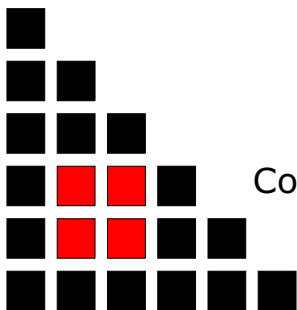


# City of Groton HOUSING STUDY

January 2024

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



Community Partners Research, Inc.

Faribault, MN

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# Introduction

## Overview

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 Groton are privately owned and were constructed with private funds. On an increasing scale, however, the public is demanding that public officials impact what happens in this largely private housing market by eliminating blight, protecting individual investments, and generating new housing growth to meet economic development needs.

Community Partners Research, Inc., was hired by the City of Groton to complete a comprehensive study of housing market conditions in the community.

## Methodology

A variety of resources were utilized to obtain information for the updated Housing Study. Community Partners Research, Inc., collected and analyzed data from August to December 2023. Data sources included:

- U.S. Census Bureau
- Applied Geographic Solutions, Inc., a private data reporting service
- Esri, Inc., a private data reporting service
- Records and data from the City
- Records and data maintained by Brown County
- Data from the SD Dept. of Labor and Industry
- Data provided by the Multiple Listing Service
- Interviews with elected officials and staff from the City
- Interviews with housing stakeholders
- Area housing agencies
- Rental property owner surveys
- Housing and mobile home condition surveys

## Limitations

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

This study was prepared by:

**Community Partners Research, Inc.**  
**Faribault, MN**  
**(507) 838-5992**  
**[cpartners@charter.net](mailto: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. In May and September of 2023 the Census Bureau released many of the detailed tables from the 2020 Census.

The global pandemic beginning in 2020 impacted the Census release schedule, and 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.

For some of the detailed demographic variables, such as income and housing cost information, the Census Bureau produces annual estimates through 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.

This document does incorporate some information from the American Community Survey. The American Community Survey estimates have an effective date in 2022, so a data-lag exists. The estimates were derived from five-year sampling, obtained between 2018 and 2022. Although the American Community Survey estimates have an effective date after 2020, they have not been reconciled with the 2020 Census counts, and in some cases there are differences between these data sources.

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

## Population Data and Trends

<b>Table 1 Population Trends - 1990 to 2020</b>						
	1990 Census	2000 Census	% Change 1990-2000	2010 Census	% Change 2000-2010	2020 Census
Groton	1,196	1,356	13.4%	1,458	7.5%	1,380
Brown County	35,580	35,460	-0.3%	36,531	3.0%	38,301

Source: U.S. Census Bureau

- ▶ The release of population totals from the 2020 U.S. Census has established a new benchmark for the number of people residing in each jurisdiction. The Census total had an effective date of April 1, 2020.
- ▶ At the time of the 2020 Census, Groton had 1,380 permanent residents. When compared to the 2010 Census, the City had lost 78 people over the decade, for a decrease of 5.3%.
- ▶ The decrease in population identified in the 2020 Census reversed a longer-term pattern of growth for Groton, as the City had added residents in the 1990s and between 2000 and 2010. With the decrease in population between 2010 and 2020, the City’s population in 2020 was only 24 people greater than the population level in 2000.
- ▶ Despite the recent population loss in Groton, all of Brown County has been adding residents. The County’s population in 2020, at 38,301, was up by 1,770 people from 2010. However, the Countywide growth was the result of Aberdeen, as the largest jurisdiction in Brown County added more than 2,400 residents over the prior decade. If Aberdeen is removed, the remainder of the County lost population between 2010 and 2020.
- ▶ Post-Census population estimates are available from Applied Geographic Solutions (AGS) and from Esri. These estimates are for 2023 and were released after 2020 Census data became available. As a result, the estimates were reconciled with the most recent Census count.
- ▶ The AGS population estimate for Groton in 2023 is 1,399 people, up from the 2020 Census count of 1,380 people with a 3-year time difference in the effective dates. If accurate, this estimate shows the City adding an average of six to seven people per year since 2020.

- ▶ Esri's population estimate for 2023 shows 1,351 people living in the City, down from the 2020 Census count of 1,380 people, but three years forward in the effective date.
- ▶ The 2023 AGS estimate for Brown County is 38,245, down slightly from the 2020 Census count of 38,301 people.

**Population Characteristics: Race and Ethnic Origin**

- ▶ According to the 2020 Census, approximately 94% of the City's residents listed their race as "White". Nearly 3.8% of residents listed "Two or More Races".
- ▶ Approximately 3.3% of the City's residents were of Hispanic/Latino ethnic origin.

**Population Characteristics: Group Quarters**

- ▶ At the time of the 2020 Census, there were 26 Groton residents that were identified as living in "group quarters" housing. All of these people were living in a skilled nursing home. At the time of the 2010 Census there were 44 people living in a nursing home in Groton.



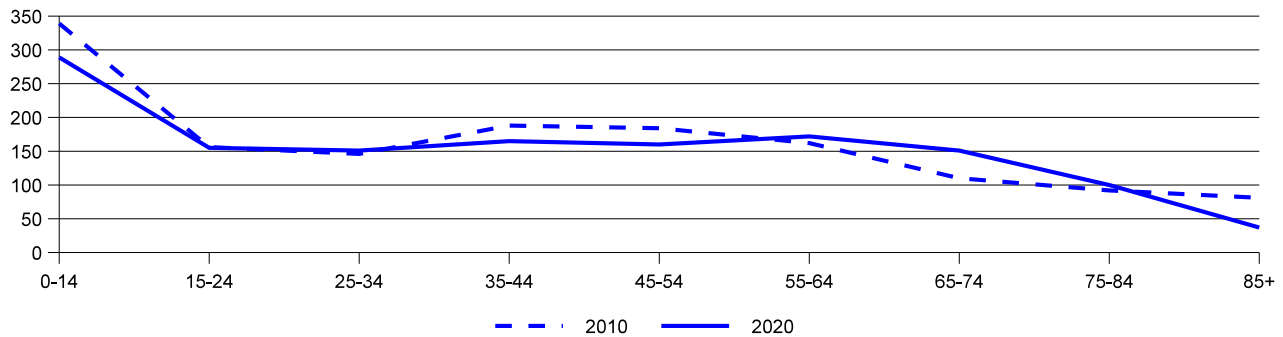
## Population by Age Trends: 2010 to 2020

The following table compares population by age changes in Groton between 2010 and 2020, using the decennial census data.

<b>Table 2 Groton Population by Age - 2010 to 2020</b>			
Age	2010	2020	Change
0-14	339	289	-50
15-19	107	100	-7
20-24	49	55	6
25-34	146	151	5
35-44	188	165	-23
45-54	184	160	-24
55-64	162	172	10
65-74	110	151	41
75-84	92	100	8
85+	81	37	-44
<b>Total</b>	<b>1,458</b>	<b>1,380</b>	<b>-78</b>

Source: U.S. Census

Groton Population by Age: 2010 and 2020



- ▶ There was an overall population loss of 78 residents between 2010 and 2020 in Groton. However, the City did have population increases in some of the defined age groups.

- ▶ The largest numeric increase was among younger senior citizens between 65 and 74 years old. The two adjoining age groups also increased in size, and combined the City added 59 people in the 30-year range between 55 and 84 years old. Much of this would reflect the movement of the baby boom generation through the aging cycle.
- ▶ Despite the growth in some of the senior and near-senior groups, the City had a large decrease of older seniors, age 85 and above. This group decreased by 44 people between 2010 and 2020.
- ▶ There was a decrease of 57 children and young adults, age 19 and younger.
- ▶ There was a decrease of 47 people in the 20-year group between 35 and 54 years old.
- ▶ The City did have a modest increase in the age ranges between 20 and 34 years old. However, this did not compensate for losses in the other younger age ranges, and overall the City had 93 fewer residents age 54 and younger by 2020.

## Population Projections from AGS/Esri

Population projections are available from both Applied Geographic Solutions and Esri. The base-year estimates from these sources have been provided, along with projections to 2028. The 2020 Census totals are also presented for comparison.

<b>Table 3 Population Projections Through 2028</b>				
	2020 Census	2023 Estimate	2028 Projection	Change
Groton - AGS	1,380	1,399	1,586	187
Groton - Esri	1,380	1,351	1,330	-21
Brown County - AGS	38,301	38,245	39,648	1,403

Source: U.S. Census; AGS; Esri

- ▶ Applied Geographic Solutions is projecting a large increase in the City’s population, with the expected gain of 187 people over the 5-year time period, or an annual average of approximately 37 additional residents per year. While this level of growth may be achievable for the City, it would be significant change from past patterns, as the City’s population decreased by an average of eight people per year from 2010 to 2020.
- ▶ Esri is projecting a small loss of residents, with 21 fewer people in the City between 2023 and 2028. This would be an average loss of approximately four fewer people per year.
- ▶ Applied Geographic Solutions is projecting strong population growth Countywide, with the expected addition of more than 1,400 people over the next five years. However, much of Brown County’s growth would be attributed to Aberdeen.

## Household Data and Trends

<b>Table 4 Household Trends - 1990 to 2020</b>						
	1990 Census	2000 Census	% Change 1990-2000	2010 Census	% Change 2000-2010	2020 Census
Groton	488	524	7.4%	576	9.9%	579
Brown Co.	13,867	14,638	5.6%	15,489	5.8%	16,130

Source: U.S. Census

- ▶ At the time of the 2020 Census, Groton had 579 permanent resident households. When compared to 2010, the City had added three households over the decade. Although the City’s population had decreased slightly, the City added a few households after 2010.
- ▶ While the household growth in Groton over the last decade was the continuation of a longer-term pattern, the level of annual growth was much lower than in previous decades. In the 1990s, the City was averaging between three and four households per year, followed by growth of more than five households per year between 2000 and 2010.
- ▶ Although the decennial Census is usually viewed as the most reliable demographic data source available, there have been questions raised about the 2020 Census due to the timing of the Covid pandemic. It is possible that the reported change of permanent resident households in the community may reflect a temporary result of the pandemic.
- ▶ Brown County had 16,130 permanent households according to the 2020 Census, up by 641 households from 2010. However, Aberdeen added more than 800 households between 2010 and 2020, as the remainder of Brown County had a reduction of households over the decade.
- ▶ The AGS estimate showed 590 households in Groton in 2023, up from 579 in the 2020 Census count. Over the 3-year time period AGS is showing an average gain of nearly four households per year.
- ▶ The Esri estimate shows 571 households in the City in 2023, down by eight households from the 2020 Census count. For both population and households, Esri is showing a minor reduction in Groton after 2020.
- ▶ The AGS estimate for Brown County showed 16,285 households in 2023, up by 155 households from the 2020 Census count.

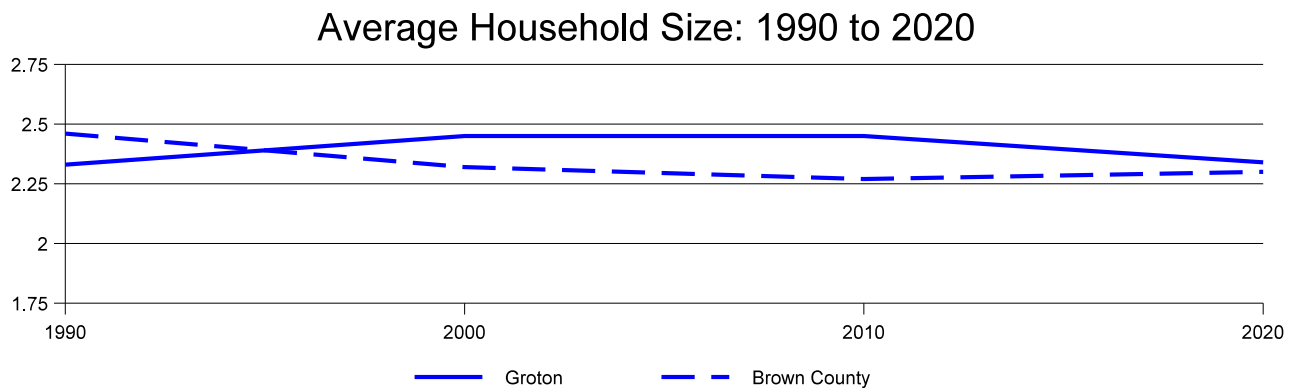
## Average Household Size

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

In most jurisdictions in South Dakota there has been a steady decrease in average household size over the past several decades. This has often been caused by household composition changes, such as more single person and single parent families, fewer children per family, and more senior households due to longer life spans.

<b>Table 5 Average Number of Persons Per Household: 1990 to 2020</b>				
	1990 Census	2000 Census	2010 Census	2020 Census
Groton	2.33	2.45	2.45	2.34
Brown Co.	2.46	2.32	2.27	2.30
South Dakota	2.59	2.50	2.42	2.44

Source: U.S. Census



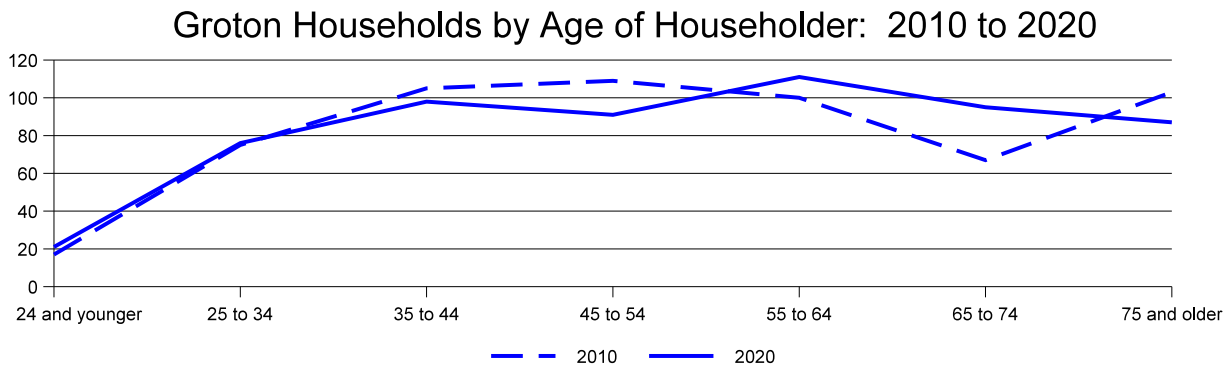
- ▶ Although Groton did have a decreasing average household size between 2010 and 2020, the City has generally been able to maintain the number of people per household. If 2020 is compared back to 1990, the average household size is nearly unchanged. The City’s average of 2.34 persons in 2020 was below the Statewide average of 2.44 persons.
- ▶ The average household size for all of Brown County had been decreasing from 1990 through 2010, but then increased to 2.30 persons in 2020. Despite this recent increase, the average for Brown County has consistently remained below the average for South Dakota.

## Household by Age Trends: 2010 to 2020

The following table compares households by age using data from the Census for 2010 and 2020.

<b>Table 6 Groton Households by Age - 2010 to 2020</b>			
Age	2010	2020	Numeric Change
24 and younger	17	21	4
25-34	75	76	1
35-44	105	98	-7
45-54	109	91	-18
55-64	100	111	11
65-74	67	95	28
75 and older	103	87	-16
Total	576	579	3

Source: U.S. Census



- ▶ The household patterns reported in the 2020 Census show the City adding only three total households between 2010 and 2020. As a result, some of the defined age ranges showed limited change over the decade.
- ▶ The largest numeric increase occurred among senior-headed households in the 65 to 74 year old age group, as the City added 28 younger senior households. Much of this growth would reflect the movement of the large baby boom generation through the aging cycle.

- ▶ Although there was growth from younger seniors, there was a decrease of 16 older senior households, age 75 and above.
- ▶ Despite the decrease in size for older senior households, the City did have growth in the two 10-year age ranges that were immediately younger, resulting in a net gain of 23 households age 55 and older between 2010 and 2020.
- ▶ The largest numeric decrease occurred among households in the 45 to 54 year old range, with 18 fewer households in 2020. This was the age cohort trailing behind the baby boomers, and did not fully replace the advancing generation.
- ▶ The City also had fewer young adult households, age 35 to 44. Despite some limited growth from households age 34 and younger, the City had an overall net loss of 20 households under the age of 55.

## Household Projections from AGS/Esri

Household projections are available to the year 2028 from Applied Geographic Solutions and Esri. The base-year estimate from each source has also been provided to track the expected change in households over the 5-year time period. In the opinion of the analysts, neither of the national data sources provide a reliable forecast of the growth potential for Groton over the next five years. As a result, Community Partners Research, Inc., has also provided a growth projection based on other data collected in the research process.

<b>Table 7 Household Projections Through 2028</b>				
	2020 Census	2023 Estimate	2028 Projection	Change
Groton - AGS	579	590	638	48
Groton - Esri	579	571	564	-7
Groton - CPR. Inc.	579	590	615	25
Brown Co. - AGS	16,130	16,285	16,341	56

Source: U.S. Census; AGS; Esri

- ▶ Applied Geographic Solutions is projecting that Groton will add 48 households between 2023 and 2028. While this may be an achievable forecast, the City would need to add an average of nearly 10 households per year. Over the past 30 years the City’s average annual household growth has been approximately three households per year.
- ▶ Esri’s estimate shows a slight decrease in the number of households in the City between 2020 and 2023, and going forward this source shows the City losing seven households, or an average of approximately one to two households each year over the 5-year projection period. Given the City’s long-term pattern of adding households, the loss projected by Esri is inconsistent with other available data.
- ▶ Community Partners Research, Inc., estimates that the City has gained approximately 11 households since 2020, and that by 2025, an additional 25 households will be added. An annual average of approximately five more households per year has been used in the recommendations that are provided later in this document.
- ▶ Applied Geographic Solutions believes that Brown County will add only 56 households between 2023 and 2028. Given the level of past growth in Aberdeen, this appears to be a very conservative forecast.

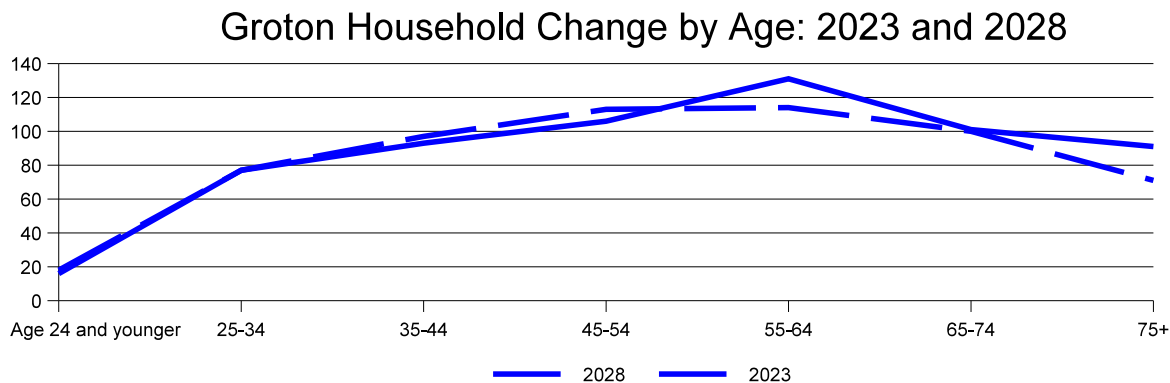


## Projected Households by Age

Esri provides household projection data within defined 10-year age groups, which can be used to anticipate future changes in the demographic composition. However, Esri’s total household projection for 2028 is viewed as low by the analysts. In the following table, the Esri information has been adjusted upward to better match current and future household levels. These adjustments are approximately 9% higher and have been made by Community Partners Research, Inc.

<b>Table 8 Groton Projected Households by Age: 2023 to 2028</b>			
Age Range	2023 Estimate	2028 Projection	Change
15-24	18	16	-2
25-34	77	77	0
35-44	97	93	-4
45-54	113	106	-7
55-64	114	131	17
65-74	100	101	1
75+	71	91	20
<b>Total</b>	<b>590</b>	<b>615</b>	<b>25</b>

Source: Esri; Community Partners research, Inc.



- ▶ The adjusted age-based projections expect Groton to add 25 households between 2023 and 2028. As a result, the numeric changes within many of the defined age ranges are relatively limited.

- ▶ By 2028, the largest numeric change within any age range would be expected from older senior households, age 75 and above. The younger senior group, between 65 and 74 years old, and the near-senior range between 55 and 64 are also expected to grow. When combined, these projections show an increase of 38 households age 55 and older in the City.
- ▶ The adjusted projections show limited changes in most of the younger adult ranges age 54 and under. If all of these age ranges are combined, the projections show a net decrease of 13 households over the 5-year time period.

## Household Characteristic: Households by Type

The 2020 Census can be compared to statistics from 2010 to examine changes in household composition over the prior decade. The following table looks at household trends within the City of Groton.

<b>Table 9 Groton Household Composition - 2010 to 2020</b>			
	2010 Census	2020 Census	Change
Family Households			
Married couple with children under 18	169	130	-39
Married couple without children under 18	154	177	23
Other families with children under 18	39	37	-2
Other families without children under 18	11	18	7
<b>Total Families</b>	<b>373</b>	<b>362</b>	<b>-11</b>
Non-Family Households			
Single Person	175	194	19
Two or more persons	28	23	-5
<b>Total Non-Families</b>	<b>203</b>	<b>217</b>	<b>14</b>

Source: U.S. Census

- ▶ Between 2010 and 2020, Groton experienced a decrease in the number of family households, but added non-family households due to an increase of people who were living alone.
- ▶ The largest decrease of any household type occurred from fewer married couples with children, although there was an increase of married couples without children.
- ▶ The City did add a few other family households, with growth in the number of family households without children age 18 or younger.
- ▶ There was an increase of 19 households with only one person, as more than 33% of all households in Groton in 2020 were people that were living alone.

## Housing Tenure

Housing occupancy tenure information from the 2020 Census can be compared back to 2010 to track housing preference patterns over the prior decade in the City of Groton.

<b>Table 10 Groton Housing Tenure: 2010 to 2020</b>					
Owners			Renters		
2010 Census	2020 Census	Change	2010 Census	2020 Census	Change
411 / 71.4%	419 / 72.4%	8	165 / 28.6%	160 / 27.6%	-5

Source: U.S. Census

- ▶ Between 2010 and 2020, Groton had an increase of eight owner-occupancy households but a decrease of five renter-occupancy households. As a result, the home ownership rate increased slightly to 72.4% in 2020.
- ▶ The City’s rental tenure rate of 27.6% in 2020 was lower than the Statewide average of 33% renters.

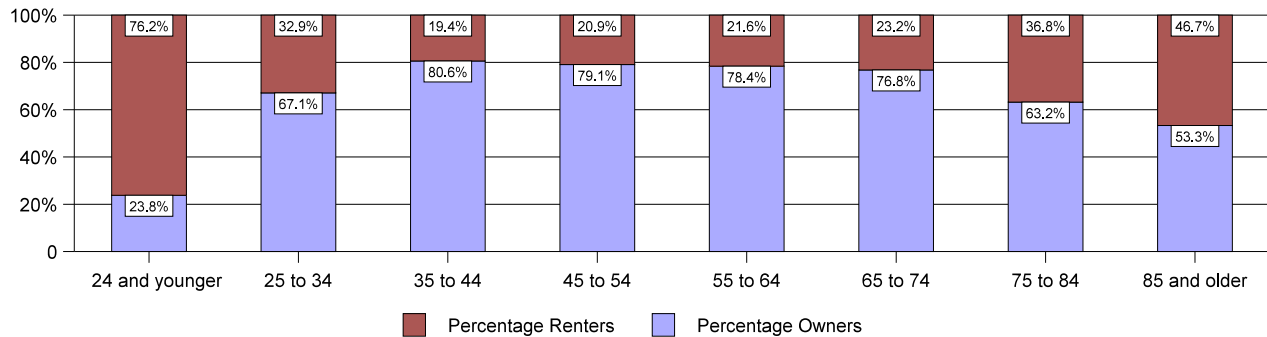
## Tenure by Age of Householder

The 2020 Census provided details on the distribution of owner and renter households within defined age ranges. The following table examines the percentages of renters and owners in each age group for Groton.

<b>Table 11 Groton Housing Tenure by Age of Householder: 2020</b>				
Age	Home Owners		Renters	
	Number	% in age range	Number	% in age range
24 and younger	5	23.8%	16	76.2%
25-34	51	67.1%	25	32.9%
35-44	79	80.6%	19	19.4%
45-54	72	79.1%	19	20.9%
55-64	87	78.4%	24	21.6%
65-74	73	76.8%	22	23.2%
75-84	36	63.2%	21	36.8%
85 and older	16	53.3%	14	46.7%
Total	419	72.4%	160	27.6%

Source: U.S. Census

**Groton Housing Tenure Patterns by Age in 2020**



- ▶ Household tenure by age patterns generally show a preference for home ownership in all of the defined ranges age 25 and older. In Groton, the only age group the predominantly rented their housing in 2020 was younger adults age 24 and under.

- ▶ Although most households owned their housing, home ownership rates were lower at the younger and older ends of the age spectrum. For households age 25 to 34, the ownership rate was just above 67%, compared to an ownership rate above 80% for households in the 35 to 44 year old range.
- ▶ Younger senior households, age 65 to 74 years old, had an ownership rate approaching 77%. For households age 75 to 84, the ownership rate dropped to 63.2%, and was below 54% for older seniors age 85 and above.
- ▶ In Groton, all of the defined age ranges between 35 and 74 years old had a home ownership rate above 76% in 2020.

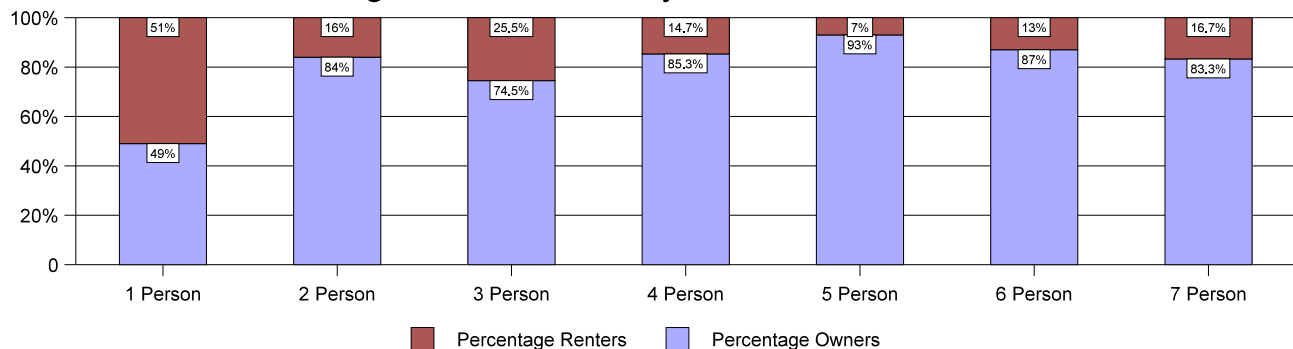
## Tenure by Household Size

The 2020 Census also provided information on tenure by household size, which can be compared to the 2010 Census to better understand trends for housing unit needs for renter and owner households in Groton.

<b>Table 12 Tenure by Household Size: 2010 to 2020</b>						
Household Size	Home Owners			Renters		
	2010	2020	Change	2010	2020	Change
1-Person	72	95	23	103	99	-4
2-Person	160	163	3	35	31	-4
3-Person	60	38	-22	7	13	6
4-Person	64	58	-6	11	10	-1
5-Person	36	40	4	8	3	-5
6-Person	14	20	6	1	3	2
7-Persons+	5	5	0	0	1	1
<b>Total</b>	<b>411</b>	<b>419</b>	<b>8</b>	<b>165</b>	<b>160</b>	<b>-5</b>

Source: U.S. Census

**Housing Tenure Patterns by Household Size in 2020**



- ▶ In 2020, home ownership rates were very high for households that had two or more household members. For each of these household types, the ownership rate was above 74%.
- ▶ Between 2010 and 2020, Groton added a number of one person households. This increase was reflected in growth in the number of single persons that owned their home. However, in 2020, a slight majority of one person households were still renters.

- ▶ Over the last decade, Groton added 26 owner households with only one or two persons, but lost 28 owner households with three or four household members. This would imply that some of these were families with children at the time of the 2010 Census, but by 2020 some of these households no longer included children.
- ▶ Groton did add 10 owner households and seven renter households with five or more household members between 2010 and 2020. The growth of larger households implies that the City is an attractive location for families with children.



## Median Income Data

Income estimates are available at the city and county level through the Census Bureau’s American Community Survey. There is a data lag with the most recent estimates effective 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. The median for families tends to be higher than the median for households as families have at least two household members, and potentially more income-earners, while many non-family households have only one household member.

<b>Table 13 Median Income - 2010 to 2022</b>			
	2010 Median	2022 Median	% Change
Households			
Groton	\$56,196	\$82,841	47.4%
Brown County	\$45,615	\$70,379	54.3%
South Dakota	\$46,369	\$69,457	49.8%
Families			
Groton	\$60,833	\$105,455	73.4%
Brown County	\$58,683	\$96,494	64.4%
South Dakota	\$58,958	\$88,996	50.9%

Source: ACS

- ▶ According to the American Community Survey, the median household income in the City of Groton was \$82,841 in 2022. The City’s median household income was more than \$12,000 higher than the comparable medians for Brown County and the State of South Dakota.
- ▶ The median family income in Groton was even higher, at \$105,455 in 2022, and had increased by more than 73% from the median in 2010. The median family income in Groton was more than \$16,000 higher than the median for the entire State. Brown County’s median family income was also above the Statewide median, but well below the level in Groton.
- ▶ Using the commonly accepted standard that up to 30% of income can be applied to housing expenses without experiencing a cost burden, the medians in Groton yield an amount of nearly \$2,071 for households and more than \$2,636 for families for monthly housing costs.

## Household Income Distribution by Tenure: 2022

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 over estimated the number of owner households living in the City, although the number of renter households was relatively accurate. In the following table, the percentage distribution of households by income has been presented.

<b>Table 14 Groton Income Distribution by Tenure: 2022</b>			
Household Income	Owner Households	Renter Households	Total Households
\$0 - \$14,999	1.2%	8.3%	2.9%
\$15,000 - \$24,999	7.7%	10.8%	8.4%
\$25,000 - \$34,999	7.5%	14.6%	9.2%
\$35,000 - \$49,999	4.8%	15.3%	7.4%
\$50,000 - \$74,999	12.9%	30.6%	17.2%
\$75,000 - \$99,999	15.5%	20.4%	16.7%
\$100,000+	50.4%	0%	38.3%
Total	100%	100%	100%

Source: American Community Survey

- ▶ Within the moderate to higher income ranges, there was a greater frequency for home ownership. Nearly 66% of all home owners in Groton in 2022 had an annual income of \$75,000 or more.
- ▶ Most renter households had more moderate to lower income levels. In 2022, fewer than 21% of all renter households in the City had an annual income of \$75,000 or more.
- ▶ For home owners, the estimated median household income in 2022 was \$103,750.
- ▶ For all renter households, the estimated median income level in 2022 was \$52,634. Although the median income level for renters in Groton was approximately half of the median for owner households, it was relatively high by comparative standards. Statewide, the median income for renters in 2022 was \$42,339.

## Renter Housing Cost Burden

The American Community Survey includes information on housing costs for renter households. Generally, it is the goal of housing assistance programs to limit housing costs to no more than 30% of household income. This is especially true for lower income households, with limited amounts of income available for discretionary spending.

When more than 30% is applied, this is often referred to as a “housing cost burden”. When 35% or more of income is required, this may represent a “severe housing cost burden”.

<b>Table 15 Groton Renter Household Cost Burden - 2022</b>		
Percent of Income for Housing	Number of Renter Households	Percent of all Renter Households
Less than 20%	58	36.9%
20% to 29.9%	48	30.6%
30% to 34.9%	8	5.1%
35% or more	42	26.8%
Not Computed	1	0.6%
Total	157	100%

Source: American Community Survey

- ▶ Using a standard at 30% of income, most renter households in Groton did not have a cost burden for rental housing in 2022. However, nearly 32% of all renters did need to apply 30% or more of their income to housing costs. Most of the cost burdened households were actually applying 35% or more of their income to housing.
- ▶ The American Community Survey includes an estimate of the median percentage of income applied to rental housing costs in 2022. For renter households in Groton, the estimated median was 23.4% of income.
- ▶ While a rental cost burden could be caused by high rent or low income, in Groton it appeared that most cost-burdened households were in the lower income ranges. The large majority of all households that reported paying 30% or more of their income for housing had an annual income below \$35,000.

## Owner Housing Cost Burden

The American Community Survey also includes information on housing costs for home owners. The following table examines the percentage of income required by Groton owner households for monthly housing costs. Information is provided for owner households with and without a mortgage on their home. Percentages are calculated for each column. Since the American Community Survey over estimated the number of home owners in 2022, only percentage distributions have been presented.

<b>Table 16 Groton Owner Household Cost Burden - 2022</b>			
Percent of Income for Housing	Households with a Mortgage	Households without a Mortgage	Total
Less than 20%	69.2%	77.7%	72.4%
20% to 29.9%	15.3%	13.8%	14.7%
30% or more	14.3%	8.5%	12.1%
Not Computed	1.3%	0%	0.8%
Total	100%	100%	100%

Source: American Community Survey

- ▶ Most owner-occupants, which would include both households with or without a mortgage, reported paying less than 30% of their income for housing. Mortgage lending practices generally attempt to keep monthly payments below this level of household income.
- ▶ Only 12.1% of all home owners reported that they paid 30% or more of their income for housing in 2022.
- ▶ The cost-burdened home owners represented a mix of households, both with and without a mortgage on their home. However, a cost burden was more frequent for households with a mortgage. For households without a mortgage, a lower annual income was often the cause of the cost burden, such as a retiree that owned their home but lived on a fixed income.
- ▶ The American Community Survey provides an estimate of the median percentage of income paid by home owners in Groton for housing. In 2022, the median required for home ownership housing costs was 14.5%.

## Building Permit History

Groton has experienced some new housing construction activity in recent years. The following table identifies construction from 2010 to 2023.

<b>Table 17 Groton Housing Unit Construction Activity: 2010 to 2023</b>			
Year	Single Family	Two or More Units	Total Units Constructed
2023	4	0	4
2022	2	0	2
2021	4	0	4
2020	4	0	4
2019	2	0	2
2018	0	0	0
2017	0	0	0
2016	2	0	2
2015	0	0	0
2014	4	0	4
2013	5	0	5
2012	4	0	4
2011	5	0	5
2010	7	0	7
Total	43	0	43

Source: City of Groton; Census Bureau; Community Partners Research, Inc.

- ▶ Over the 14-year period from 2010 to 2023, there were 43 new housing units added to the City through new construction. All of these permits were issued for single family houses. No multifamily structures have been permitted based on available reporting.
- ▶ On an annual average, the housing starts in Groton equate to approximately three units per year.

## 2020 Census Housing Data

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

<b>Table 18 Housing Units, Occupancy and Vacancy - 2010 to 2020</b>									
	Total Housing Units			Occupied Units			Vacant Units		
	2010	2020	Change	2010	2020	Change	2010	2020	Change
Groton	630	641	11	576	579	3	54	62	8

Source: U.S. Census

- ▶ Comparing the Census housing totals from 2010 and 2020 for Groton showed a net gain of 11 housing units over the decade.
- ▶ As reported on a previous page, there were an estimated 29 new houses constructed in the City between 2010 and 2019 that should have been included in the 2020 Census count. A net gain of only 11 housing units implies that 18 older housing units were lost over the decade.
- ▶ There was some increase in vacant/unoccupied housing between 2010 and 2020. In 2020, there were 62 vacant units.
- ▶ There were some details on the vacant housing stock in 2020, including 29 vacant/unoccupied rental units, 8 unoccupied houses that were for sale or sold, 7 units that were used as seasonal/recreational housing, and 18 units simply listed as "other vacant" with no additional details provided.

## **Age of Housing - American Community Survey**

The Census Bureau's 2022 American Community Survey includes information on various housing topics. As stated previously, the estimates for small communities are based on limited sampling, which results in a margin of error within the individual data being presented.

### **Median Year of Construction - Owner-occupancy Housing**

For owner-occupancy units in Groton, the estimated median year of construction is 1974.

Nearly 45% of all owner-occupancy houses in the City were constructed prior to 1960, and more than 58% were constructed before 1980.

### **Median Year of Construction - Renter-occupancy Housing**

For renter-occupancy units in Groton, the estimated median year of construction is 1991.

Approximately 38% of all renter-occupancy units in the City were constructed prior to 1980.

## Existing Home Sales

This section examines houses that have been sold in Groton from 2018 through 2022. It is important to note that the number of houses that sell each year can vary and may not be an accurate indicator of overall home values in the City. However, this sample does provide some insight into those units that have turned-over during this time period.

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

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

The County’s sale year differs slightly from a calendar year, and begins on November 1<sup>st</sup> and extends to October 31<sup>st</sup>. No information was available for the 2023 sales period.

**Table 19 Median Value of Recent Residential Sales - 2018 to 2022**

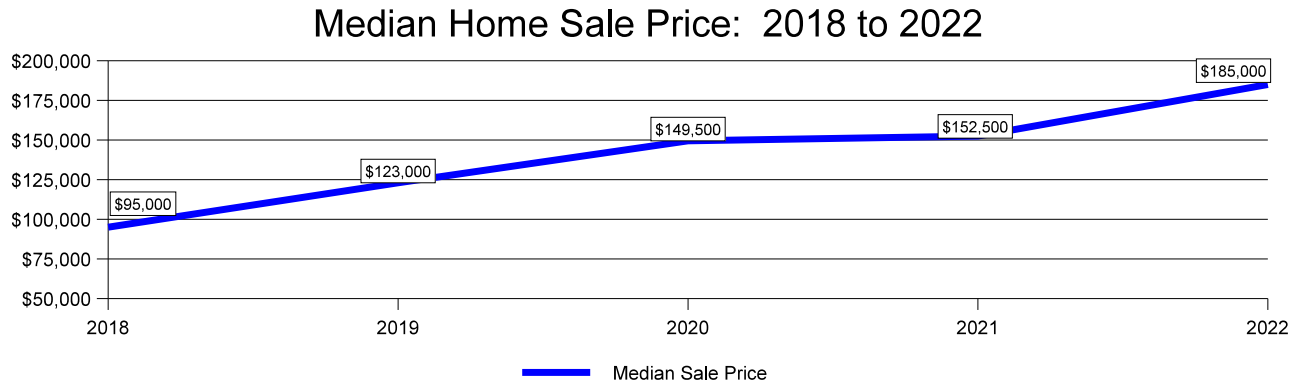
Year	Number of Sales	Median Sale Price	Highest Sale	Lowest Sale
2022	27	\$185,000	\$528,000	\$36,500
2021	24	\$152,500	\$525,000	\$49,500
2020	21	\$149,500	\$425,000	\$59,000
2019	22	\$123,000	\$475,000	\$18,000
2018	19	\$95,000	\$270,000	\$14,000

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

- ▶ Based on sales over the past five years, home values in Groton have been increasing at a very rapid rate. Between 2018 and 2022, the midpoint sale price nearly doubled, and was at \$185,000 for 2022.



- ▶ There are a limited number of sales in Groton within any 12-month time period, and the annual median price may not always be an accurate indicator of overall home values.



- ▶ Throughout the five years reviewed, a number of higher valued home sales have been recorded. In four of the past five years at least one home was sold annually for \$425,000 or more.
- ▶ Although some lower valued sales have also been recorded, no home has been sold for less than \$36,500 over the past three years.
- ▶ An alternate estimate of home values exists in the American Community Survey. In 2022, the estimated median value for all owner-occupied housing in Groton was \$156,100. This estimate was below the median sale price recorded in 2022 of \$185,000, but was generally similar to the median price of \$152,500 in 2021.

## Home Sales by Price Range

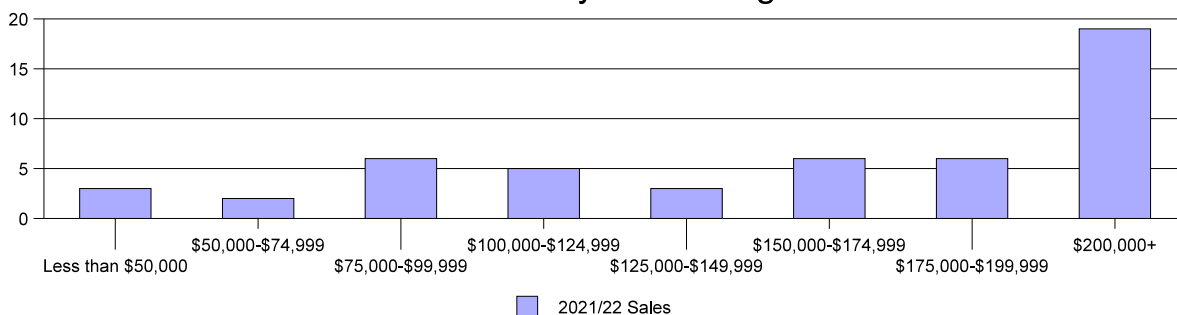
The following table looks at single family houses that sold within defined price ranges over a 24-month period for the 2021/22 sales years. There were 51 good “arms length” sales over this period.

Table 20 Groton Home Sales by Price Range: 2021/22		
Sale Price	Number of Sales	Percent of Sales
Less than \$50,000	3	5.9%
\$50,000 - \$74,999	2	3.9%
\$75,000 - \$99,999	6	11.8%
\$100,000 - \$124,999	6	11.8%
\$125,000 - \$149,999	3	5.9%
\$150,000 - \$174,999	6	11.8%
\$175,000 - \$199,999	6	11.8%
\$200,000 - \$249,999	8	15.7%
\$250,000 - \$299,999	4	7.8%
\$300,000+	7	13.7%
<b>Total</b>	<b>51</b>	<b>100%</b>

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

- ▶ While recent sales in Groton were distributed in a wide range of prices, a majority of homes were sold for \$150,000 or more. In the 2021/22 sales years, nearly 61% of the sales were in these higher price ranges.
- ▶ Overall, fewer than 22% of the sales were for less than \$100,000.

Groton Home Sales by Price Range: 2021/22



## **Groton Housing Condition Survey**

Community Partners Research, Inc. representatives conducted a visual 'windshield' survey of single family/duplex structures in two older neighborhoods in Groton, defined as follows:

- ▶ Neighborhood #1 - bordered by 9<sup>th</sup> Ave E on the north, Railroad Ave on the south, 5<sup>th</sup> Ave N on the east and Main St on the west
- ▶ Neighborhood #2 - bordered by 5<sup>th</sup> Ave W/7th Ave on the north, Railroad Ave/2nd Ave W on the south, Main St on the east and Lincoln St/Broadway on the west

In total, 300 single family/duplex structures were viewed and rated. Multifamily structures that appeared to contain three or more residential units were excluded from the survey. Mobile homes were rated separately.

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

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

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

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

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

**Table 21 Windshield Survey Condition Estimate - 2023**

	Sound	Minor Repair	Major Repair	Dilapidated	Total
Neighborhood #1	69 / 42.9%	66 / 41.0%	24 / 14.9%	2 / 1.2%	161
Neighborhood #2	58 / 46.7%	54 / 38.9%	17 / 12.2%	10 / 7.2%	139
Total	127 / 42.3%	120 / 40.0%	41 / 13.7%	12 / 4.0%	300

Source: Community Partners Research, Inc.

- ▶ The existing housing stock in Groton's older neighborhoods is generally in very good condition, with more than 42% of all houses rated as Sound, the highest rating given. This percentage would have been even larger if the newer neighborhoods in Groton were added.
- ▶ An additional 40% of the houses were rated in the Minor Repair category. In total, more than 82% of all houses in the older portions of the City were in the two highest ratings groups.
- ▶ Groton had 41 houses that were in the Major Repair category. Major Repair houses may require a significant investment to return to better condition.
- ▶ There were 12 houses that were judged to be Dilapidated, the lowest rating given. Dilapidated houses may be beyond the point of economically feasible repair.

## Mobile Home Condition Survey

Community Partners Research, Inc. representatives also conducted a visual 'windshield' survey of 24 mobile homes in Groton, using the same rating categories.

**Table 22 Mobile Home Condition Estimate - 2023**

	Sound	Minor Repair	Major Repair	Dilapidated	Total
Mobile Homes	10 / 41.7%	11 / 45.8%	3 / 12.5%	0 / 0%	25

Source: Community Partners Research, Inc.

- ▶ The mobile homes in Groton were also in good condition, with more than 87% rated in either the Sound or Minor Repair categories. There were only three units rated as needing Major Repair, and no mobile homes were judged as Dilapidated and possibly beyond repair.

## **Rental Housing Data**

### **Census Bureau Rental Inventory**

According to the 2020 Census, there were 160 occupied rental units and 29 vacant/unoccupied rental units in Groton, for a total estimated rental inventory of 189 units. The City's rental tenure rate was 27.6%, based on renter-occupancy households. For comparison, the Statewide rental tenure rate in 2020 was 33.0%.

At the time of the 2010 Census, there were 165 occupied rental units and 24 unoccupied rental units in Groton, for a total estimated rental inventory of 189 units. The City's rental tenure rate in 2010 was 28.6%, below the Statewide rental rate of 31.9%.

Between 2010 and 2020, Groton lost five renter-occupancy households but the overall rental unit inventory remained unchanged for total units, based on the reported Census totals.

### **Rental Construction 2010 to 2019**

Based on available building permit reports, there were no multifamily structures constructed in Groton between 2010 and 2019. Any change in occupancy tenure appears to have been limited, as the 2020 Census reported the same number of rental units in the City as the 2010 Census.

### **Rental Construction 2020 to 2023**

Work has started on adding five or six rental units above a downtown commercial building. This is the only additional rental housing development that has been identified in Groton after 2020.

### **Pending Projects**

The research for this Housing Study did not identify any planned or proposed rental projects in Groton.

## **Rental Housing Survey**

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

The 2023 telephone survey was conducted in October. Information was tallied separately for different types of rental housing, including conventional market rate units and specialized senior housing offering services.

There were at least 83 rental housing units of all types that were contacted in the survey. The units that were successfully contacted include:

- ▶ 67 conventional market rate units
- ▶ 16 units of senior housing with light services

Based on the rental inventory reported in the 2020 Census, the 83 units contacted in the 2023 rental survey represented approximately 44% of all rental options in the City.

The findings of the survey are provided by market segment on the following pages.

## **Market Rate**

All of the rental housing units in the City would be defined as conventional market rate rentals, with no income, occupancy or rent restrictions.

There were four conventional market rate projects that were successfully contacted with a combined 67 rental units. Some additional information was obtained on rental housing in single family houses/duplexes, but this was general data and is not specifically reported in the following analysis.

## **Unit Mix**

Specific bedroom information was obtained from all 67 units, with the following mix reported:

- ▶ One-bedroom - 26 units (38.8% of total)
- ▶ Two-bedroom - 39 units (58.2%)
- ▶ Three-bedroom - 2 units (3.0%)

Most of the multifamily rental inventory in Groton is in one or two-bedroom units, but rental houses in the community would often contain three or more bedrooms.

## **Occupancy/Vacancy**

At the time of the survey there was only one vacant unit in the market rate rental projects surveyed, and this was the result of a recent move-out. Owners/managers reported good demand for rental housing.

## **Rental Rates**

Rental rates in Groton are generally within a low to moderate price range. The City has not had any significant rental housing development in many years, which would tend to require a higher rent structure. Most of the conventional market rate housing in the City was originally developed through federal housing subsidy programs, and was later converted to market rate.

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. Only two and three-bedroom rents are reported, as only two three-bedroom units were contacted.

<u>Unit Type</u>	<u>Lowest/Highest Gross Rents</u>
One-bedroom	\$500-\$625
Two-bedroom	\$600-\$800

Some of the owners/managers that were contacted stated that rental rates in Groton tended to be somewhat lower than would be charged for a comparable unit in Aberdeen. This discount was generally estimated at 20% to 25% at most, and there was a belief that occupancy rates would decrease if a project in Groton attempted to charge the same rates being achieved in Aberdeen.



## **Tax Credit**

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 even lower income ranges.

Since the tax credit program became available, no awards have been made in Groton.

## **Subsidized Summary**

The research completed for this Housing Study found that no federally subsidized housing projects remain in Groton. The City had once had three different subsidized projects, but all of them had ended their subsidy contract at some point in the past and had been converted to conventional market rate housing.

The three former subsidized projects are:

- ▶ **Groton Manor** - A 16-unit project originally developed as USDA Rural Development subsidized housing.
- ▶ **Pheasant Ridge** - A 22-unit project originally developed as USDA Rural Development subsidized housing.
- ▶ **The Village** - A 17-unit project originally developed as HUD Section 8 subsidized housing.

The specific details and times of conversion are not known. It is often the case that at the point of conversion any eligible tenants in occupancy may have been provided with a tenant-based rent assistance Voucher. However, this would move with the tenant and it is not known if any of the original tenants still live in any of the converted projects.

## **Tenant-Based Rent Assistance Vouchers**

There are also tenant-based rent assistance Housing Choice Vouchers available in the area. The Housing Choice Voucher Program is administered regionally by the Aberdeen Housing and Redevelopment Commission (HRC). The Program serves households in Brown, Day, Marshall, McPherson and Roberts Counties.

Housing Choice Voucher assistance is issued to income-eligible households for use in suitable, private market rental housing units. With the assistance, the household pays approximately 30% of their income for their rent, with the program subsidy paying any additional rent amounts.

Attempts to contact staff at the HRC were unsuccessful and no specific information could be obtained about Voucher usage in Groton. However, in the past there have been more than 400 total Vouchers available in the service area, but most of these were being used in Aberdeen. A long waiting list for assistance has also existed in the past, although this could not be verified in 2023.

## **Senior Housing with Services Summary**

### **Unit Inventory**

Groton has two specialized senior housing projects providing services to residents.

- ▶ ***Avantara Groton*** is a State-licensed skilled nursing home that is licensed for 39 beds in 2023.
- ▶ ***Rosewood Court*** is registered with the State as a Residential Living Center, with capacity for 16 residents in 2023.

### **Occupancy / Vacancy**

Although Avantara Groton is licensed for 39 beds, the facility has a general goal of up to 35 residents based on staffing limitations. At the time of the rental survey there were 34 occupied beds in the facility in both private and shared occupancy rooms. There are no specific identified uses for beds, but most residents are receiving long-term care. However, some beds may also be used for shorter-term transitional care stays.

At the time of the rental survey Rosewood Court reported seven unoccupied rooms. This facility experienced reduced occupancy during the Covid pandemic and has not completely recovered, with unused capacity in 2023.

### **Rental Rates**

No rental rate information was obtained from Avantara Groton.

The monthly rate for Rosewood Court is \$1,600 and includes all meals and light services. It is possible for a resident to also rent an adjoining room for more living space for an additional \$1,400 per month and one resident currently occupies two units.

**Table 23 Groton Multifamily Rental Housing Inventory**

Name	Number of Units /Bedroom Mix	Rent	Vacancy/ Wait List	Tenant Mix	Comments
<b>Market Rate</b>					
Cooper Apartments 2 E 2 <sup>nd</sup> Ave	1 - 1 bedroom <u>7 - 2 bedroom</u> 8 total units	N/A	N/A	N/A	Unwilling to participate in rental survey - information provided is from secondary sources.
Groton Manor Apartments 1105 N Main 1108 N 3 <sup>rd</sup>	2 - 1 bedroom <u>14 - 2 bedroom</u> 16 total units	\$500 \$600 +heat, electric	No vacant units	Mix of tenants	Originally developed as a USDA Rural Development subsidized project but later converted to conventional market rate housing. Tenant pays heat and electric in addition to rent. Manager reported full occupancy and a mix of tenants. Rents in Groton are lower than in Aberdeen to attract tenants.
Krause Apartments 410 E 7 <sup>th</sup>	8 total units	N/A	N/A	N/A	Unable to contact for 2023 survey - information provided is from secondary sources. Two 4-plexes constructed in 1980.
Melroy Apartments 603 N Main	<u>4 - 2 bedroom</u> 4 total units	N/A	N/A	N/A	Unable to contact for 2023 survey - information provided is from secondary sources. Two-level split-entry apartment building constructed in late 1960s.
North Main Apartments 901-905 N Main	<u>12 - 2 bedroom</u> 12 total units	\$700-\$750 +electric	No vacant units		Three split-entry 4-plexes. Rent includes heat with tenant paying electric. Amenities include detached garage parking. Rents listed are for new tenants - some long-term tenants pay less. Manager reported full occupancy and a mix of tenants.
Pheasant Ridge Apartments 9 E 10 <sup>th</sup> Ave	12 - 1 bedroom 8 - 2 bedroom <u>2 - 3 bedroom</u> 22 total units	\$500 \$600 \$800-\$850	1 vacant unit 1 - 2 bdrm	Mix of tenants	Originally developed as a USDA Rural Development subsidized project but converted to conventional market rate housing in approx. 2000. Rent includes utilities. Manager reported 1 vacant unit at time of survey due to turnover. Rents in Groton are lower than in Aberdeen to attract tenants.
Strom Apartments 1107 N 2 <sup>nd</sup>	<u>4 - 2 bedroom</u> 4 total units	N/A	N/A	N/A	Unable to contact for 2023 survey - information provided is from secondary sources. Two-level split-entry apartment building constructed in 1970. Detached garage parking available.

<b>Table 23 Groton Multifamily Rental Housing Inventory</b>					
<b>Name</b>	<b>Number of Units / Bedroom Mix</b>	<b>Rent</b>	<b>Vacancy/ Wait List</b>	<b>Tenant Mix</b>	<b>Comments</b>
<b>Market Rate</b>					
The Village 300 N Washington	12 - 1 bedroom 5 - 2 bedroom 17 total units	\$575-\$625 \$725-\$775 including utilities	No vacant units	Mix of tenants	Originally developed as a HUD Section 8 subsidized project but converted to conventional Market rate sometime after 2016. Three 1-level buildings in complex with a community room and laundry room. Rent includes utilities. Manager reported full occupancy and mix of tenants. Some residents have tenant-based rent assistance Vouchers.
<b>Senior with Services</b>					
Rosewood Court 705 N 6 <sup>th</sup>	16 - studio 16 total units	\$1600/sgl \$3000/dbl	7 available units	Residential Living Center	Residential Living Center constructed in the late 1990s and registered for 16 residents in 2023. Units are studio apartments with private bathroom but without kitchen. Shared living areas including a community kitchen. Rent includes all meals, laundry, weekly housekeeping and activities. Some residents contract with home health care for additional services. Monthly rent is \$1600 but option to rent adjoining room for more living space for \$3000/month - 1 resident currently rents 2 rooms. Seven unoccupied rooms at time of survey - occupancy went down during Covid and has not recovered.
Avantara Groton 1106 N 2 <sup>nd</sup> St	39 bed license	N/A	34 occupied beds	Nursing Home	Skilled nursing facility with license for 39 beds in 2023, but target for staffing is 35 occupied beds. Some de-licensing has occurred over time and there is a mix of private and shared occupancy rooms. No specific bed set-asides and most residents are long-term care, but also provide for transitional care stays. 34 beds occupied on date of survey.

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.

Groton is located approximately 20 miles from Aberdeen, the State's third largest city for population. There are employment options available in Groton and Aberdeen, as well as in other area communities.

## Work Force and Unemployment Rates

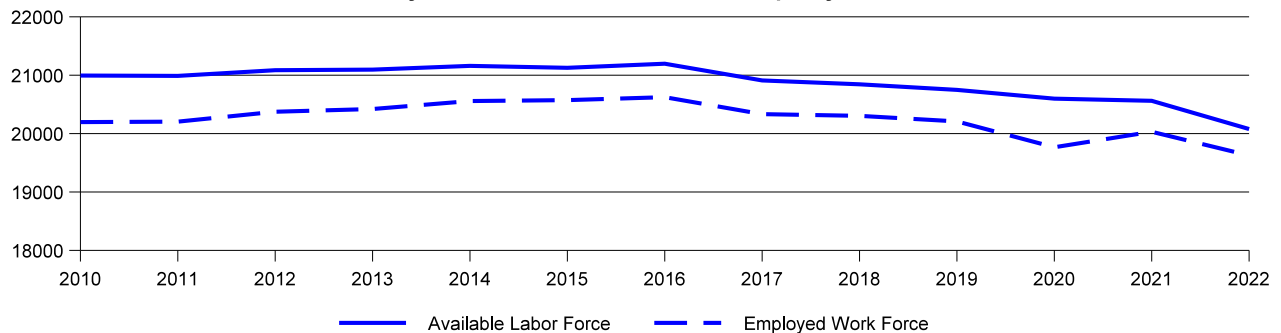
Employment information has been analyzed for Brown County in this section of the Study. Data in the tables that follow have been obtained from the South Dakota Department of Labor and Regulation. It is important to note that Groton represents only a small share of the County

<b>Table 24 Brown County Annual Labor Statistics: 2010 to 2022</b>						
Year	Labor Force	Employed	Unemployed	Unemployment Rate - County	Unemployment Rate - SD	Unemployment Rate - US
2010	20,994	20,196	798	3.8%	4.9%	9.6%
2011	20,989	20,204	785	3.7%	4.6%	8.9%
2012	21,086	20,374	712	3.4%	4.1%	8.1%
2013	21,095	20,422	673	3.2%	3.7%	7.4%
2014	21,159	20,558	601	2.8%	3.3%	6.2%
2015	21,126	20,573	553	2.6%	3.0%	5.3%
2016	21,196	20,623	573	2.7%	3.0%	4.9%
2017	20,910	20,333	577	2.8%	3.1%	4.4%
2018	20,845	20,304	541	2.6%	2.8%	3.9%
2019	20,749	20,209	540	2.6%	2.8%	3.7%
2020	20,599	19,766	822	4.0%	4.2%	8.1%
2021	20,561	20,032	529	2.6%	2.6%	5.3%
2022	20,078	19,626	452	2.3%	2.1%	3.7%

Source: South Dakota Department of Labor & Regulation; Community Partners Research, Inc.

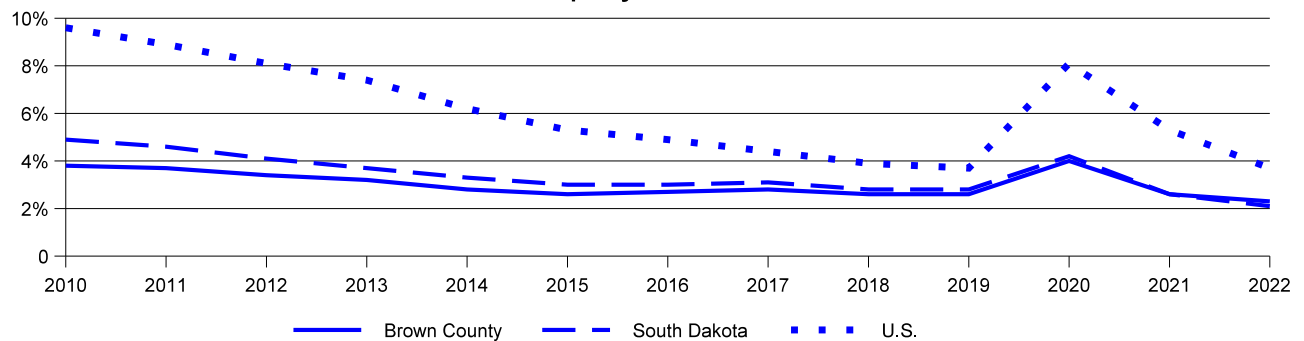
- ▶ Statistics on the available labor force track people by their county of residence. When viewed over the entire 13-year period, the size of the County’s resident labor force has decreased. If 2022 is compared back to 2010, there were 916 fewer people in the labor force, a decrease of nearly 4.4%.
- ▶ The County’s labor force had generally been increasing in size from 2010 through 2016, but after 2016 began to gradually decrease.

### Brown County Labor Force and Employed Work Force



- ▶ The number of employed County residents has generally followed the same basic pattern. Between 2010 and 2022, the number of employed residents of Brown County decreased by 570 people, or -2.8%.
- ▶ With the labor force decreasing at a slightly faster rate than the employed work force, the County’s unemployment rate dropped over this time period, from 3.8% in 2010 to 2.3% in 2022.

### Unemployment Rates



- ▶ Although there was a limited upward “spike” in the County’s unemployment rate in 2020, presumably due to the global pandemic, for all of the years reviewed the unemployment rate in Brown County has remained very low by comparative standards.



## Employment and Wages

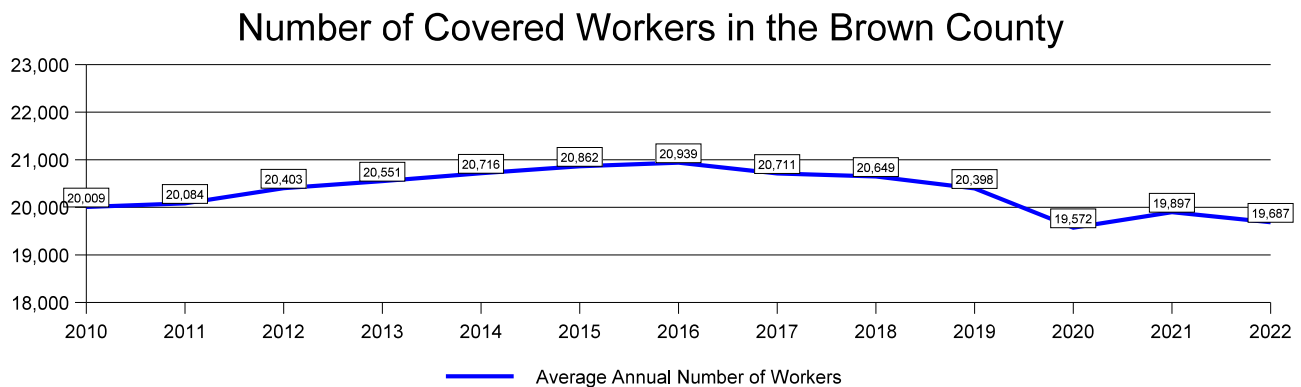
The Quarterly Census of Employment and Wages (QCEW) tracks annual employment and average annual wage data. The QCEW reporting is for unemployment compensation. It is important to note that the reporting does not represent all employment, as some classifications such as self-employed workers are not included.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

<b>Table 25 Brown County Average Employment and Wages - 2022</b>		
Industry	Employment	Average Weekly Wage
Total All Industry	19,687	\$995

Source: South Dakota Department of Labor & Regulation

- ▶ The average weekly wage for all industry in 2022 was \$995 in Brown County. At full-time employment, this would yield an annual average wage of approximately \$51,740.

Using the QCEW it is possible to examine longer-term patterns in the local employment level. The following chart displays the total number of workers reported in the County from 2010 through 2022.



- ▶ The number of covered workers in Brown County had gradually been increasing between 2010 and 2016, but after 2016 there was a loss of covered jobs in the County. From 2016 to 2022, the County lost more than 1,250 workers. While some of this was pandemic related between 2019 and 2020, there had been a decreased number of workers prior to the pandemic. Through 2022, the County had not returned to pre-pandemic employment levels.

## Commuting Patterns of Area Workers

Information is available on workers that commute for employment. The best information is from the 2022 American Community Survey, and has been examined for the City of Groton. The table excludes people that work at home.

<b>Table 26 Commuting Times for Groton Residents - 2022</b>		
Travel Time	Number	Percent
Less than 10 minutes	330	37.8%
10 to 19 minutes	107	12.3%
20 to 29 minutes	343	39.3%
30 minutes +	93	10.7%
Total	873	100%

Source: American Community Survey

- ▶ According to the American Community Survey, approximately half of the City’s residents were traveling 20 minutes or more for their primary job in 2022. Most of the longer-distance commuters were traveling between 20 and 29 minutes to work, consistent with employment in Aberdeen. The remaining 50% of employed City residents worked locally, with a travel time that was less than 20 minutes.

The 20221 ACS also included travel times for people that worked in Groton.

<b>Table 27 Commuting Times for Groton-based Employees - 2022</b>		
Travel Time	Number	Percent
Less than 10 minutes	302	52.2%
10 to 19 minutes	146	25.3%
20 to 29 minutes	44	7.6%
30 minutes +	86	14.9%
Total	578	100%

Source: American Community Survey

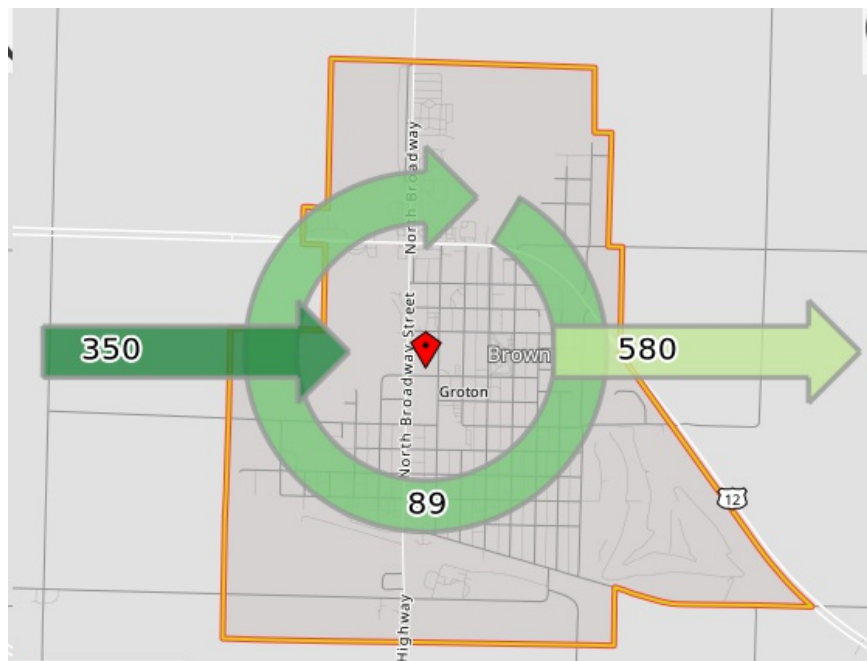
- ▶ Most of the people that worked in Groton also lived locally, with 76% of workers traveling less than 20 minutes. However, nearly 15% of the people employed in Groton did travel 30 minutes or more in 2022.

## Census On the Map

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

According to the report for Groton, there were 439 people that were employed within the City in 2021. Of these workers, 89 city-based employees also lived in Groton. The remaining 350 employees lived outside the City and commuted in for their job. The primary jurisdictions identified as supplying workers to the City were Aberdeen, Warner, Warner Township and Gem Township.

On the Map can also be used to track worker outflow patterns from the City. Overall, there were 669 Groton residents that were employed. Most of these City residents worked outside the community, as 580 people left the City for their job. Only 13.3% of City residents also worked within their home community. Primary destinations for outbound workers were listed as Aberdeen, Sioux Falls, Bath Township, Aberdeen Township and Warner. Nearly 47% of Groton residents that worked outside the City were employed in Aberdeen.



## **Summary of Findings on Growth Trends**

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

Based on the 2020 Census, Groton added three households between 2010 and 2020. However, the City's population decreased as there were fewer people per household.

Although the increase in households between 2010 and 2020 was limited, the longer-term patterns for Groton show a growing community. Over the 30-year period from 1990 to 2020, the City added an average of approximately three households per year. The City's location near Aberdeen has helped the community consistently add households over time.

The causes of the household slowdown after 2010 are not known, but it is possible that the Covid pandemic in 2020 resulted in some impact shortly before the Census was conducted. For example, the 2020 Census recorded 62 vacant housing units in the City, with nearly half of these being unoccupied rental units. This may have been a short-term situation because of the pandemic.

All of Brown County has grown at a more rapid rate, adding 641 households between 2010 and 2020. Most of the County's growth was directly attributable to the City of Aberdeen. Many of the County jurisdictions outside of Aberdeen actually lost households over the prior decade.

## **Summary of Findings on Projected Growth**

This Study has examined available demographic projections for Groton. The primary projection sources are Applied Geographic Solutions (AGS) and Esri. In the opinion of the analysts, both of these national data sources are not reliable in their projections.

AGS appears to be overly optimistic, with projected growth of nearly 10 households per year going forward. While growth at this level may be achievable for Groton, it would greatly exceed the City's past experience.

Conversely, Esri expects a minor loss of households in Groton over the 5-year projection period. In the opinion of the analysts, this forecast is overly conservative and has not been used in the recommendations that follow.

Community Partners Research, Inc., has generated its own forecast which expects the City of Groton to add approximately five households in an average year, or up to 25 households over the 5-year projection period. This growth forecast has been used in the housing unit recommendations presented later in this section.

Some growth will also occur in the remainder of Brown County, especially within the City of Aberdeen. However, it is probable that some households in the more rural portions of the County will elect to relocate into the larger cities, including Aberdeen and Groton, to access services and amenities. Aging patterns show an increasing number of senior citizens going forward, and these older residents will look for age-appropriate housing options in the future, which will generally be located in the cities.

## Summary of Growth Projections by Age Group

The Demographic section of this Study presented projection information for Groton on anticipated household changes by age group from 2023 to 2028. This information can be informative in determining the housing that may be needed due to age patterns of the area’s residents.

The age-based projections generated by Esri were adjusted upward by Community Partners Research, Inc., to better reflect the City’s growth potential going forward. The adjustments to the 2028 totals were approximately 9%.

<u>Age Range</u>	<u>Projected Change in Households</u>
	<u>2023 to 2028</u>
24 and younger	-2
25 to 34	0
35 to 44	-4
45 to 54	-7
55 to 64	17
65 to 74	1
75 and older	<u>20</u>
Total change	25

Overall, the adjusted projections expect up to 25 households to be added in Groton by 2028. Two specific age groups are expected to see most of the change.

The movement of the large “baby boom” generation through the aging cycle should generate much of the City’s positive change in households over the next five years. The projections show an increase of 20 households age 75 and older between 2023 and 2028, along with an increase of one household in the 65 to 74 year old range. By 2028, nearly all of the baby boom generation will be age 65 or older.

Groton is also expected to see a fairly large increase in the near-senior age range, with the projected addition of 17 households in the 55 to 64 year old range. If all of the older adult groups are combined, these projections expect an increase of 38 households age 55 and older by 2028.

The expected changes are more limited in the younger age groups, with most of the age ranges projected to decrease in size. In total, these projections expect a decrease of 13 households age 54 and younger in Groton.

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

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

**Age 24 and Younger** - The projections used for this Study expect a slight decrease of two households age 24 and younger through the year 2028. Past tenure patterns show that more than half of these younger households will rent their housing. Some decrease in the number of households in this age range should mean that rental demand from younger households will also decrease slightly during the projection period.

**25 to 34 Years Old** - The projections show no change within this age range by 2028. Households in this age group often begin moving from rental to ownership housing. Stability within this age range indicates demand for both first-time home buyer and rental opportunities from this group will also remain largely unchanged during the projection period.

**35 to 44 Years Old** - The projections for this 10-year age cohort expect a minor decrease of four households through 2028 in Groton. The home ownership rate in this age group in 2020 was above 80%. Households within this range often represent both first-time buyers and households looking to trade-up, selling their starter home for a more expensive house. A small reduction of households within this younger adult age range will result in slightly decreased demand for ownership.

**45 to 54 Years Old** - The projections show a reduction of seven households in this age range by 2028. In the past, this age group has had an ownership rate of more than 79% in Groton. Ownership households within this range often represent households looking to trade-up, selling their starter home for a more expensive house. A slight decrease within this age range indicates reduced demand for trade-up housing and rental options during the projection period.

**55 to 64 Years Old** - By 2028, this age cohort is expected to see a large increase of 17 households in Groton. This group has traditionally had a high rate of home ownership. Age-appropriate housing, such as town house or twin home units, should have increasing appeal for this near-senior age group. This age range also forms a primary market for trade-up housing options.

**65 to 74 Years Old** - Relative stability is expected by the year 2028 in the 65 to 74 age range, with an expected increase of only one household. While this group will begin moving to life-cycle rental housing options as they age, the younger seniors are still predominantly home owners in Groton. Preferences for age-appropriate units should remain stable within this age cohort.

**75 Years and Older** - Strong growth is projected from older seniors, with 20 households added in this age range by 2028. In Groton, a majority of older seniors still own their home, but this group increasingly moves toward rental housing as they move through the aging cycle. Groton does have a limited supply of specialized senior housing with services options and seniors needing care with their housing will increasingly access this type of age-appropriate housing as they move through the aging cycle. Aberdeen also offers a wide range of specialized housing options for seniors.

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



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

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

***Demand from Growth*** - The household projections used for this Study expect Groton to gain 25 households from 2023 to 2028. Household growth will yield demand for new housing production in Groton.

***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 Groton, some dilapidated housing has been demolished, and a limited number of 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 projected that rental units will be removed from the rental stock over the next several years. As a result, we have included an 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 Groton. 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 Groton were identified through additional statistical data, interviews and an on-site review of the local housing stock.

- ▶ **Groton is located near Aberdeen, which is a regional center for the area** - Groton is in close proximity to Aberdeen, which provides employment opportunities, retail/service options, government services, health services, professional services, cultural amenities and recreational opportunities to a large surrounding trade area. Many households prefer to live near, but not in a regional center.
- ▶ **Median home price** - Groton's median priced home, based on 2022 sales activity, is approximately \$185,000. The price of existing homes is high enough to encourage new home construction in Groton.
- ▶ **Adequate land for development** - The City has land available for residential development. However, some of the land would need to be purchased by a developer and serviced with infrastructure improvements.
- ▶ **Household growth for the City** - Community Partners Research, Inc., is projecting that Groton will have household growth over the next five years.
- ▶ **Active housing developers in the City** - Groton has housing developers and builders that are willing to invest in housing projects in the community. Developers and builders have been active in subdivision development and single family housing development.
- ▶ **School system** - The City of Groton has a pre-school through grade 12 public school system.
- ▶ **Infrastructure** - The City's public utilities and infrastructure can accommodate future housing developments, however, the City's electrical and sewer systems need improvements.
- ▶ **Groton Economic Development Corporation** - The Groton Economic Development Corporation has the capacity to promote industrial, commercial development and housing development.

- ▶ **Housing and Economic Development Agencies** - The City of Groton has access to regional housing and economic development agencies that can assist with housing development, housing projects and housing programs.
- ▶ **Commuters** - An estimated 350 people are commuting into Groton daily for employment. These commuters are a potential market for future housing construction.
- ▶ **Commercial development** - Groton's commercial districts are adequate to meet daily needs and new commercial development is ongoing.
- ▶ **Recreation and tourism opportunities** - The City of Groton and the surrounding area have many recreational and tourism opportunities.
- ▶ **Desirable location for families** - With many amenities, Groton is an attractive community for families.
- ▶ **Small town atmosphere** - Groton has the real and perceived amenities of a small community. This small town living is attractive to some households.
- ▶ **Health facilities** - The City of Groton has a medical clinic, a senior rental housing project and a skilled nursing home.
- ▶ **New housing construction** - Over the past 14 years from 2010 to 2023, new single family homes have been constructed in Groton including a substantial number of higher valued houses.
- ▶ **Median family income** - The City of Groton's median family income is significantly higher than the statewide median family income. Therefore, there are a number of households in Groton that have the financial resources to purchase new housing.

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

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

- ▶ **Proximity to Aberdeen** - Although it is a strength to be located in close proximity to Aberdeen, it is also a barrier as Groton must compete with Aberdeen, which offers attractive residential opportunities and other amenities and services.
- ▶ **Staff capacity limitations** - Although the City has access to several housing and economic development agencies, it is difficult to develop and implement housing initiatives with limited staff resources.
- ▶ **Limited commercial/retail options** - Groton has commercial and retail opportunities to meet daily needs, however, it has limited other retail and commercial opportunities.
- ▶ **Age and condition of the housing stock** - While most of the existing housing stock is in good condition, some houses need improvements to meet the expectations of potential buyers.
- ▶ **Low rent structure** - The City's rent structure is relatively low, which makes it difficult to construct new rental housing.
- ▶ **Low-paying jobs** - Although the Groton area has a significant number of employers, some jobs are at the lower end of the pay scale and employees with these jobs have limited housing choices.
- ▶ **Residential lot availability** - Currently, there is a limited supply of residential lots available in Groton for new housing construction.
- ▶ **New rental housing construction** - New rental housing construction has been very limited since 2010.

## **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 Groton. They are based on the following strategies:

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

## Summary of Findings/Recommendations

The findings/recommendations for the City of Groton have been formulated through the analysis of the information provided in the previous sections and includes a total of 18 recommendations divided into the following five categories:

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

The findings/recommendations for each category are as follows:

<b>Findings and Recommendations for the City of Groton</b>	
<b>Rental Housing Development</b>	
1.	Develop 20 to 24 general occupancy market rate/moderate rent rental units
2.	Promote the development/conversion of four to six affordable market rate housing units
3.	Develop 14 to 16 additional subsidized rental housing units/Analyze the need for assisted living units
4.	Develop 14 to 16 senior independent/light services market rate units
5.	Develop a mixed-use commercial/housing project
6.	Continue to utilize the Housing Choice Voucher Program
<b>Home Ownership</b>	
7.	Utilize and promote all programs that assist with home ownership
<b>New Construction</b>	
8.	Lot availability and development
9.	Strategies to encourage continued residential lot sales and new home construction in Groton

<b>Findings and Recommendations for the City of Groton</b>	
10.	Promote townhouse and twin home development
11.	Coordinate with agencies/nonprofits that develop affordable housing
<b>Housing Rehabilitation</b>	
12.	Promote rental housing rehabilitation programs
13.	Promote owner-occupied housing rehabilitation programs
<b>Other Housing Initiatives</b>	
14.	Acquire and demolish dilapidated structures
15.	Encourage employer involvement in housing
16.	Create a plan and continue coordination among housing agencies
17.	Strategies for downtown redevelopment and commercial development
18.	Develop home ownership and new construction marketing programs

# **Groton - Recommendations Rental Housing Development**



## **Rental Housing Development**

### **Overview**

Based on available data, no rental units have been constructed in the City of Groton from 2010 to 2023. However, five or six units are currently being created on the second floor of a downtown commercial building.

Demand for new rental housing in Groton is 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 Groton expect an increase of approximately 25 households from 2023 to 2028. With Groton's proximity to Aberdeen, it is very possible that Groton will add more than 25 households over this time period. The housing unit recommendations contained in this Study do anticipate a greater level of household growth. Therefore, we are projecting that there will be growth-generated demand for 25 to 30 rental units over the next five years. Additional growth-generated demand for owner-occupancy housing will be discussed later in this section.

Demand created by replacement of lost units is more difficult to determine, but the best available evidence suggests that the City will lose approximately four to five total rental units from 2023 to 2028. In some cases, this unit replacement will be necessary as existing units are removed from the inventory through demolition or conversion. However, in some cases, the unit replacement will be due to single family rental houses converting to owner-occupancy.

Pent-up demand also exists. As part of this study, a rental survey was conducted. There were 67 market rate rental units that were contacted and surveyed. The survey found only one vacant market rate unit, which was due to a recent move out.

Based on the high occupancy rate in existing rental projects and the lack of certain rental unit types, we identified pent-up demand for market rate units, moderate rent/subsidized units and senior independent/light services units in Groton.

These three demand generators, after factoring current occupancy rates, show a need for 52 to 62 rental units in Groton over the next five years. Based on the factors stated above, we recommend the development of the following new rental units from 2023 to 2028.

▶ General Occupancy Market Rate	20-24 units
▶ Affordable Conversions	4-6 units
▶ Subsidized/Moderate Rent	14-16 units
▶ Senior (Independent/Light Services)	<u>14-16 units</u>
Total	52-62 units

For 52 to 62 additional rental units to be developed over the next five years, affordable land and infrastructure must be available for multi-family construction. Additionally, the City of Groton must continue to develop amenities that make Groton an attractive residential option for households.

**1. Develop 20 to 24 general occupancy market rate/moderate rental units**

**Findings:** All of the 189 rental housing units in Groton can be classified as general occupancy market rate housing. These units are free of any specific occupancy restrictions such as financial status, age, or student enrollment. Market rate housing does not have any form of rent controls, other than those imposed by the competitive marketplace.

Of the market rate rental units we surveyed, we found only one vacancy, which was due to a recent move out. The rental property owners and managers reported high ongoing occupancy rates and strong demand for market rate housing.

The gross rent range for the one unit that were surveyed is \$500 to \$625 and \$600 to \$800 for a two-bedroom unit.

From 2010 to the present, no market rate rental units that have been constructed in Groton. However, five or six market rate rental units are currently being created on the second floor of a downtown building. Also, three subsidized rental projects, with a total of 55 units, have converted to market rate. Additionally, some owner-occupied single family homes have converted to rentals and vice versa.

**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 20 to 24 market rate rental units over the next five years from 2023 to 2028.

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

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

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

There is a need to construct both types of market rate rental housing, thus, there is a wide rent range in the following table reflecting the two segments. To construct the workforce housing and charge affordable rents, land donations, financial assistance, tax increment financing, tax abatement, tax deferments or SDHDA programs such as the DakotaPlex Program may be needed. There are developers that may have an interest in developing market rate rental housing in Groton.

We recommend the development of 20 to 24 rental units over the next five years, with a unit mix and rent levels as follows:

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

<u>Unit Type</u>	<u>No. of Units</u>	<u>Size/Sq. Ft.</u>	<u>Rent</u>
One Bedroom	4-5	650 - 800	\$850 - \$1,150
Two Bedroom	12-14	850 - 1,050	\$950 - \$1,400
Three Bedroom	4-5	1,100 - 1,250	\$1,200 - \$1,600
Total	20-24		

Note: The recommended rents are gross rents including all utilities. The rents are quoted in 2023 dollars.

If possible, it would be advantageous to keep the rent structure at or below the rent limits for the Housing Choice Voucher Program. This would allow renter households to participate in the Housing Voucher Program and expand the number of households that could afford the proposed rents. In 2024, the rent limits that apply to the Voucher Program are:

- ▶ 1 bedroom - \$751
- ▶ 2 bedroom - \$960
- ▶ 3 bedroom - \$1,353

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

**Findings:** The previous recommendation addressed the market potential to develop high quality rental units in Groton. Unfortunately, these units would tend to be beyond the financial capability of many area renters. Nearly 34% of Groton’s renter households had an annual income below \$35,000 in 2022. These households would need a rental unit at \$875 per month or less.

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

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

It would be difficult to create units through new construction. Instead, it may be more practical to work on building renovation or conversion projects that can create housing. Currently, five or six units are being created on the second floor of a downtown building. This opportunity may arise in the future in commercial or mixed-use buildings, or through the purchase and rehabilitation of existing single family homes. Also, several single family homes have been rehabilitated for rental housing by local individuals.

The estimated prevailing rent range for older rental units in Groton is typically less than \$700 per month. 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 deferment or abatement from the City and other financial resources from funding agencies such as the South Dakota Housing Development Authority.

### **3. Develop 14 to 16 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 housing at an affordable price.

The research completed for this Study found no subsidized housing projects in Groton that offer housing with rent based on income. However, in the past, Groton had three subsidized rental housing projects with a total of 55 units. All three of these projects have converted from subsidized to market rate.

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

Approximately 32% of the City of Groton’s renters were paying more than 30% of their income for rent in 2022, which is considered a rent burden.

**Recommendation:** Based on the projected growth of renter households in Groton, the lack of any subsidized rental units in the City and the loss of 55 formerly subsidized units due to conversion, we recommend that the City and area housing agencies develop deep subsidy rental housing for lower income renters. Over the next five years, we recommend that the City attempt to construct 14 to 16 subsidized/moderate rent units that achieve a rent level that would be affordable to households earning less than \$35,000 per year.

This recommendation represents a modest goal, 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.

Expanded promotion of Housing Choice Vouchers may also be appropriate. Although Vouchers are tenant-based, and may not remain in the City if the tenant moves, the Voucher can eliminate a severe rent burden by allowing the household to apply only 30% of income for gross rent. However, the Voucher Program traditionally has a waiting list.

**4. Develop 14 to 16 senior independent/light services market rate units/Analyze the need for assisted living beds**

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

Currently, there are two senior with services housing projects in Groton. Avantara Groton is a State-licensed skilled nursing home that was licensed for 39 beds in 2023. Rosewood Court was registered with the State as a Residential Living Center, with capacity for 16 residents in 2023.

In 2020 based on the U.S. Census, there were approximately 288 people and 182 households age 65 or older in Groton. It is projected that the number of people and households age 65 and older will increase in Groton over the next five years.

**Recommendation:** It is our opinion that currently Groton does not have an adequate senior population or services to support an assisted living project that offers a high level of services at this time. However, Rosewood Court, which provides limited services, has significant vacancies. We recommend that the City of Groton, the Groton Economic Development Corporation and senior housing providers analyze the potential of Rosewood Court and Avantara Groton converting beds to address the need for assisted living beds.

We are also recommending a 14 to 16-unit independent/light services senior project in Groton. Although Rosewood Court provides senior housing with light services, it is our opinion that a new project with state of the art amenities is needed.

The project should be designed to allow seniors to live in a unit independently or with some optional light services. The senior project could be a one-level apartment building or town home-style units. The project's amenities and features should include:

- ▶ A small community room
- ▶ 24-hour call system
- ▶ A limited access security system
- ▶ Smoke alarms
- ▶ Enclosed parking

Unit features should include:

- ▶ 14 to 16 units
  - ▶ 3 to 4 one-bedroom
  - ▶ 11 to 12 two-bedroom
- ▶ Floor plans that promote accessibility
- ▶ Fully equipped kitchen
- ▶ Large storage area
- ▶ Ample closet space
- ▶ Laundry hookups
- ▶ Open floor plan
- ▶ Private patio
- ▶ Individually controlled heat and AC
- ▶ Raised outlets, lever door handles, lowered kitchen cabinets
- ▶ Expansive windows

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

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

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

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

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

## **5. Develop a Mixed-Use Commercial/Housing Project**

**Findings:** A mixed-use rental housing/commercial project in Groton would complement the City’s ongoing efforts to maintain a vibrant downtown. New mixed-use projects have been developed in several cities comparable to the size of Groton. 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 recommend the development of a mixed-use building in Groton. There are several potential sites for a mixed-use commercial/housing project.

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

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

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



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

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

Although the federal government provides a very limited funding for subsidized housing construction, it has provided new Housing Choice Voucher allocations over the past several 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 Groton and Brown County by the Aberdeen Housing Authority. Currently, there is a waiting list for a Housing Choice Voucher.

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

# **Groton - Home Ownership Recommendations**

## **Home Ownership Recommendations**

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

The median owner-occupied home value of existing homes in Groton based on 2022 sales is estimated to be \$185,000. With approximately 50% of the homes in Groton valued less than \$185,000, Groton has a limited market for first-time home buyers and households seeking moderately priced homes.

There are Groton households in all age ranges have not been able to achieve the goal of home ownership and may need the assistance of programs to help them purchase a home. Additionally, there are a number of households in Brown County and the surrounding area that are seeking home ownership opportunities.

To assist in promoting the goal of home ownership, the following is 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 Groton in the future. Home ownership is generally the preferred housing option for most households. There are a number of strategies and programs that can be used to promote home ownership.

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

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

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

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

# **Groton - New Housing Construction**

## **New Housing Construction**

**Findings:** The City of Groton has experienced limited single family owner-occupancy housing construction. Based on city records, from 2010 to August 2023, approximately 43 owner-occupancy single family units have been constructed in the City of Groton, which is an average of three housing units per year. Four owner-occupancy housing units were constructed annually in 2020, 2021 and 2023. Also, a subdivision has been developed that consists of high quality, higher-priced homes.

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

Overall household projections for Groton indicate demand for owner-occupied housing construction. Groton is projected to gain 38 households in the 55 and older age ranges from 2023 to 2028. Households in these age ranges tend to be predominantly home owners, and form a market for higher priced, trade-up housing and also low maintenance housing such as town homes and twin homes.

The 25 to 54 and younger age ranges are expected to remain relatively stable through 2028. Many of the households in these age ranges are first-time home buyers, trade-up buyers and new home buyers. Also, the City of Groton has the opportunity to capture a greater share of the household growth that is projected for the Aberdeen area.

It is our opinion that if the City of Groton, the Groton Economic Development Corporation, local housing and economic development agencies, developers and home builders are proactive, 25 to 40 owner-occupied housing units could be constructed in Groton over the next five years from 2023 to 2028 to address demand. This is an average of five to eight units per year. Our single family projection includes homes built in new subdivisions and on infill lots, and includes single family owner-occupied attached housing units, such as twin homes and town houses. For this number of new houses to be constructed, new residential lots must be developed.

The breakdown of our projection of 25 to 40 new owner-occupied housing units over the next five years is as follows:

<b>5-Year Demand Projection for Owner-Occupancy Housing Construction</b>		
Unit Type	Approximate Price Range	Projected Total Demand
Single Family Projected Demand		
Affordable	Less than \$340,000	5 to 9 units
Mid-Priced	\$340,000- \$475,000	9 to 14 units
Higher-Valued	\$475,000+	11 to 17 units

Source: Community Partners Research, Inc.

We have defined **affordable homes** as single family units that would typically sell for less than \$340,000. While many people may view this as a high price for affordable housing, it is increasingly difficult to construct new houses at a lower cost. Houses within this price range often appeal to younger buyers, first-time buyers, or those households trading-up from an older, lower valued house or mobile home. To achieve a price less than \$340,000, assistance may be needed such as land at a reduced price, tax increment financing, tax deferments, tax abatement, etc. Also, financial assistance may be needed from state agencies.

Additionally, affordable homes may be constructed by organizations like Habitat for Humanity or HAPI, Inc. This housing often serves a segment of the market that could not otherwise access newly constructed units. Additionally, affordable homes could include Governors Homes, modular homes and twinhomes/townhomes.

We have defined **mid-priced homes** within a price range of \$340,000 to \$475,000. This price can generally be achieved by private housing developers. Groton has traditionally had active construction activity occurring within this price range. The higher end of the price range represents a portion of the trade-up housing market.

We have defined **higher-valued homes** as those priced at \$475,000 and above. Once again, the private housing market has been successful at serving this segment of the market in the City of Groton. This should be a strong market segment going forward. Many households purchasing a high valued home will be selling an existing home and have an equity position that can be used to purchase a home in this price range.

## **8. Lot availability and development**

**Findings:** As part of this Study, we attempted to identify the inventory of available residential lots for single family housing construction in the City of Groton. In 2023, there are only a few vacant lots available for new home construction.

There are also several miscellaneous infill lots scattered around the City that we did not attempt to count. We do not know the availability of infill lots.

**Recommendation:** With projections that 25 to 40 new owner-occupancy housing units will be constructed over the next five years, the City should have approximately 25 to 40 residential lots available to meet the expected demand through 2028. Some additional lots should also be developed for at least two years beyond 2028 to maintain new housing construction momentum. Therefore, if the projected number of owner-occupied housing units is constructed, 35 to 56 lots should be available over the next five years. Part of this demand would be for attached unit construction.

With only a few available lots in newer subdivisions in 2023, plus possible infill lots in older neighborhoods, the City does not have an adequate supply for expected demand. Therefore, it is our recommendation that an additional 25 to 46 lots be planned for development in the City of Groton over the next five years. The development of these lots should be based on the actual absorption and new housing construction that occurs. The City has had past success in subdivision development which can serve as a model for future lot development projects.

The lots could be in one or more subdivisions, and should include the following:

- ▶ The subdivision(s) should have adequate land available, if possible, for future phases of lot development, based on demand.
- ▶ The subdivision(s) must be as aesthetically acceptable as possible and include high quality amenities. Part of Groton's past success with new single family construction has been based on the attractiveness of the lots.
- ▶ The subdivision(s) should have covenants that assure high quality development. However, the covenants should not be so restrictive that they eliminate the target market's ability to construct a home.



- ▶ The subdivision(s) should accommodate a variety of home designs and home prices (affordable, medium-priced, higher-priced homes and twinhomes/townhomes).
- ▶ Employers should be involved in promoting and publicizing the subdivisions.
- ▶ To be successful, the lots must be available to households with as wide an income range as possible.
- ▶ Successful subdivisions will need the cooperation of developers, builders, financial institutions, employers, the Groton Economic Development Corporation and the City of Groton. Financial assistance such as tax increment financing, tax abatement or tax deferrals may be necessary to make the development of lots feasible. Funding may also be needed from SDHDA and the Governors Office of Economic Development.
- ▶ Some lots should be developed that expand the market by providing an attractive, affordable product.
- ▶ The development process should be as user-friendly and streamlined as possible.
- ▶ A cluster of lots should be available for twin home/town home development.
- ▶ The City of Groton should continue to be perceived as a desirable City to live in and must be competitive with other cities. Local government, schools, parks, health services, retail stores, employers, etc. all have a role in making Groton a desirable residential community.

**9. Strategies to encourage continued residential lot sales and new home construction in Groton**

**Findings:** Over the past 14 years, approximately 43 new single family housing units have been constructed. To construct new single family owner-occupied housing units at an increased rate, we recommend several strategies.

**Recommendation:** We recommend that the City of Groton, the Groton Economic Development Corporation, developers, builders, realtors and other housing stakeholders continue to coordinate efforts to promote lot development, lot sales and housing development.

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

- ▶ ***Develop momentum*** - The City should continue to develop a working formula for new home construction by assuring that there are an adequate number of developers, builders, lots, etc. in the City.
- ▶ ***Competitive pricing*** - There are lots available in communities throughout the region. To continue to attract new home construction in Groton, lots should be competitively priced in comparison to other options in the area.
- ▶ ***User-Friendly*** - The lot purchase and home building process must be 'user friendly.' This includes the construction of spec homes, builders that are readily available to build custom homes and city regulations that are fair and reasonable. The entire process must be as 'user friendly' as possible to encourage home construction.
- ▶ ***Long-term planning*** - The City of Groton, the Groton Economic Development Corporation and private developers should continue long-term development planning on an ongoing basis to assure lots are available to meet demand for all types and prices of new housing.
- ▶ ***Promote spec home construction*** - Spec houses attract a buyer that is not interested in going through the home building process, but instead wants a turnkey unit. A spec home can also serve as a model, allowing potential home buyers to examine specific floor plans and features in the home before committing to buy.
- ▶ ***Lot availability for attached single family development*** - It is our opinion that there will be a demand for twin homes/town homes over the next five years and some lots should be available for unit construction.
- ▶ ***Range of house prices*** - Lots should be available to as wide a range of home sizes and prices as possible, without compromising the subdivisions. This broadens the lot buyer market. Also, smaller infill lots with fewer amenities could be marketed for affordable homes.
- ▶ ***Marketing*** - The City of Groton and the Groton Economic Development Corporation will need to continue a comprehensive marketing strategy to sell available lots. All stakeholders including developers, realtors, financial institutions, builders, employers, etc., should be included in marketing strategies. In addition to marketing the lots, the City of Groton and its amenities should be marketed.

- ▶ ***Covenants*** - New subdivisions in Groton may establish covenants that assure quality development. The covenants should assure that they protect the integrity of the subdivision, but are not a barrier to new construction and do not prevent the target markets from constructing homes.
- ▶ ***Lot Availability for affordable homes*** - Lots should be available for affordable homes including modular homes and Governor’s Homes that provide affordable ownership options for moderate income households.
- ▶ ***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 and deferments, cash incentives, etc. Incentives may be needed to encourage new construction in the future.
- ▶ ***Infill lot Home Development*** - Infill lots in existing neighborhoods are often affordable and have existing City services.
- ▶ ***Housing Programs*** - The South Dakota Housing Development Authority, USDA Rural Development and other housing agencies may have housing programs available to assist developers, builders and home buyers.

## **10. Promote town house/twin home development**

**Findings:** Based on building permit records, 43 new owner-occupied housing units have been constructed in Groton from 2010 to August 2023. Many communities over the past decade have seen attached housing take an increasingly large share of new construction. In cities the size of Groton, 20% to 25% of the housing starts are typically owner-occupancy twin homes/town houses. We are aware that no twin homes/town houses have been constructed for owner-occupancy in Groton since 2010.

Attached housing provides desirable alternatives for empty nesters and seniors to move out of their single family homes, thus, making traditional single family homes available for families. It is estimated that in the 65 and older age ranges there were 182 households in Groton in 2020. These age ranges are projected to have a net increase of 12 households over the next five years, which may be a conservative estimate. It is important for the City to offer a range of life-cycle housing options as many of these households will be seeking to downsize into low maintenance housing options.

**Recommendation:** It is our projection that approximately eight to 10 of Groton’s new owner-occupancy single family units should be twin homes or town houses over the next five years.

This recommendation is based on the availability of twin home/town house lots in Groton.

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

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

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

## **11. 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, nonprofit groups and organizations to construct affordable homes. Also, there are private sector builders that may have the capacity to build affordable homes.

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

# **Groton - Housing Rehabilitation**

## **Housing Rehabilitation**

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

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

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

### **12. Promote rental housing rehabilitation programs**

**Findings:** Based on 2020 Census data, the City of Groton had approximately 189 rental units in 2020. This represents approximately 27.6% of the total housing units in Groton. This is an average percentage of rental housing than is typically in a city the size of Groton. These rental units are in multi-family projects, small rental buildings, duplexes, single family homes and mobile homes. Although many of the rental units are in good condition, approximately 41% of the rental units are more than 40 years old and may need improvements.

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

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

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

### **13. Promote owner-occupied housing rehabilitation programs**

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

Community Partners Research, Inc., conducted a housing condition survey and rated 300 single family homes in the City of Groton’s older neighborhoods. The survey found that 120 homes needed minor repairs and 41 homes needed major repairs. Approximately 58% of the City’s owner-occupied houses were constructed before 1980. Without rehabilitation assistance, there is the potential that the affordable housing stock will shrink in Groton.

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

# **Groton - Other Housing Initiatives**



## **Other Housing Initiatives**

### **14. Acquire and demolish dilapidated structures**

**Findings:** The housing condition survey of 300 single family homes in the City of Groton's older neighborhoods identified 12 homes that are dilapidated and too deteriorated to rehabilitate. The survey also identified 41 homes as needing major repair. Several of these homes may be too dilapidated to rehabilitate upon a more detailed inspection.

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

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

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

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

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

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

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

Additionally, employers can continue to support other city projects, such as parks, trails, ball fields, educational facilities, etc., that have a positive impact on housing in Groton.

## **16. Create a plan and continue coordination among housing agencies**

**Findings:** The City of Groton needs staffing resources to plan and implement many of the housing recommendations advanced in this Study. Groton has access to the Aberdeen Housing Authority, HAPI, Inc., Grow South Dakota, the Northeast Council of Governments, USDA Rural Development, the South Dakota Housing Development Authority and Dakota Resources. These agencies all have experience with housing and community development programs.

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

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

## **17. Strategies for downtown redevelopment and commercial development**

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

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

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

- ▶ 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
  - ▶ Recruiting new businesses
  - ▶ Develop housing units
- ▶ Identify funding sources
  - ▶ Property owner funds
  - ▶ City of Groton
  - ▶ Federal Home Loan Bank
  - ▶ Special tax districts
  - ▶ Tax increment financing
  - ▶ Tax abatement
  - ▶ Funds from South Dakota State Agencies
  - ▶ Groton Economic Development Corporation

- ▶ Work with stakeholders to identify roles, secure funding, develop and implement programs and projects
  - ▶ Property owners
  - ▶ City of Groton
  - ▶ Groton Economic Development Corporation
  - ▶ Northeast Council of Governments

## **18. Develop home ownership and new construction marketing programs**

**Findings:** Cities that invest in marketing have an advantage. Opportunities to buy or construct a home are sometimes limited because of the lack of information and awareness of financing and incentive programs, homes and lots on the market, availability of local builders, etc. This is especially evident for new households moving into the area. The home buying/home building process can be very intimidating for first-time buyers and builders. It is important for the home buying or home building process to be user-friendly.

**Recommendation:** The City of Groton and local developers and builders have been active in promoting and marketing housing and we recommend the initiation or continuation of the following:

- ▶ Determine the City's strengths and competitive advantages and heavily promote them
- ▶ Continue to create marketing materials that can be distributed regionally (including social media, TV, radio, etc.)
- ▶ Work closely with employers (Groton, Brown County and the surrounding area) to provide employees (especially new employees) with housing opportunities in Groton
- ▶ Work with housing agencies to provide down payment assistance, low interest loans, gap financing, home owner education and home owner counseling programs
- ▶ Work with developers and builders to make lot development and the construction of new homes as user-friendly as possible
- ▶ Continue to work on the creation of jobs and the development of retail, service and recreational opportunities that make the City a "full service" community
- ▶ Continue to provide attractive lots at an affordable price for a variety of home sizes, styles and price ranges

- ▶ Preserve the quality of existing neighborhoods through the rehabilitation of substandard housing and the demolition of dilapidated structures that are beyond repair
- ▶ Continue to develop new housing choices that serve life-cycle housing needs, such as new rental housing, twin homes, senior housing, etc.
- ▶ Review the City's policies and fees to assure that they are user-friendly, fair and receptive for developers, builders and households
- ▶ Develop a coordinated housing plan with the private sector and area housing agencies

## **Housing Agencies and Resources**

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

### **Grow South Dakota**

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

### **Homes Are Possible, Inc.**

318 S Main  
Aberdeen, SD 57401  
(605) 225-4274

### **Northeast Council of Governments**

416 Production St N, #1  
Aberdeen, SD 57340  
(605) 626-2595

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

P.O. Box 1237  
3060 E. Elizabeth St  
Pierre, SD 57501  
(605) 773-3181

### **USDA Rural Development**

524 Enterprise Street South  
Aberdeen, SD 57401  
(605) 226-3360

### **Aberdeen Housing Authority**

310 Roosevelt Street  
Aberdeen, SD 57401  
(605)226-2321

### **Dakota Resources**

25795 475<sup>th</sup> Avenue, Suite #1  
Renner, SD 57055  
(605)978-2804