were 714 households in Gregory County over the age of 65. If a 3.5% capture rate could be achieved among senior-headed households over age 65 in Gregory County, approximately 25 units of independent/lighter services housing could be supported. With nine units in Silver Threads Apartments, another 16 units could be supported.

The supply and demand overview presented above indicates potential demand for eight to 10 memory care beds and 16 independent/light services units. It would probably be most cost effective for the recommended units/beds to be added to existing Gregory County senior with services facilities.

The purpose of this recommendation is to provide general guidance. A developer or existing senior with services facility planning a specific project should have a project-specific study conducted.

5. Preserve the existing supply of subsidized housing

Findings: The City of Burke has four “deep subsidy” rental housing projects that allow tenants to pay rent based on 30% of income. These projects were constructed in the 1970s or 1980s when the federal government was actively involved in producing low income housing.

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

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

Recommendation: Based on the research for this Study, the subsidized projects in Burke are not currently viewed as being at risk of leaving their subsidy program. Three projects are publically-owned and one project is owned by a nonprofit group with an affordable housing mission. However, the City and HRC should continue to monitor the status of these projects.

If there is a possibility that the City may lose a subsidized project due to contract termination, it may be appropriate for a local or regional agency to acquire the project to preserve the subsidized housing for the community.

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

Findings: A new mixed-use rental housing/commercial project would be an asset to Downtown Burke. New mixed-use projects have been developed in several smaller cities. Some of these projects were developed because of market demand while others were developed to enhance the downtown, to introduce a new product to the market or to serve as a catalyst for downtown redevelopment.

Recommendation: We continue to recommend the development of a mixed-use building in the downtown Burke area. There are several potential sites in the downtown area for a mixed-use project. The site could be a vacant parcel, or potentially a dilapidated structure or structures could be demolished to provide a site.

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

The units should be primarily one-bedroom and two-bedroom units. Please note that these units are not in addition to the units recommended in the first and second recommendations of this section. If a mixed use building was constructed, the number of units in the previous recommendations should be reduced.

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

7. Utilize the Housing Choice Voucher Program

Findings: The Housing Choice Voucher Program provides portable, tenant-based rent assistance to lower income renter households. The program requires participating households to contribute from 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 very limited funding for subsidized housing construction, it has provided new Housing Choice Voucher allocations over the last two decades. Because of the flexibility offered through the program, eligible households often prefer the portable rent assistance to other forms of subsidized housing that are project-based, and can only be accessed by living in a specific rental development.

The Housing Choice Voucher Program is administered in Burke and Gregory County by the Yankton Housing and Redevelopment Commission. The Yankton Housing and Redevelopment Commission administers Vouchers in a multi-county area. There is typically a waiting list to obtain a Voucher.

Recommendation: The City of Burke, the EDA and the EDC should work with the Yankton Housing and Redevelopment Commission to assure that renter households in Burke are aware of the Housing Choice Voucher Program and have an opportunity to apply for assistance.

8. Renovation and re-use of the TLC Assisted Living facility

Findings: TLC Assisted Living in the City of Burke is no longer in operation and has closed. The assisted living facility was constructed in 2001 and had a capacity of 16 beds.

Based on the exterior only, it appears that the building is in relatively good condition and could accommodate potential re-use.

Recommendation: We recommend that the City of Burke and the Burke EDA coordinate with the owner of the TLC Assisted Living facility to develop a renovation and re-use plan.

Potential re-use options for the facility could include senior independent living, single room occupancy units, a group home, a rehabilitation facility, a clinic, etc. Also, the option of continuing to utilize the facility for senior assisted living should be researched.

It should be noted that we do not have information on the status of the facility's ownership or to what extent planning is currently being undertaken to utilize the facility in a manner that would be beneficial to the community.

Burke - Home Ownership

Home Ownership

Findings: Expanding home ownership opportunities is one of the primary goals for most cities. High rates of home ownership promote stable communities and strengthen the local tax base. The median owner-occupied home value in Burke is estimated to be approximately \$131,000 based on sales activity in 2021 and 2022. The home values in Burke provide an opportunity for first time buyers and households seeking moderately priced homes.

Our analysis of Gregory County’s demographic trends, shows an increase over the next five years in the number of households in the traditionally strong home ownership in the 65 and older age ranges. The number of households in the 54 and younger age ranges are projected to have slight losses. Some households in these age ranges as well as other age ranges that have not been able to achieve the goal of home ownership may need the assistance of special programs to help them purchase a home.

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

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

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

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

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

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

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

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

10. Develop a Purchase/Rehabilitation Program

Findings: The City of Burke has a stock of older, lower valued homes, many of which need repairs. Our analysis of 2021 and 2022 sales activity indicates that approximately 50% of the homes in Burke are valued less than \$131,000. As some lower valued homes come up for sale, they may not be attractive options for potential home buyers because of the amount of repair work that is required.

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

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

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

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

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

Also, there may be an opportunity for local and regional housing agencies to financially assist the private sector with purchasing, rehabilitating and selling homes. This may increase the inventory of substandard homes that economically can be rehabilitated and sold.

Burke - Single Family Housing Development

Single Family Housing Development

Findings: Based on City and U.S. Census Bureau information, Burke has experienced some single family housing development since the 2017 Housing Study. From 2017 to 2023, seven single family houses were constructed or moved into the City, for an average of one home per year.

It is our opinion that if the City of Burke, the Burke EDA, the Burke HRC, developers, housing agencies, and builders are proactive, eight to 11 homes can be constructed in Burke from 2024 to 2029:

The breakdown of our projection of eight to 11 new owner-occupied housing units over the next five years is as follows:

▶ Higher and medium priced homes (over \$300,000)	4-5
▶ Affordable homes (under \$300,000)	1-2
▶ Twin homes/town homes	<u>3-4</u>
	Total 8-11

11. 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 the City of Burke.

Only one residential lot is still available in the City’s newest subdivision. Additionally, there are miscellaneous infill lots and parcels scattered around Burke. We do not know if these infill lots are for sale, if they have enough square footage for new construction, if they are in attractive locations, etc. Also, dilapidated homes are being demolished in Burke. Some of the cleared lots may be potential sites for new construction.

Recommendation: With projections that eight to 11 new owner-occupied housing units could be constructed in Burke over the next five years, the City should have residential lots available to meet the expected demand. Part of this demand should be for attached unit construction.

With only a few lots available in the City, there is not an adequate supply of lots to address the projected demand. Therefore, if expected demand comes to fruition, it will be necessary to develop additional residential lots.

Potential sites in Burke which may be conducive for lot development are limited. It may be necessary to annex land into the City for residential lot development. Additionally, it may be possible that several adjacent dilapidated homes or buildings could be demolished to create a larger parcel of land for residential lot development.

To achieve the level of new home construction potential that has been identified, we recommend the development of 10 to 12 new residential lots, which will address near-term lot demand over the next five years and provide lot options for several years beyond the projection period. The lot development should include the following:

- ▶ If possible, the site(s) for lot development should have land available for future lot development phases.
- ▶ To keep development costs as low as possible, sites with easy access to existing infrastructure should be considered.
- ▶ The lots must be as aesthetically acceptable as possible and include high quality amenities.
- ▶ 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, home builders, developers, the City of Burke, the Burke EDA, and the Burke HRC. Financial assistance such as tax increment financing, tax abatement, tax deferments and land donations or write-downs, may be necessary to make the development of lots feasible.

We also recommend that the City research all of the vacant lots and parcels in the City to determine their availability and viability for new construction. A lot inventory, based on the research, should be maintained and available for future buyers.

An infill lot inventory, along with the development of 10 to 12 new lots, should address lot demand for the next five years.

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

Findings: There is a very small inventory of lots available in the City of Burke. However, in the previous recommendation, we have recommended additional lot development.

Recommendation: We recommend that the City of Burke and the Burke EDA coordinate efforts with the private sector to promote lot sales and housing development in Burke.

Our recommendations to promote lot sales and housing development include:

- ▶ **Competitive pricing** - There are lots that are available in communities throughout the Region. Lot prices in Burke will need to be very competitive.
- ▶ **Plan for long-term absorption** - The research completed for this Study expects limited annual absorption of lots in Burke over the next five years. If new lots are developed, it is necessary to view the lot sales and housing development as a long-term plan.
- ▶ **Generate initial activity** - Recent construction activity has been limited. To stimulate new construction, proactive efforts, such as the sale of some lots at discounted prices, reduction of hookup and permit fees or other incentives should be provided if the buyer agrees to build a home of a certain quality and style within a specified time period. This will help create some momentum for houses to be built.

- ▶ ***Consider developing an exclusive builder(s) relationship*** - Several lots could be sold to a builder(s). 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 lot owners should require the builder to construct a minimum number of homes per year. Builders are more willing to enter a market when the lots are attractive and very affordable. Several lots available to an exclusive builder or developer should be explored, even if significant price concessions are required.
- ▶ ***User-Friendly*** - The lot purchase and homebuilding process must be 'user-friendly.' This includes builders, who are readily available to build custom homes, information on quality homes that could be moved into the community and City regulations that are fair and reasonable. This entire process should be as user-friendly as possible to encourage new home construction.
- ▶ ***Allow for a range of house prices*** - Lots should be available in Burke in as wide a range of home sizes and prices as possible. This would broaden the lot buyer market.
- ▶ ***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. Incentives should be considered to promote new home construction.
- ▶ ***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 be available for twin home/town home lot development.
- ▶ ***Marketing*** - The City of Burke, the Burke EDA, the Burke HRC and the lot owners should develop a marketing strategy to sell the available lots. All stakeholders including realtors, financial institutions, builders, employers, etc. should be included in marketing strategies. In addition to marketing the lots, the City of Burke and its amenities should be marketed.

- ▶ ***Consider partnerships that share and split financial risk to construct spec homes*** - Spec houses could potentially attract buyers that are 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. The Burke EDA has recently constructed a spec home. In an attempt to spur spec home construction, some communities have formed partnerships with private home builders to share the financial risks. For example, subdivision owners have been willing to defer the payment for the lot until the spec home is sold. Another builder incentive is for the City to waive any water/sewer hook up fees, special assessment payments and building permit fees until the home is sold. A more aggressive approach is to become directly involved in helping cover the payments on a home builder's construction loan, if the house does not sell within a reasonable period of time. A community risk pool would need to be established for this type of activity. These types of approaches would somewhat reduce the builder's risk, by lowering the upfront development costs.
- ▶ ***Governors Homes*** - Governors Homes are an affordable option and SDHDA has initiated a program that also enables developers to participate in the 'Governor's Home Program.' Planning and Development District III is a resource that could assist Burke with moving Governors Homes into the community.
- ▶ ***Modular Homes and modular home lots*** - Modular homes provide affordable housing opportunities for low and moderate income households. Residential lots for modular homes would expand affordable ownership opportunities.
- ▶ ***In-fill lot Home Development*** - In-fill lots in existing neighborhoods are often affordable and have existing City services. Some housing agencies and nonprofits develop affordable homes on in-fill lots.
- ▶ ***South Dakota Housing Development Authority Programs (SDHDA)*** - SDHDA has housing programs available to assist developers, builders and home buyers.
- ▶ ***Publicly owned subdivision*** - Private developers often have little incentive to develop lower-priced lots and houses. A possible approach is to develop a publicly-owned subdivision, which could offer lower-priced lots for affordable homes.

13. Coordinate with agencies/nonprofits and the private sector to 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 and nonprofit groups. Private developers may also have an interest in constructing affordable housing in Burke. These sources can help generate new homes for moderate income families in Burke.

Recommendation: We recommend that the City of Burke, the Burke EDA and the Burke HRC coordinate with housing agencies, nonprofit groups and private sector builders to produce housing units for moderate income ownership. The City may be able to contribute to the project through land donations, tax increment financing (TIF), tax abatement, tax deferral or project coordination activities. The Governors Home Program could also be utilized to reduce the cost of a new affordable home. The Burke EDA, in 2023, has constructed an affordable single family home.

If dilapidated homes are demolished, some of the cleared lots may be suitable for new affordable home construction. Existing in-fill lots could also be utilized.

14. Promote twin home/town home development

Findings: Attached housing provides desirable alternatives for empty nesters and seniors to move out of their single family homes, thus, making homes available for families. It is important for the community to offer a range of life-cycle housing options. Since 2000, we are not aware of any twin homes/town house units that were constructed in Burke.

In 2020, Burke had 108 households in the 65 and older age ranges. The number of senior households should result in demand for attached single family units. It is likely that demand for attached housing units will also be dependent on the product's ability to gain additional market acceptance among the households in the prime target market, and among younger households.

Recommendation: It is our projection that three to four new owner-occupancy twin home or town home units could be constructed in Burke over the next five years. Our projection is based on the availability of an ideal location for twin home/town home development as well as high quality design and workmanship.

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

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

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

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

Burke - Housing Rehabilitation

Housing Rehabilitation

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

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

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

15. Promote rental housing rehabilitation

Findings: Based on the 2020 U.S. Census data, the City of Burke had approximately 115 rental units in 2020. These rental units are in multi-family projects, single family homes, mobile homes and mixed-use buildings. Some of these rental units could benefit from rehabilitation as over 50% of the units in Burke are more than 50 years old and some of these rental units are in poor condition.

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

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

16. Promote owner-occupied housing rehabilitation efforts

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

Approximately 50% of the owner-occupied homes in Burke were constructed prior to 1964 and are over 60 years old. Some of these homes need rehabilitation to continue to be viable housing options. Without rehabilitation assistance, the affordable housing stock will shrink in Burke.

Recommendation: We continue to recommend that the City of Burke, the Burke EDA and the Burke HRC seek local, state and federal funds to assist in financing housing rehabilitation. USDA Rural Development, the South Dakota Housing Development Authority, the Federal Home Loan Bank, the Rural Office of Community Services, Inc. and Grow South Dakota are potential funding sources.

Grow South Dakota and USDA Rural Development currently have several housing programs to assist households with the rehabilitation of their homes. The Rural Office of Community Services, Inc. administers the Weatherization Program in Gregory County.

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

Burke - Other Housing Initiatives

Other Housing Initiatives

17. Encourage employer involvement in housing

Findings: The connection between economic development and housing availability has become an increasingly important issue as local employers have the need to attract new workers into the community.

Although the jobs being created may have good wages for the area, some jobs do not pay wages sufficient for workers to buy or improve their housing. Housing for new employees is a concern for employers. It may be advantageous for employers to become involved in housing. Currently, the Community Memorial Hospital is working with the EDA to create two DakotaPlex rental units into the City.

Recommendation: We continue to recommend an ongoing effort to involve employers as partners in addressing Burke's housing needs. Several funding sources have finance programs that include employers. The funding agencies often view applications favorably that include employers in the problem solving process.

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

Additionally, employers can continue to support other city projects, such as trails, parks, ballfields, etc. that have a positive impact on housing in Burke.

18. Continue to acquire and demolish dilapidated structures

Findings: There are single family houses in Burke that are dilapidated and too deteriorated to rehabilitate. We have also identified single family houses in Burke as needing major repair and some of these homes may be too dilapidated to rehabilitate. To improve the quality of the housing stock and to maintain the appearance of the City, these structures should be demolished.

The City of Burke has been active in working with property owners who own dilapidated structures and several homes have been demolished in Burke.

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

The City of Burke should maintain an inventory of structures that may be candidates for future acquisition and demolition. Additionally, an inventory of in-fill lots for future development should be maintained.

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

Findings: The City of Burke will continue to need staff resources in addition to existing City staff to plan and implement many of the housing recommendations advanced in this Study. The City of Burke has access to the Planning and Development District III, the Rural Office of Community Services, Inc., Grow South Dakota, the South Dakota Housing Development Authority, USDA Rural Development and Dakota Resources. These agencies all have experience with housing and community development programs.

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

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

20. Strategies for Downtown Redevelopment

Findings: Downtown Burke has buildings that have been renovated and have high quality commercial space. There are also buildings that have not been maintained and are substandard. This recommendation provides an outline of actions that could be taken to continue 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 commercial district is an important factor in their decision making process.

Recommendation: We continue to recommend the initiation or continuation of the following actions for downtown Burke:

- ▶ Interview downtown 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 property and each downtown block. This may include:
 - ▶ Commercial building rehab and renovations
 - ▶ Facade work
 - ▶ Building demolition
 - ▶ New commercial construction
 - ▶ Recruiting new businesses
 - ▶ Housing development
- ▶ Identify funding sources
 - ▶ Property owner funds
 - ▶ City of Burke
 - ▶ Federal Home Loan Bank
 - ▶ Special tax districts
 - ▶ Tax increment financing
 - ▶ Tax abatement/tax deferments
 - ▶ Funds from South Dakota State Agencies
 - ▶ Burke Economic Development Authority
 - ▶ Burke HRC

- ▶ Work with stakeholders to identify roles, secure funding, develop and implement programs and projects
 - ▶ Property owners
 - ▶ City of Burke
 - ▶ Burke Economic Development Authority
 - ▶ Planning and Development District III
 - ▶ Burke Housing and Redevelopment Commission

21. Develop home ownership and new construction marketing programs and strategies

Findings: Cities that invest in marketing have a competitive 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 intimidating for first-time buyers and builders. It is important for the home buying or home building process to be user-friendly.

The City of Burke, the Burke Economic Development Authority, the Burke Housing and Redevelopment Commission, other organizations and private builders and developers have been active in promoting the City, including housing opportunities.

Recommendation: We recommend that the stakeholders continue to promote and market housing in Burke as follows:

- ▶ Determine the City’s strengths and competitive advantages and heavily promote them
- ▶ Create marketing materials that can be distributed regionally (including social media, TV, radio, etc.)
- ▶ Work closely with employers (Burke and the area) to provide employees (especially new employees) with housing opportunities in Burke
- ▶ Work with housing agencies to provide down payment and closing cost assistance, gap financing, low interest loans, home owner education and counseling, and other housing programs
- ▶ 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
- ▶ Develop a plan to preserve the quality of existing neighborhoods through the rehabilitation of substandard housing and the demolition of dilapidated structures that are beyond repair
- ▶ Continue to develop new housing choices, such as new single family homes, rental housing, twin homes, senior with services, 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 City's housing stakeholders

Findings and Recommendations for the City of Bonesteel

Findings on Housing Unit Demand and Tenure

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

Demand from Growth - Community Partners Research, Inc., projects that Bonesteel will gain five to seven households from 2023 to 2028. Household growth in Bonesteel and Gregory County will yield some limited demand for new housing production in Bonesteel.

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

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

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

Strengths for Housing Development

The following strengths for the City of Bonesteel were identified through statistical data, local interviews, research and on-site review of the local housing stock and strengths identified in the 2017 Bonesteel Comprehensive Housing Study.

- ▶ **Affordable priced housing stock** - The City of Bonesteel has a stock of affordable, existing houses. Our analysis shows that the City's median home value based on recent sales is approximately \$70,000. This existing stock, when available for sale, provides an affordable option for home ownership.
- ▶ **Educational system** - Currently, a pre-school thru grade 5 public school is located in Bonesteel. The grade 6 thru 12 public school is located in Burke.
- ▶ **Infrastructure** - Bonesteel's water and sewer infrastructure can accommodate future expansion and infrastructure improvements are ongoing.
- ▶ **Employers** - Bonesteel has employers that provide job opportunities for local residents including Devine Concrete and the South Central School District.
- ▶ **Commuters** - Approximately 74 of the Bonesteel-based jobs are filled by people commuting into the City daily for work. These commuters are a potential market for future housing construction.
- ▶ **Bonesteel Economic Development Corporation** - The Bonesteel Economic Development Corporation has been active in the past in addressing Bonesteel's community, economic development and housing needs.
- ▶ **Household growth** - Community Partners Research, Inc., is projecting that Bonesteel will add households over the next five years.
- ▶ **Small town atmosphere** - Bonesteel has the real and perceived amenities of a small town. Small town living is attractive for some households.

- ▶ **Downtown Bonesteel** - For a City the size of Bonesteel, the Downtown has a significant number of businesses, several buildings have been renovated and new businesses are moving into the community.
- ▶ **Adequate land for development** - Bonesteel has adequate land available for both residential and commercial/industrial development. However, some of this land must be purchased and needs to be serviced with infrastructure improvements.
- ▶ **Area amenities** - Bonesteel is only 10 miles from the Missouri River, which provides fishing, hunting, boating and camping opportunities.
- ▶ **New housing construction** - Since the 2017 Bonesteel Housing Study, three new homes have been constructed in Bonesteel.
- ▶ **Health care facilities** - Bonesteel residents have access to medical facilities that are located in Gregory County, including two hospitals, clinics, senior with services housing facilities, etc.

Barriers or Limitations to Housing Activities

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

- ▶ **Age and condition of the housing stock** - While the existing stock is affordable, some of the housing is in need of improvements to meet expectations of potential buyers.
- ▶ **Low rent structure** - The area's rent structure is relatively low, which makes it difficult to construct new rental housing.
- ▶ **Value gap deters new owner-occupied construction** - Based on recent residential sales, we estimate that the median priced home in Bonesteel is valued at approximately \$70,000. This is below the comparable cost for new housing construction, which will generally be above \$275,000 for a stick built home with commonly expected amenities. This creates a value gap between new construction and existing homes. This can be a disincentive for any type of speculative building and can also deter customized construction.
- ▶ **Lower paying jobs** - Although Bonesteel has job opportunities, some jobs are at the lower end of the pay scale and employees with these jobs have limited housing choices.
- ▶ **Commercial/retail options** - Bonesteel has a limited number of commercial and retail opportunities compared to larger regional centers.
- ▶ **Land for residential lot development** - Bonesteel has only a few lots immediately available for new home construction, although the Economic Development Corporation is planning to develop additional residential lots.
- ▶ **Competition from rural lots** - The Bonesteel area has rural lot opportunities that are not in the city limits. These lots compete with available residential lots within the City of Bonesteel.
- ▶ **Proximity to a large regional center** - Bonesteel is not located near a large regional center. Bonesteel is 104 miles from Mitchell, 95 miles from Yankton, 148 miles from Pierre and 174 miles from Sioux Falls.
- ▶ **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.

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 Bonesteel. They are based on the following strategies.

- ▶ **Be realistic in expectations for housing development** - Large-scale residential growth has not occurred in the recent past and is not likely to occur in the near future. The scale of activities proposed for the future should be comparable with the area's potential for growth.
- ▶ **Proactive community involvement** - New home and apartment construction will more likely occur in Bonesteel if there is proactive support from the City, local and regional housing and economic development agencies and the South Dakota Housing Development Authority.
- ▶ **Protect the existing housing stock** - The future of Bonesteel will be heavily dependent on the City's appeal as a residential location. The condition of the existing housing stock is a major factor in determining the City's long-term viability. Much of the existing housing stock is in good condition and is a major asset, however, rehabilitation efforts are needed to preserve the housing stock.
- ▶ **Protect the existing assets and resources** - Bonesteel has several assets including pre-school thru 6 school, a Downtown Commercial District, recreational opportunities, two major employers, recreational opportunities, etc. These are strong assets that make Bonesteel a desirable community to live in, and are key components to the City's long-term success and viability. These assets must be protected and improved.
- ▶ **Develop a realistic action plan with goals and time lines** - The City should prioritize its housing issues and establish goals and time lines to achieve success in addressing its housing needs.
- ▶ **Access all available resources for housing** - In addition to the local efforts, the City has other resources to draw on including USDA Rural Development, the South Dakota Housing Development Authority, Planning and Development District III, the Rural Office of Community Services, Inc., Grow South Dakota and Dakota Resources. These resources should continue to be accessed as needed to assist with housing activities.

Summary of Findings/Recommendations

The findings/recommendations for the City of Bonesteel have been formulated through the analysis of the information provided in the previous sections and include 19 recommendations. The findings/recommendations have been developed in the following five categories:

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

The findings/recommendations for each category are as follows:

Rental Housing Development

1. Develop six to eight general occupancy market rate rental units
2. Promote the development/conversion of four to five affordable market rate rental housing units
3. Monitor the need for subsidized rental housing units
4. Develop additional senior housing with services units/beds
5. Develop a downtown mixed-use commercial/housing project
6. Utilize the Housing Choice Voucher Program

Home Ownership

7. Utilize and promote all programs that assist with home ownership
8. Develop a purchase/rehabilitation program

Single Family Housing Development

9. Lot availability and development
10. Strategies to encourage residential lot sales and new home construction in Bonesteel
11. Coordinate with agencies/nonprofits that develop affordable housing
12. Promote twin home/town home development

Housing Rehabilitation

13. Promote rental housing rehabilitation
14. Promote owner-occupied housing rehabilitation efforts

Other Housing Initiatives

15. Encourage employer involvement in housing
16. Continue to acquire and demolish dilapidated structures
17. Create a plan and a coordinated effort among housing agencies
18. Continue downtown redevelopment
19. Develop home ownership and new construction marketing programs and strategies

Bonesteel - Rental Housing Development

Rental Housing Development

Overview: In recent decades it has been difficult to produce new rental housing units that are viewed as “affordable” when compared to existing rental housing. A number of factors, including federal tax policy, state property tax rates, high construction costs and a low rent structure, have all contributed to the difficulty in developing rental housing in most South Dakota communities. From 2000 to 2023, no rental units were constructed in Bonesteel.

Based on the 2020 U.S. Census, a significant number of rental units have been eliminated from the rental housing stock, including River Hills Apartments, an eight-unit market rate project that converted to a nightly rental lodging.

Also, some rental units over the past several years have converted to owner-occupied units and vice versa.

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

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

Community Partners Research, Inc., household projections for Bonesteel expect limited household growth over the next five years. From 2023 to 2028, it is projected that there will be a gain of five to seven households. It is estimated that three to four of these households will be rental households, thus, there will be a demand of approximately three to four additional rental units due to household growth over the next five years.

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

Also, Bonesteel has lost a significant number of rental units over the past several years, including the conversion of the River Hills Apartments to nightly lodging.

Limited pent-up demand also exists for some rental housing segments. As part of this study, a rental survey was conducted. We identified pent-up demand for high quality market rate rental units in Bonesteel.

These three demand generators, after factoring current vacancy rates, show a need for 10 to 13 rental units over the next five years. Based on the factors stated above, we recommend the development of the following new rental units over the next five years from 2024 to 2029:

▶ General Occupancy Market Rate	6-8 units
▶ Subsidized	0 units
▶ Affordable/Conversions	<u>4-5 units</u>
Total	10-13 units

* In addition to these recommendations, a total of 24 to 26 senior with services units/beds are recommended for all of Gregory County.

1. Develop six to eight general occupancy market rate rental units

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

Based on 2020 U.S. Census data, there was a significant decrease in the number of rental units in Bonesteel from 2010 to 2020. This includes the loss of eight rental units in River Hills Apartments. This project has converted to nightly rentals.

In 2020, there were only 15 rental units in Bonesteel, which are 9% of the housing units in Bonesteel, well below the statewide rental rate of 33%. From 2000 to 2023, no market rate rental units were constructed in Bonesteel and no projects are in the planning phase.

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 six to eight market rate rental units over the next five years. These should be two and three-bedroom units.

Town home-style units or a high quality apartment building are both options in addressing the need for market rate units. The project, to be successful, should have 'state of the art' amenities.

The first option to developing market rate housing would be to encourage private developers to undertake the construction of market rate rental housing. If private developers do not proceed, the Bonesteel Economic Development Corporation or a regional housing agency could potentially utilize essential function bonds, or similar funding sources, to construct market rate units.

Also, the Bonesteel Economic Development Corporation could partner with private developers to construct units. The City could assist with land donations, tax increment financing, tax abatement, tax deferments, reduced water and sewer hook up fees, etc. SDHDA assistance such as the DakotaPlex Program could also be accessed.

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

<u>Unit Type</u>	<u>No. of Units</u>	<u>Size/Sq. Ft.</u>	<u>Rent</u>
Two Bedroom	5-6	850 - 1,000	\$900 - \$1,050
Three Bedroom	<u>1-2</u>	1,050 - 1,250	\$1,000 - \$1,250
Total	6-8		

Note: The recommended rents are gross rents including all utilities. The rents are quoted in 2024 dollars.

2. Promote the development/conversion of four to five affordable market rate rental housing units

Findings: The previous recommendation addressed the market potential to develop high quality rental units in Bonesteel. Unfortunately, these units would tend to be beyond the financial capability of many area renters. A majority of Bonesteel's renter households have an annual income below \$35,000. These households would need a rental unit at \$875 per month or less.

Bonesteel has lost a significant number of rental housing units over the years due to deterioration, demolition and conversions to other housing options. Part of the need for additional rental units in Bonesteel is to provide for unit replacement. Unfortunately, the lost units are probably very affordable, and new construction will not replace these units in a similar price range.

There are still some programs for affordable housing creation for moderate income renters. The federal low income housing tax credit program is one available resource. However, competition for tax credits is very difficult, and few awards are made to small cities for small rental projects.

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

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

Creating some additional units with contract rents below \$875 per month would help to expand the choices available to a majority of the City's renter households.

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

3. Monitor the need for subsidized rental housing units

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

There was an eight-unit USDA Rural Development subsidized project in Bonesteel, however, the project converted to a market rate project, thus, there were no rent or income restrictions. Since the 2017 Bonesteel Housing Study, the project has converted from a rental project and is operating as a nightly rental option serving seasonal/recreational demand.

Recommendation: Based on the median household income of renter households in Bonesteel, the number of households that are paying more than 30% of their income for rent, and the conversion of the one subsidized rental project to market rate (and then to a nightly rental option), some limited subsidized housing would be beneficial in Bonesteel.

However, over the past few decades, very few federal subsidy sources have been available for the construction of “deep subsidy” rental housing especially in very small cities and Bonesteel has limited resources to support subsidized rental housing. Therefore, we are not recommending the development of subsidized rental housing in Bonesteel. Additionally, the Housing Voucher Program is available in Gregory County. Subsidized rental options do exist in Burke and Gregory.

4. Consider the development of additional senior with services units/beds in Gregory County

Findings: Senior housing with services defines a wide range of housing types. Skilled nursing homes, assisted living and memory care housing are generally the most service-intensive units. High-service housing provides 24-hour staffing and a high level of assistance with daily living needs of residents.

Lower-service housing, sometimes referred to as congregate senior housing, generally offers the availability of a daily meal, and services such as weekly light housekeeping. Gregory County has four specialized projects that provide housing with supportive services for an elderly population, including three projects in Gregory and one project in Bonesteel. At the time of the 2017 Housing Study, Burke also had an assisted living project, however, this project was closed in 2022. The four senior with services projects include:

- ▶ **Haisch Haus Assisted Living** - Haisch Haus Assisted Living is a 16-bed assisted living facility located in Bonesteel. The facility is approximately 25 years old. The facility provides the full array of assisted living senior services, including meals, bathing, laundry, medication management, etc. The facility offers three levels of service, thus, tenants can receive additional services as needed. The owner reported two vacant beds at the time of the survey. The number of vacant beds fluctuates due to turnover. The facility accepts Medicaid residents, thus, residents come from a wide geographical area.

- ▶ **Avera/Rosebud Country Care Center** - The Avera/Rosebud Country Care Center is located in Gregory and has relocated to a new building in 2023. It has capacity for 30 licensed skilled nursing beds. The old facility was licensed for 52 beds. The 30 beds have a high occupancy rate and there is a waiting list. The Care Center is attached to the new hospital.
- ▶ **Silver Threads Assisted Living** - Silver Threads Assisted Living is located in Gregory and is part of the Silver Threads campus. Silver Threads is an assisted living facility with 23 rooms and capacity of 26 residents. The licensed beds are in a variety of unit types. The facility was constructed in 2001 and provides the full array of senior assisted living services including three daily meals, laundry, bathing, medication management, etc. There are different levels of assisted living care offered depending on the residents' needs. At the time of the survey, the staff reported an average of two vacancies.
- ▶ **Silver Threads Apartments** - Silver Threads Apartments in Gregory has nine units and is part of the Silver Threads campus. Silver Threads Apartments were constructed in 2001 and include two one-bedroom, three one-bedroom plus den and four two-bedroom units. Tenants can get up to three meals a day, weekly housekeeping and they can participate in activities at Silver Threads Assisted Living. At the time of the survey, there were no vacancies and the staff reported that there is a waiting list.
- ▶ **TLC Assisted Living** - As stated earlier, the TLC Assisted Living was located in Burke but was closed in 2022. The assisted living facility had 16 beds and was constructed in 2001. The facility provided the full array of assisted living services, including meals, medication management, laundry, bathing, etc. Residents with memory loss, upon doctors approval, have access to a wander-guard bracelet, which prevented the resident from leaving the facility unattended.

Recommendation: In 2020, Gregory County had 583 people between the age of 65 and 74 and 522 people age 75 and older. The growth projections show an expected significant increase of younger seniors in the 65 to 74 year old range over the next five years.

- ▶ **Skilled Nursing Home** - The research for this Study points to a decreasing reliance on nursing homes as a long-term residency option for older senior citizens. Over time, the nursing homes have tended to use more beds for rehab/recovery stays, or other specialized uses. There has also been a long-standing State moratorium that limits expansion in most

cases. A new nursing home has been constructed in Gregory since the 2017 Housing Study. The number of beds in the new facility has been reduced to 30 beds from 52 beds that were in the previous facility. At this time, it is our opinion that the new facility in Gregory is meeting the demand for skilled nursing beds in Gregory County.

- ▶ ***Memory Care Housing*** - There are no designated memory care beds in a secured facility in Gregory County. However, the nursing home and the assisted living facilities all serve residents that have memory loss issues. Local providers do report some unmet demand for this type of specialized memory care housing. Based on the demand for the beds and unmet need, we recommend the development of eight to 10 beds in a secure facility dedicated for memory care over the next five years. It would be advantageous for these beds to be part of an existing senior with services facility in Gregory County.
- ▶ ***Assisted Living*** - Gregory County has two assisted living projects with a total of 39 units/beds. Silver Threads located in Gregory has 23 rooms and a capacity of 26 residents, and Haisch Haus Assisted Living in Bonesteel has 16 beds. At the time of the 2017 Housing Study, TLC Assisted Living with 16 beds was operating in Burke but has closed. The two facilities had a total of four vacant beds at the time of the survey. For all two facilities to be fully occupied, an 8.0% capture rate among Gregory County seniors (over age 75) would be needed. Based on industry standards, this is a high capture rate. The two facilities do, however, have residents coming to their facilities from outside of Gregory County. Based on the current number of assisted living beds in Gregory County, we do not recommend additional assisted living beds at this time. However, the need for additional beds should continue to be monitored.
- ▶ ***Independent/Light Service Housing*** - Currently, there is one independent/light service project in Gregory County. Silver Threads Apartments is located in Gregory and has nine units. Tenants receive weekly housekeeping and can receive up to three meals a day. Tenants can also participate in activities at Silver Threads Assisted Living. It is estimated that in 2023, there were 714 households in Gregory County over the age of 65. If a 3.5% capture rate could be achieved among senior-headed households over age 65 in Gregory County, approximately 25 units of independent/lighter services housing could be supported. With nine units in Silver Threads Apartments, another 16 units could be supported.

The supply and demand overview presented above indicates potential demand for eight to 10 memory care beds and 16 independent/light services units. It would probably be most cost effective for the recommended units/beds to be added to existing Gregory County senior with services facilities.

The purpose of this recommendation is to provide general guidance. A developer or existing senior with services facility planning a specific project should have a project-specific study conducted.

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

Findings: A new mixed-use rental housing/commercial project would be an asset to Downtown Bonesteel.

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

Recommendation: We continue to recommend the development of a mixed-use building in the downtown Bonesteel. There are several potential sites in the downtown area for a mixed-use project. The site could be a vacant parcel, or potentially a dilapidated structure or structures could be demolished to provide a site.

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

The units should be primarily one and two-bedroom apartments. Please note that these units are not in addition to the units recommended in the first and second recommendations of this section. If a mixed use building was constructed, the number of units recommended previously should be reduced.

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

6. 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 very limited funding for subsidized housing construction, it has provided new Housing Choice Voucher allocations over the last two decades. Because of the flexibility offered through the program, eligible households often prefer the portable rent assistance to other forms of subsidized housing that are project-based, and can only be accessed by living in a specific rental development.

The Housing Choice Voucher Program is administered in Bonesteel and Gregory County by the Yankton Housing and Redevelopment Commission. The Yankton Housing and Redevelopment Commission administers Vouchers in a multi-county area. There is typically a waiting list to obtain a Voucher.

Recommendation: The City of Bonesteel and the Economic Development Corporation should work with the Yankton Housing and Redevelopment Commission to assure that renter households in Bonesteel are aware of the Housing Choice Voucher Program and have an opportunity to apply for assistance.

Bonesteel - Home Ownership

Home Ownership

Findings: Expanding home ownership opportunities is one of the primary goals for most cities. High rates of home ownership promote stable communities and strengthen the local tax base. The median owner-occupied home value in Bonesteel is estimated to be approximately \$70,000 based on recent sales activity. The home values in Bonesteel provide a good opportunity for first time buyers and households seeking moderately priced homes.

Our analysis of Gregory County’s demographic trends shows a limited increase over the next five years in the number of households in some of the traditionally strong home ownership age ranges. The 54 and younger age ranges are projected to have slight net losses over the next five years. Some households that have not been able to achieve the goal of home ownership may need the assistance of special programs to help them purchase their first home.

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 Bonesteel in the future. Home ownership is generally the preferred housing option for most households and most communities. There are a number of strategies and programs that can be used to promote home ownership programs, and can assist with this effort.

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

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

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

The City of Bonesteel and the Bonesteel Economic Development Corporation should also work with housing agencies to assure that they are receiving their share of resources that are available in the region.

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

8. Develop a Purchase/Rehabilitation Program

Findings: The City of Bonesteel has a stock of older, lower valued homes, many of which need repairs. Our analysis of sales activity in recent years indicates that approximately 50% of the homes in Bonesteel are valued at less than \$70,000. As some lower valued homes come up for sale, they may not be attractive options for potential home buyers because of the amount of repair work that is required.

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

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

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

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

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

Also, there may be an opportunity for housing agencies to financially assist the private sector with purchasing, rehabilitating and selling homes. This may increase the inventory of substandard homes that economically can be rehabilitated and sold.

Bonesteel - Single Family Housing Development

Single Family Housing Development

Findings: Based on information from city staff, Bonesteel has experienced limited single family housing development since the 2017 Bonesteel Housing Study. From 2018 to 2023, three houses were constructed or moved into the City.

It is our opinion that if the City, the Bonesteel Economic Development Corporation, housing agencies, and builders are proactive, five to seven units can be constructed/moved into Bonesteel over the next five years from 2024 to 2028.

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

▶ Higher and medium priced homes (over \$300,000)	1-2
▶ Affordable homes (under \$300,000)	2-3
▶ Twin homes/town homes	<u>2</u>
Total	5-7

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 the City of Bonesteel.

The Bonesteel Economic Development Corporation has recently developed 12 residential lots on a parcel that is located in the City limits. There are also a few miscellaneous infill lots scattered around Bonesteel. We do not know if these infill lots are for sale, if they have enough square footage for new construction, if they are in attractive locations, etc. Also, dilapidated homes are being demolished in Bonesteel. Some of the cleared lots may be potential sites for new construction.

Recommendation: With projections that five to seven new owner-occupied housing units could be constructed in Bonesteel over the next five years, the City should assure that residential lots available to meet the expected demand. Part of this demand would be for attached unit construction.

With a new 12-lot subdivision as well as some infill lots available in the City, there is an adequate supply of lots to address the projected demand.

To achieve the level of new home construction potential that has been identified, we recommend the following:

- ▶ The lots should be as aesthetically acceptable as possible and include high quality amenities.
- ▶ 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 housing development will need the cooperation of financial institutions, funding agencies, employers, home builders, developers, the City of Bonesteel and the Bonesteel Economic Development Corporation.

10. Strategies to encourage residential lot sales and new home construction in Bonesteel

Findings: There is only a small inventory of infill lots available in the City of Bonesteel. However, the capacity exists to develop additional lots, and in the previous recommendation, we have recommended additional lot development.

Recommendation: We recommend that the City of Bonesteel and the Bonesteel Economic Development Corporation coordinate efforts with the private sector to promote lot sales and housing development in Bonesteel.

Our recommendations to promote lot sales and housing development include:

- ▶ **Competitive pricing** - There are lots that are available in communities throughout the Region. Lot prices in Bonesteel will need to be competitive.
- ▶ **Plan for long-term absorption** - The research completed for this Study expects limited absorption of lots in Bonesteel over the next five years. It is necessary to view lot sales and development as a long-term plan.
- ▶ **Generate initial activity** - Recent construction activity has been limited. To stimulate new construction, proactive efforts, such as the sale of some lots at discounted prices, reduction of hookup and permit fees or other incentives should be provided if the buyer agrees to build a home of a certain quality and style within a specified time period. This will help create some momentum for houses to be built.
- ▶ **User-Friendly** - The lot purchase and homebuilding process must be 'user-friendly.' This includes builders, who are readily available to build custom homes, information on quality homes that could be moved into the community and City regulations that are fair and reasonable. This entire process should be as user-friendly as possible to encourage new home construction.
- ▶ **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.
- ▶ **Allow for a range of house prices** - Lots should be available in Bonesteel in as wide a range of home sizes and prices as possible. This would broaden the lot buyer market.
- ▶ **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. Incentives should be considered to promote new home construction.
- ▶ **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 be available for twin home/town home lot development.

- ▶ **Marketing** - The City of Bonesteel and the Bonesteel Economic Development Corporation should develop a marketing strategy to sell the available lots. All stakeholders including realtors, financial institutions, builders, employers, etc. should be included in marketing strategies. In addition to the residential lots, the City of Bonesteel and its amenities should be marketed.

- ▶ **Consider partnerships that share and split financial risk to construct spec homes** - Spec houses could potentially attract buyers that are not interested in going through the home building process, but instead want 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. In an attempt to spur spec home construction, some communities have formed partnerships with private home builders to share the financial risks. For example, subdivision owners have been willing to defer the payment for the lot until the spec home is sold. Another builder incentive is for the City to waive any water/sewer hook up fees, special assessment payments and building permit fees until the home is sold. A more aggressive approach is to become directly involved in helping cover the payments on a home builder's construction loan, if the house does not sell within a reasonable period of time. A community risk pool would need to be established for this type of activity. These types of approaches would somewhat reduce the builder's risk, by lowering the upfront development costs. A local builder has constructed spec homes in Bonesteel in the past and may construct spec homes in Bonesteel in the future.

- ▶ **Lot availability for affordable homes** - Lots should be available for affordable homes including modular homes and Governors Homes that provide affordable ownership options for moderate income households.

- ▶ **Infill lot home development** - Infill lots in existing neighborhoods are often affordable and have existing city services.

11. 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 and economic development agencies and nonprofit groups. These sources can help generate new homes for moderate income families in Bonesteel.

Recommendation: We recommend that the City of Bonesteel and the Bonesteel Economic Development Corporation coordinate with housing agencies, nonprofit groups and private sector builders to produce housing units for moderate income ownership. The City may be able to contribute to the project through land donations, tax increment financing (TIF), tax abatement, tax deferments or project coordination activities. The Governors Home Program could also be utilized to reduce the cost of a new affordable home.

If dilapidated homes are demolished, some of the cleared lots may be suitable for new construction activity.

12. Promote twin home/town home development

Findings: Attached housing provides desirable alternatives for empty nesters and seniors to move out of their single family homes, thus, making homes available for families. It is important for the community to offer a range of life-cycle housing options. In Bonesteel since 2000, no twin homes/town house units have been constructed.

In 2023, Gregory County had approximately 714 households in the 65 and older age ranges. In these age ranges, Gregory County is expected to add 57 households from 2023 to 2028. Household growth among empty-nester and senior households should result in demand for attached single family units. It is likely that demand for attached housing units will also be dependent on the product's ability to gain additional market acceptance among the households in the prime target market, and among other households.

Recommendation: It is our projection that one (two units) new owner-occupied twin home will be constructed in Bonesteel over the next five years. Our projection is based on the availability of an ideal location for twin home development as well as high quality design and workmanship.

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

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

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

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

Bonesteel - Housing Rehabilitation

Housing Rehabilitation

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

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

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

13. Promote rental housing rehabilitation

Findings: Based on the 2020 U.S. Census data, the City of Bonesteel had only 15 rental units in 2020. These rental buildings are primarily in single family homes and mobile homes. Some of these rental structures could benefit from rehabilitation as most of these rental units are more than 30 years old and some of these units are in poor condition.

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

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

14. Promote owner-occupied housing rehabilitation efforts

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

Approximately 50% of the owner-occupied homes in Bonesteel are more than 80 years old. Some of these older homes need rehabilitation to continue to be viable housing options. Without rehabilitation assistance, the affordable housing stock will shrink in Bonesteel.

Recommendation: We continue to recommend that the City of Bonesteel and the Bonesteel Economic Development Corporation seek local, state and federal funds to assist in financing housing rehabilitation. USDA Rural Development, the South Dakota Housing Development Authority, the Federal Home Loan Bank, the Rural Office of Community Services, Inc. and Grow South Dakota are potential funding sources.

Grow South Dakota currently have several housing programs to assist households with the rehabilitation of their homes. The Rural Office of Community Services, Inc. administers the Weatherization Program in Gregory County.

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

Bonesteel - Other Housing Initiatives

Other Housing Initiatives

15. Encourage employer involvement in housing

Findings: The connection between economic development and housing availability has become an increasingly important issue as local employers have the need to attract new workers into the community.

Although the jobs being created may have good wages for the area, some jobs do not pay wages sufficient for workers to buy or improve their housing. Housing for new employees is a concern for employers. It may be advantageous for employers to become involved in housing.

Recommendation: We recommend an ongoing effort to involve employers as partners in addressing Bonesteel's housing needs. Several funding sources have finance programs that include employers. The funding agencies often view applications favorably that include employers in the problem solving process.

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

Additionally, employers can continue to support other city projects such as trails, parks, ballfields, etc. that have a positive impact on housing in Bonesteel.

16. Continue to acquire and demolish dilapidated structures

Findings: There are single family houses in Bonesteel that are dilapidated and too deteriorated to rehabilitate. To improve the quality of the housing stock and to maintain the appearance of the City, dilapidated structures should be demolished.

The City of Bonesteel has been active in demolishing dilapidated structures. Three dilapidated houses have been demolished in recent years, and three additional homes are scheduled to be demolished. The Bonesteel Economic Development Corporation has developed and is implementing a program that financially assists with house demolitions.

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

Also, the City of Bonesteel should maintain an inventory of structures that may be candidates for future acquisition. Additionally, an inventory of in-fill lots for future development should be maintained.

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

Findings: The City of Bonesteel will continue to need staff resources in addition to existing City staff to plan and implement many of the housing recommendations advanced in this Study. The City of Bonesteel has access to the Planning and Development District III, the Rural Office of Community Services, Inc., Grow South Dakota, the South Dakota Housing Development Authority, USDA Rural Development and Dakota Resources. These agencies all have experience with housing and community development programs.

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

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

18. Strategies for Downtown Redevelopment

Findings: Downtown Bonesteel has buildings that have been renovated and have high quality commercial space. There are also buildings that have not been maintained and are substandard. This recommendation provides an outline of actions that could be taken to continue 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 commercial district is an important factor in their decision making process.

Recommendation: We continue to recommend the following actions for downtown Bonesteel:

- ▶ Interview downtown 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 property and each downtown block. This may include:
 - ▶ Commercial building rehab and renovations
 - ▶ Facade work
 - ▶ Building demolition
 - ▶ New construction (rental/commercial)
 - ▶ Recruiting new businesses
- ▶ Identify funding sources
 - ▶ Property owner funds
 - ▶ Bonesteel Economic Development Corporation funds
 - ▶ 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 Bonesteel
 - ▶ Bonesteel Economic Development Corporation
 - ▶ Planning and Development District III

19. Develop home ownership and new construction marketing programs and strategies

Findings: Cities that invest in marketing have a competitive 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 intimidating for first-time buyers and builders. It is important for the home buying or home building process to be user-friendly.

The City of Bonesteel, the Bonesteel Economic Development Corporation, employers and builders have been active in promoting the City, including housing opportunities.

Recommendation: We recommend that the stakeholders continue to promote and market housing in Bonesteel as follows:

- ▶ Determine the City's strengths and competitive advantages and heavily promote them
- ▶ Continue to create marketing materials that can be distributed regionally (including social media, TV, radio, etc.)
- ▶ Work closely with employers (Bonesteel and the area) to provide employees (especially new employees) with housing opportunities in Bonesteel
- ▶ Work with housing agencies to provide down payment assistance, low interest loans, gap financing, home owner education and home owner counseling and other housing programs
- ▶ Continue to work on the creation of jobs and the development of retail, service and recreational opportunities

- ▶ Provide attractive lots at an affordable price for a variety of home sizes, styles and price ranges
- ▶ Preserve the quality of the City through the rehabilitation of substandard housing and the demolition of dilapidated structures that are beyond repair
- ▶ Continue to develop new housing choices, such as new single family homes, rental housing, twin homes, etc.
- ▶ Review the City's policies and fees to assure that they are user-friendly, fair and receptive for builders and households.
- ▶ Develop a coordinated housing plan with the private sector and area housing agencies.

Agencies and Resources

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

Planning and Development District III

1808 Summit Street
Yankton, SD 57078
(605) 665-4408

Rural Office of Community Services, Inc.

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

Grow South Dakota

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

South Dakota Housing Development Authority

3060 E Elizabeth Street
Pierre, SD 57501
(605) 773-3181

USDA Rural Development

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