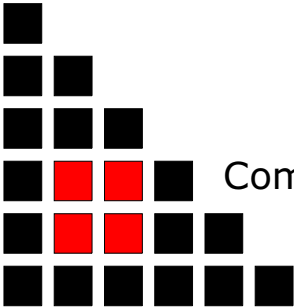


# City of Howard HOUSING STUDY

December 2020

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



Community Partners Research, Inc.

Faribault, MN

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## **Introduction**

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

Community Partners Research, Inc., has been hired by the City of Howard to complete a Comprehensive Housing Study for the community.

### **Goals**

The multiple goals of the study include:

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

### **Methodology**

A variety of resources were utilized to obtain information for the Housing Study. Community Partners Research, Inc., collected and analyzed data from May to October 2020. Data sources included:

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

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

**Limitations**

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

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## **Demographic Data Overview**

### **Sources of Data**

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

To supplement the decennial Census, the Census Bureau has created the American Community Survey, an annual sampling of households. This provides detailed demographic characteristics, replacing information once collected by the decennial Census. However, because the American Community Survey is based on sampling data, there is a margin of error that exists for each estimate. Some of the following tables incorporate the 2018 American Community Survey data, when viewed as reliable.

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

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

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

## Population Data and Trends

<b>Table 1 Population Trends - 1990 to 2019</b>						
	1990 Census	2000 Census	% Change 1990-2000	2010 Census	% Change 2000-2010	2019 AGS Estimate
Howard	1,156	1,071	-7.4%	858	-19.9%	754
Miner County	3,272	2,884	-11.9%	2,389	-17.2%	2,192

Source: U.S. Census; AGS

- ▶ There are two available population estimates for Howard in 2019. Both of these estimates show a continued decline in the number of people living in the City.
- ▶ Applied Geographic Solutions (AGS), a private reporting service, showed the City with 754 residents in 2019, a decrease of 104 people, or 12.1% from the 2010 Census.
- ▶ The Census Bureau’s population estimates program was very similar, with 757 people living in Howard on July 1, 2019, down by 101 people from 2010 to 2019.
- ▶ Both sources show a loss of more than 100 people over the past decade, continuing a long-term decrease in the City’s population. After decreasing by 85 people in the 1990s, the City’s population then decreased by 213 people from 2000 to 2010.
- ▶ The estimating sources also show population decreases for all of Miner County. AGS placed the County’s population at 2,192 people in 2019, down by 197 residents from the 2010 Census.
- ▶ The Census Bureau estimated that Miner County had 2,216 people in 2019, down by 173 people from the 2010 Census.
- ▶ For Miner County, a 2019 population estimate was also obtained from Esri, another data provider. According to Esri, there were 2,375 permanent County residents in 2019. Esri had the highest estimate of the three sources reviewed. According to Esri, only a minor loss of population has occurred Countywide from 2010 to 2019.

- ▶ All of these estimates show some continued population loss for the County, which dates back to at least 1990. However, the County estimates from the Census Bureau and Applied Geographic Solutions showed a much greater level of numeric loss than the estimate from Esri. This appears to be due to Esri's belief that the average household size in 2019 was larger than estimated by the other sources.

### **Population Characteristics**

- ▶ At the time of the 2010 Census there were 42 residents in Howard that were living in group quarters housing. All of these were listed as living in a skilled nursing home. In 2020, the Good Samaritan Society - Howard is licensed for 47 beds, so the group quarters population has probably remained relatively stable over time.
- ▶ Howard's population is primarily White and non-Hispanic/Latino. According to the 2018 American Community Survey approximately 94% of residents were White for race. Approximately 4% of the City's residents were Hispanic/Latino. As a result, no additional demographic details are provided by race or ethnic background.

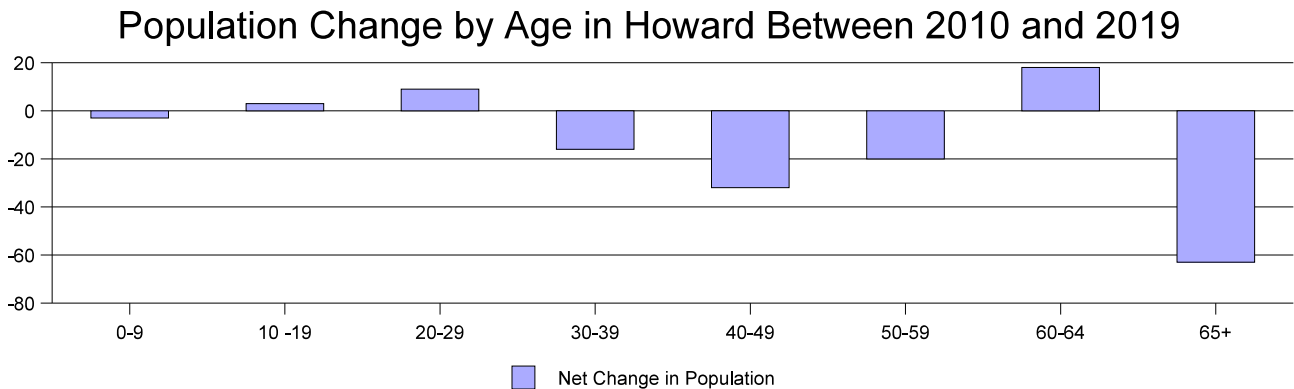


## Population by Age Trends: 2010 to 2019

The 2019 population estimate from Applied Geographic Solutions included information on the age distribution of residents. This information can be compared to the age patterns present at the time of the 2010 Census.

<b>Table 2 Population by Age - 2010 to 2019</b>			
Age	Howard		
	2010	2019	Change
0-9	101	98	-3
10-19	93	96	3
20-29	61	70	9
30-39	76	60	-16
40-49	93	61	-32
50-59	126	106	-20
60-64	50	68	18
65+	258	195	-63
Total	858	754	-104

Source: U.S. Census; AGS



The age-based population estimates from Applied Geographic Solutions show a significant change in the age distribution patterns for the City over the past decade. If accurate, there has been a decrease in many of the defined age ranges in the community, especially among senior citizens.

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

As estimated by AGS, Howard had a relatively stable number of children, age 19 and younger. In the combined age groups between 20 and 59 years old, there was a decrease of nearly 60 people.

There was some estimated growth in the near-senior range between 60 and 64 years old, but this was then offset by a fairly large decrease of people age 65 and older. In the age ranges 60 years old and older, the AGS estimates show a reduction of 45 people.

## Population Projections

The following table presents population projections to the year 2024. The projection for Howard was provided by Applied Geographic Solutions, and has been compared to their 2019 estimate for the City. Projections for Miner County exist from both Applied Geographic Solutions and Esri, and also span the five-year period from 2019 to 2024.

<b>Table 3 Population Projections Through 2024</b>						
	Applied Geographic Solutions			Esri		
	2019 Estimate	2024 Projection	Change 2019-2024	2019 Estimate	2024 Projection	Change 2019-2024
Howard	754	724	-30	-	-	-
Miner Co.	2,192	2,083	-109	2,375	2,343	-32

Source: Applied Geographic Solutions; Esri

- ▶ AGS is projecting a loss of residents in Howard over the next five years. This source shows the City losing 30 people between 2019 and 2024, or six people in an average year.
- ▶ The annual pace of numeric population loss for Howard, as projected by AGS, would be slower than the recent past. The best estimates that exist for the past decade would show the City and average of approximately 10 to 12 people per year from 2010 to 2019.
- ▶ AGS is also showing continued population loss for all of Miner County, with an expected decrease of 109 people from 2019 through 2024. On an average basis, this would be approximately 22 people per year. This projected level of population loss would be similar to the recent past, as the most reliable recent estimates showed the County averaging between 17 and 22 fewer people per year between 2010 and 2019.
- ▶ Esri started with a higher base-year (2019) estimate, and then expects only a minor decrease over the 5-year time period. Esri projects that the County will lose approximately six people per year, well below the average annual growth being projected by AGS. Esri believes that the County’s average household size is larger than AGS, resulting in a higher population level.
- ▶ Although population projections can be useful, this Study has placed greater emphasis on household projections which are provided later.

## Household Data and Trends

<b>Table 4 Household Trends - 1990 to 2019</b>						
	1990 Census	2000 Census	% Change 1990-2000	2010 Census	% Change 2000-2010	2019 AGS Estimate
Howard	498	493	-1.0%	414	-16.0%	388
Miner County	1,276	1,212	-5.0%	1,032	-14.9%	1,015

Source: U.S. Census; AGS

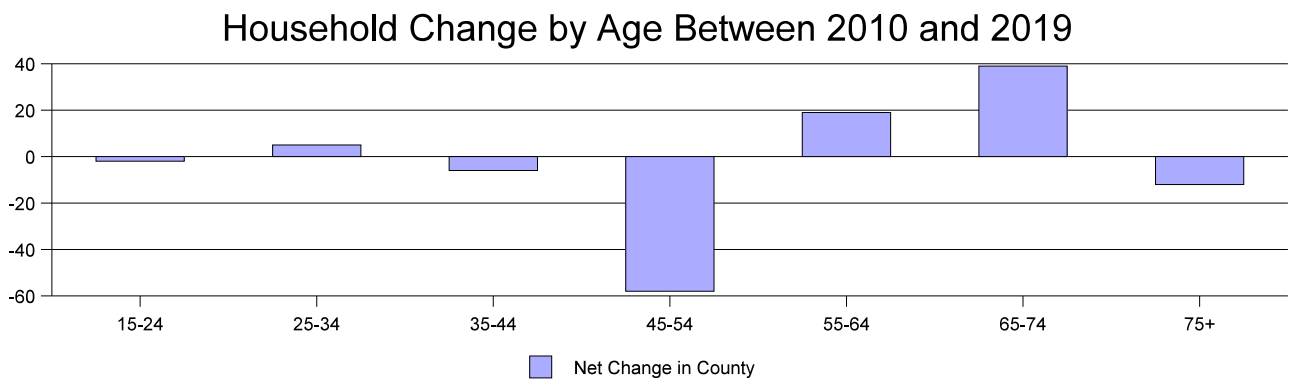
- ▶ The AGS estimate for Howard in 2019 was 388 households, down by 26 households when compared to the 2010 Census. Over the nine-year period this represents an annual average loss of nearly three households per year.
- ▶ An ongoing loss of households has been a consistent pattern in Howard in recent decades. In the 1990s the City lost only five households, but this was followed by a reduction of 79 households between 2000 and 2010.
- ▶ AGS estimates that Miner County had 1,015 households in 2019, down by only 17 households from 2010 to 2019, or an average decrease of less than two households per year. Based on the Countywide data, the areas outside of Howard actually added a few households from 2010 through 2019.
- ▶ The 2019 estimate obtained from Esri showed 1,017 households in the County, a very similar estimate to AGS.
- ▶ In the 1990s, the County lost an average of six to seven households per year. This annual decrease was even larger from 2000 to 2010, as the County averaged a loss of 18 households per year. If the 2019 estimates are accurate, the annual loss of households has slowed significantly since 2010.

## Household by Age Trends: 2010 to 2019

The demographic data profile that is available from AGS does not provide information on households by age. The following table compares households by age from the 2010 Census and 2019 estimates from Esri. This information is for all of Miner County. Esri’s estimate of the total household count in 2019 is nearly identical to the AGS estimate.

<b>Table 5 Households by Age - 2010 to 2019</b>			
Age	Miner County		
	2010	2019	Change
15-24	29	27	-2
25-34	103	108	5
35-44	123	117	-6
45-54	217	159	-58
55-64	209	228	19
65-74	132	171	39
75+	219	207	-12
<b>Total</b>	<b>1,032</b>	<b>1,017</b>	<b>-15</b>

Source: U.S. Census; Esri



The age-based household estimates provided by Esri show that most of the positive change from 2010 through 2019 in Miner County was due to an increasing number of households in the 20-year range between 55 and 74 years old. This would generally reflect the movement of the large “baby boom” generation.

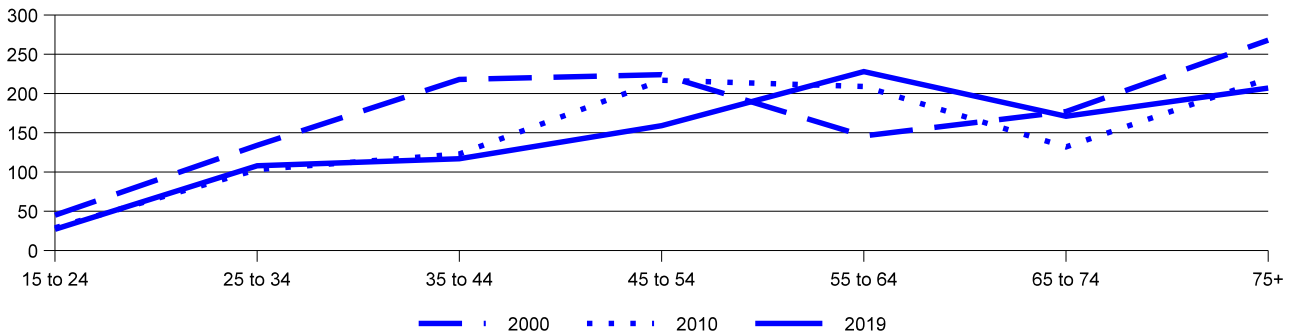
Overall there was a slight reduction of total households. Trailing immediately behind the baby boomers was a much smaller demographic age cohort. This group could not replace the advancing baby boomers, resulting in an estimated reduction of 58 households in the 45 to 54 year old age range.

Esri did track relative stability within the younger adult age groups, with an estimated decrease of only three households age 44 and younger in Miner County.

Within the eldest senior range, a minor reduction of 12 households was estimated over the past decade.

It is possible to track the age progression patterns of households in Miner County back to the year 2000 to view the changes over time, including the advancing “wave” created by the advancement of the baby boom generation.

**Miner County Households by Age of Householder: 2000 to 2019**



## Average Household Size

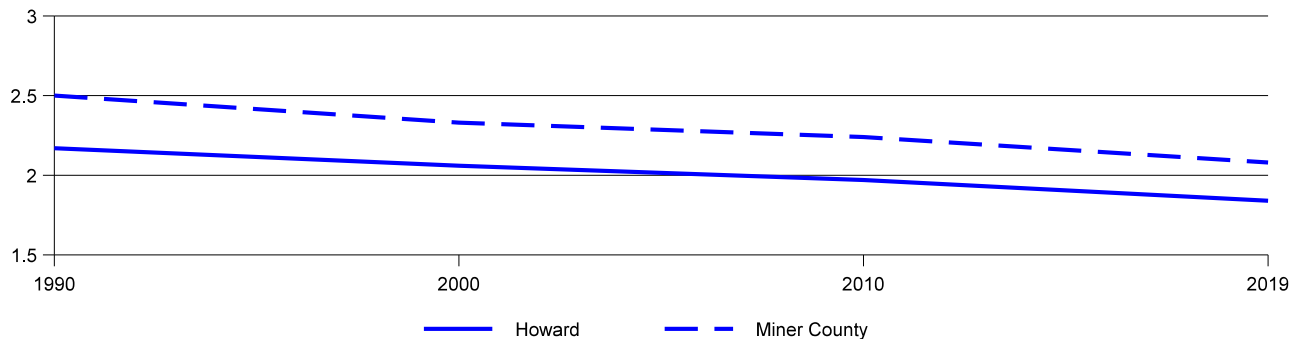
The following table provides decennial Census information on average household size, along with the 2019 estimate from AGS.

<b>Table 6 Average Number of Persons Per Household: 1990 to 2019</b>				
	1990 Census	2000 Census	2010 Census	2019
Howard	2.17	2.06	1.97	1.84
Miner Co.	2.50	2.33	2.24	2.08

Source: U.S. Census; AGS

In most jurisdictions there has been a steady decrease in average household size over the past several decades. This has often been caused by household composition changes, such as more single person and single parent families, fewer children per family, and more senior households due to longer life spans. This pattern of smaller households has been evident in Howard and Miner County since at least 1990.

Average Household Size: 1990 to 2019



The average household size in Howard has decreased steadily from 1990 through 2019. The AGS estimate of 1.84 persons per household in 2019 is very small by comparative standards.

Although AGS has tracked some decrease in the average household size in all of Miner County from 2010 to 2019, the estimate of 2.08 persons per household in 2019 is still larger than in Howard.

An alternate 2019 estimate exists for Miner County from Esri, which showed 2.26 persons per household, up slightly from the 2010 Census. This larger number of people per household has resulted in the higher total population estimate from Esri that was provided earlier in this document.

## Household Projections

Household projections for the five-year time period spanning the years 2019 through 2024 are available from AGS for Howard and Miner County. County projections have also been obtained from Esri. Household growth directly impacts the demand for housing.

<b>Table 7 Household Projections Through 2024</b>						
	AGS			Esri		
	2019 Estimate	2024 Projection	Change	2019 Estimate	2024 Projection	Change
Howard	388	365	-23	-	-	-
Miner Co.	1,015	957	-58	1,017	1,000	-17

Source: AGS, Esri

- ▶ AGS is projecting that Howard will lose 23 households from 2019 to 2024, or an annual average of four to five households over the 5-year period.
- ▶ Annual household losses at this level for Howard would be larger than the recent past, as AGS believes that the City had an average decrease of three households per year between 2010 and 2019.
- ▶ The AGS projection for Miner County expects the loss of 58 households, or approximately 11 to 12 households per year over the 5-year time period. For the County, this annual numeric loss is much greater than the AGS estimate for the time period from 2010 and 2019.
- ▶ Esri is projecting a lower level of household loss for the County, with the reduction of 17 households over the five-year period, or an average of three to four households per year from 2019 to 2024.
- ▶ If used to form a range, these sources show Miner County losing an average of 3 to 12 households annually. The lower end of this range would be more consistent with the patterns present from 2010 through 2019.

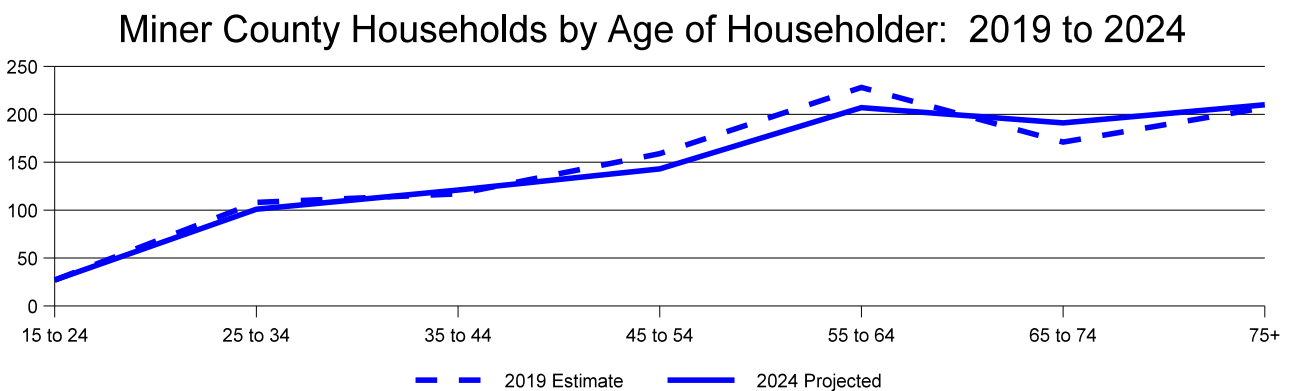


## Miner County Household by Age Projections: 2019 to 2024

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

<b>Table 8 Projected Households by Age - 2019 to 2024</b>			
Age Range	2019	2024	Change
15-24	27	27	0
25-34	108	101	-7
35-44	117	121	4
45-54	159	143	-16
55-64	228	207	-21
65-74	171	191	20
75+	207	210	3
<b>Total</b>	<b>1,017</b>	<b>1,000</b>	<b>-17</b>

Source: Esri



Esri is projecting very limited change in the age patterns in Miner County from 2019 to 2024, with an overall reduction of 17 total households. Within most of the defined age ranges, relative stability would be expected.

Consistent with the age distribution patterns presented earlier, the movement of the “baby boom” generation through the aging cycle should generate the largest changes. Overall, an increase of 23 households is being projected in the age ranges 65 and older.

The Esri projections expect some decrease in most of the age ranges 64 and younger. If all of the age groups 64 and younger are combined, a net decrease of 39 households is being projected.

## Households by Type

The American Community Survey contains estimates on household composition. Since these are based on sampling, there is a margin of error that applies, but this information does allow for some comparison of changes that may have occurred since the 2010 Census was completed. The following table looks at household information for Miner County.

<b>Table 9 Miner County Household Composition - 2010 to 2018</b>			
	2010 Census	2018 ACS	Change
Family Households			
Married Couple with own children	57	76	19
Single Parent with own children	23	13	-10
Married Couple without own children	101	114	13
Family Householder without spouse	14	21	7
<b>Total Families</b>	<b>195</b>	<b>224</b>	<b>29</b>
Non-Family Households			
Single Person	204	123	-81
Two or more persons	15	28	13
<b>Total Non-Families</b>	<b>219</b>	<b>151</b>	<b>-68</b>

Source: U.S. Census; American Community Survey

Based on the 2018 estimates contained in the American Community Survey, Howard has had an increase of family households in recent years.

Between 2010 and 2018, the County had an increase in the number of married couples with children, as well as married-couples without children. There was a decrease of single-parent families with children

The number of non-family households with unrelated individuals living together has also been increasing, but there was a large decrease in the number of people living alone.

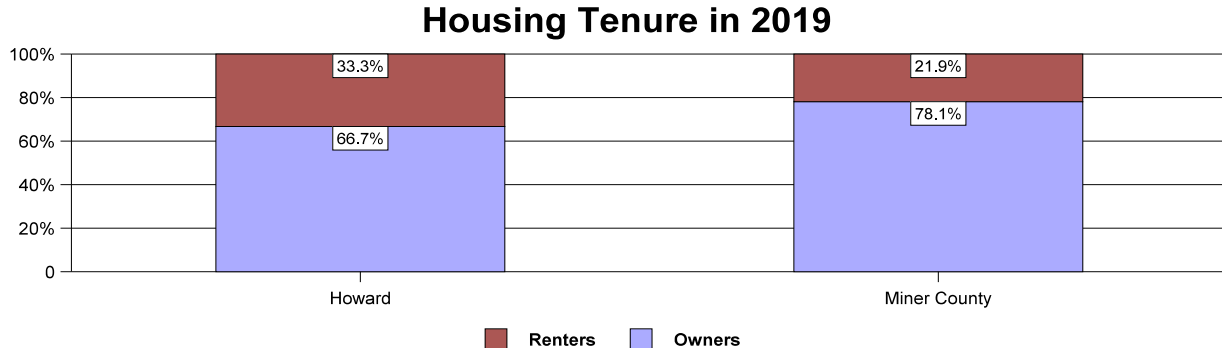
## Housing Tenure

The 2019 estimates from Applied Geographic Solutions contain housing tenure information for the City and County.

<b>Table 10 Household Tenure - 2019</b>				
	Number of Owners	Percent of all Households	Number of Renters	Percent of all Households
Howard	258	66.7%	129	33.3%
Miner County	793	78.1%	222	21.9%

Source: AGS

According to AGS, the home ownership rate in Howard was at 66.7% in 2019. For comparison, the ownership rate at the time of the 2010 Census was 67.4%. If Applied Geographic Solutions is accurate in their 2019 estimate, Howard has seen a minor reduction in the number of both owner and renter-occupancy housing units, but the tenure distribution rates have been largely stable.



The 2019 estimate for Miner County shows a higher rate of home ownership than in Howard, with 78.1% of all households owning their unit. The rate of home ownership has increased slightly from the ownership rate of 77.9% that was recorded by the 2010 Census.

## 2018 Income Data

The American Community Survey provides income estimates for cities and counties. The following table provides 2018 American Community survey data for Howard, Miner County and the State of South Dakota for comparison.

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

<b>Table 11 Median Household Income - 2010 to 2018</b>			
	2010 Median	2018 Median	% Change
Median Household Income			
Howard	\$38,068	\$50,625	33.0%
Miner County	\$49,958	\$51,394	2.9%
South Dakota	\$46,369	\$56,499	21.8%
Median Family Income			
Howard	\$48,906	\$64,500	31.9%
Miner County	\$54,650	\$64,643	18.3%
South Dakota	\$58,958	\$72,706	23.3%

Source: American Community Survey

Information contained in the 2018 American Community Survey shows that the median household and family incomes have increased substantially in Howard from 2010 to 2018. It is important to note that estimates for a small community can have a large margin of error, based on the limited sampling that is completed. However, it is probable that the City has seen a continued improvement in income levels over the decade.

In 2018, the median household income level for Howard, at \$50,625, was slightly below the comparable median for Miner County, but well below the median for the State of South Dakota. However, the median household income for Howard had been increasing at a rapid rate between 2010 and 2018.

The median family income for Howard, at \$64,500, was very similar to the County’s median, but once again lower than the comparable Statewide median. The City’s median family income had also been increasing at a rapid rate.

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

Using the commonly accepted standard that up to 30% of gross income can be applied to housing expenses without experiencing a cost burden, a median income household in Howard could afford approximately \$1,265 per month and a median income family household could afford \$1,615 for ownership or rental housing in 2018.

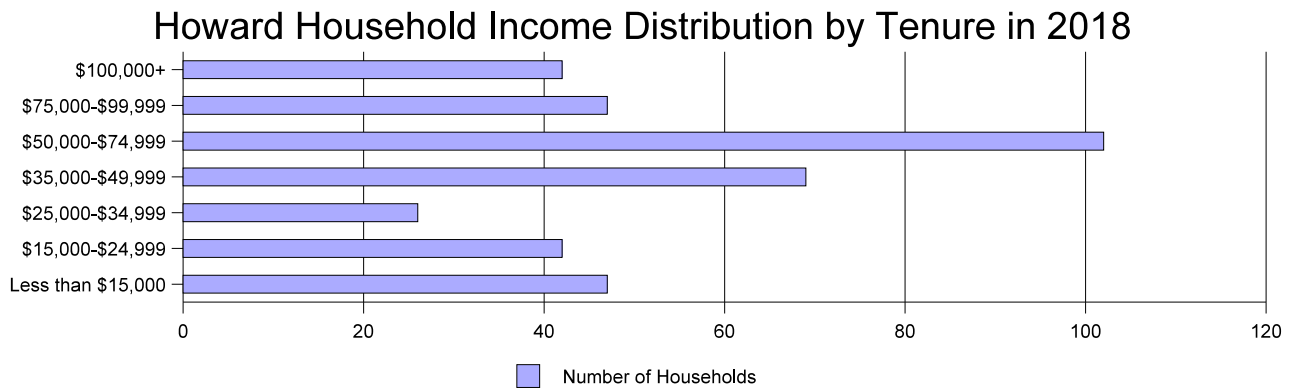
## Howard Income Distribution

The 2018 American Community Survey provides income data within specific income ranges. Based on other data, it appears that the American Community Survey has over estimated the total number of households in the City, but the percentage distribution is assumed to be accurate.

<b>Table 12 Howard Household Income Distribution - 2018</b>		
Household Income	Number of Households	Percent of Households
\$0 - \$14,999	47	12.5%
\$15,000 - \$24,999	42	11.2%
\$25,000 - \$34,999	26	6.9%
\$35,000 - \$49,999	69	18.4%
\$50,000 - \$74,999	102	27.2%
\$75,000 - \$99,999	47	12.5%
\$100,000+	42	11.2%
Total	375	100%

Source: American Community Survey

As indicated by the median income estimates provided previously, Howard has a majority of households with an annual income above \$50,000. Overall, nearly 51% of all households were within these moderate to higher income ranges.



Nearly 24% of all households in the City had an annual income below \$25,000 in 2018, and nearly 24% had an annual income of \$75,000 or more.

## 2018 Estimated Income and Housing Costs - Renters

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

<b>Table 13 Gross Rent as a Percentage of Household Income - 2018</b>		
Percent of Income for Housing	Number of Households	Percent
Less than 20%	28	31.1%
20% to 29.9%	17	18.9%
30% to 34.9%	0	0%
35% or more	31	34.4%
Not Computed	14	15.6%
Total	90	100%

Source: American Community Survey

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

According to the American Community Survey, 50% of all renters were applying less than 30% of income to housing costs in 2018. However, no calculation was made for nearly 16% of the City’s renter households, as information was not available on income or housing costs.

More than 34% of all renters were spending 35% or more of their income for housing, and these households were in the severe rent burden category.

Much of the rental housing cost burden can be linked to lower household income levels. In 2018, the estimated median income for all renter households in Howard was only \$19,861.



## 2018 Estimated Income and Housing Costs - Owners

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

<b>Table 14 Ownership Costs as a Percentage of Income - Howard</b>		
Percentage of Income for Housing	Number of Households	Percent
0% to 19.9%	211	74.0%
20% to 29.9%	50	17.5%
30% or more	22	7.7%
Not Computed	2	0.7%
Total	285	100%

Source: American Community Survey

Mortgage lending practices generally attempt to keep monthly payments below this level of household income. A very large majority of owner-occupants in Howard, which would include households with and without a mortgage, reported paying less than 30% of their income for housing. Fewer than 8% of all home owners reported that they paid more than 30% of their income for housing.

Ownership cost burden often tends to be lower due to higher income levels for most home owners. In 2018, the estimated median income for owner-occupants in Howard was \$59,583.

## Building Permit Trends

Howard has experienced limited new housing construction activity in recent years. The following table identifies the units that have been constructed from 2010 to 2019.

<b>Table 15 Howard Housing Unit Construction Activity: 2010 to 2020*</b>			
Year	Single Family	Two or More Units	Total Units Constructed
2020*	0	0	0
2019	0	0	0
2018	0	0	0
2017	0	0	0
2016	0	0	0
2015	0	0	0
2014	1	0	1
2013	2	0	2
2012	0	0	0
2011	1	0	1
2010	0	0	0
TOTAL	4	0	4

Source: Census Bureau CenStats; Community Partners Research, Inc.

\*2020 is through September

Based on available building permit information, there have been four new houses constructed in Howard from 2010 to 2020 (partial year). However, all of these houses were permitted before 2015. Over the past five years, no new houses have been built.

## Existing Home Sales

This section examines houses that have been sold in Howard from 2015 through 2019. It is important to note that the number of houses that sell each year can vary and may not be an accurate indicator of overall home values in the City. However, this sample does provide some insight into those units that have turned-over during this time period.

The information was obtained from the South Dakota Department of Revenue website, based on sales reports submitted by the Miner 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 is yet available for the 2020 sales year.

**Table 16 Median Value of Recent Residential Sales - 2015 to 2019**

Year	Number of Sales	Median Sale Price	Highest Sale	Lowest Sale
2019	20	\$55,375*	\$240,000	\$22,500
2018	13	\$40,000	\$135,000	\$14,000
2017	23	\$59,900	\$200,000	\$8,500
2016	17	\$33,000	\$239,000	\$4,000
2015	14	\$56,500*	\$210,000	\$5,000

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

\* Median calculated from two nearest sales

With the limited number of sales within any 12-month time period, there has been variation in the annual median price in Howard since 2015. Over the five-year period the midpoint sale price ranged from a low of \$33,000 to a high of \$59,900.

In 2019, the median price was \$55,375, based on 20 sales. If the 33 sales are aggregated in the 24-month period between 2018 and 2019, the median would be \$51,000.

From 2015 through 2019, there were only four houses that sold for \$200,000 or more. In each of the years there was at least one sale annually for less than \$23,000.

An alternate estimate of home values exists in the American Community Survey. In 2018, the estimated median value for all owner-occupied housing in Howard was \$53,900. This estimate was similar to the median sale price over the past two years.

## Howard Housing Condition

Community Partners Research, Inc. representatives conducted a visual 'windshield' survey of 373 single family/duplex houses in Howard. Houses that appeared to contain three or more residential units were excluded from the survey. The City was divided into two neighborhoods: houses west of Main Street and east of Main Street.

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

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

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

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

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

<b>Table 17 Windshield Survey Condition Estimate - 2020</b>					
	Sound	Minor Repair	Major Repair	Dilapidated	Total
West of Main St.	67 / 41.1%	65 / 39.9%	20 / 12.3%	11 / 6.7%	163
East of Main St.	69 / 32.9%	78 / 37.1%	47 / 22.4%	16 / 7.6%	210
Total	136 / 36.5%	143 / 38.3%	67 / 18.0%	27 / 7.3%	373

Source: Community Partners Research, Inc.

- ▶ Citywide, nearly 75% of the houses were rated in the two highest condition categories, with nearly 37% rated as Sound and more than 38% needing Minor Repair.

- ▶ In the neighborhood west of Main Street there were 20 houses rated in the Major Repair category, and 11 houses that were viewed as Dilapidated, and probably beyond repair.
- ▶ In the neighborhood east of Main Street there were 47 houses rated in the Major Repair category, and 16 houses that were viewed as Dilapidated, and probably beyond repair.
- ▶ With 27 Dilapidate houses Citywide, a program to clear severely substandard structures may be needed.
- ▶ There were only a few mobile homes scattered in the community and these units were not rated.

## **Rental Housing Data**

### **Census Bureau Rental Inventory**

According to Applied Geographic Solutions, there were 129 occupied rental units in Howard in 2019. The City's rental tenure rate was 33.3%, similar to the estimated Statewide rental rate of 32.7%.

### **Rental Housing Survey**

As part of this housing study, a telephone survey was conducted of multifamily projects in Howard. Emphasis was placed on contacting properties that have four or more units. For the purposes of planning additional projects in the future, multifamily properties represent the best comparison of market potential. However, information was also collected from some single family rental houses.

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

There were 110 housing units/beds of all types that were contacted in the survey. This included 78 traditional rental units within various market segments, along with 32 units/beds in assisted living facilities. In addition to the 110 rental units/beds, the skilled nursing home, which has 47 beds, was also surveyed.

The units that were successfully contacted include:

- ▶ 50 market rate units
- ▶ 22 federally subsidized units
- ▶ 6 senior independent/light services units
- ▶ 32 senior assisted living units/beds
- ▶ 47 beds in the skilled nursing home

The findings of the survey are provided below.

## Market Rate Summary

Information was obtained on 50 market rate rental units in six multi-family projects and four single family homes.

### Unit Mix

We obtained the bedroom mix on the 50 market rate units. The bedroom mix of the units is:

- ▶ one-bedroom - 19 (38.0%)
- ▶ two-bedroom - 31 (62.0%)
- ▶ three-bedroom - 0 (0%)

### Occupancy / Vacancy

At the time of the survey, there were 12 vacancies in the 50 market rate units that were included in the occupancy survey. This is a vacancy rate of 24.0%.

The owners of the projects with vacancies reported that they typically have unoccupied units.

### Rental Rates

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

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

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

<u>Unit Type</u>	<u>Lowest/Highest Gross Rents</u>
One-bedroom	\$450-\$550
Two-bedroom	\$550-\$850



## **Tax Credit Summary**

There are no tax credit units in Howard.

## **Subsidized Summary**

The research completed for this Study identified one subsidized project providing rental opportunities for lower income households, Sunrise Terrace.

Sunrise Terrace is a 22-unit general occupancy HUD Public Housing Project. The project was constructed in the 1960s. The project has 16 one-bedroom and six two-bedroom units.

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

## **Unit Mix**

The bedroom mix breakdown for the 22 subsidized housing units in Howard is as follows:

- ▶ 16 one-bedroom (72.7%)
- ▶ 6 two-bedroom (27.3%)

## **Occupancy / Vacancy**

At the time of the survey, one vacancy was identified in Sunrise Terrace for a vacancy rate of 4.5%.

## **Senior Housing with Services**

### **Unit Inventory**

Howard has four senior with services projects including Northview Duplexes, Whispering Winds-Assisted Living, Good Samaritan Assisted Living and Good Samaritan Skilled Nursing Care.

- ▶ **Northview Duplexes** - Northview Duplexes includes six units in three duplexes. All of the units have two bedrooms. The units provide housing for seniors that can live relatively independently. The tenants can purchase some services from Good Samaritan as needed. The Director reported no vacancies at the time of the survey.
- ▶ **Whispering Winds Assisted Living** - Whispering Winds is an assisted living project with 23 beds in 17 rooms. The 17 rooms include private occupancy rooms, shared occupancy rooms and suites. The facility was constructed in 2001. The project provides the full array of assisted living services include meals, bathing, medication management, laundry, housekeeping, etc. The Director reported one vacancy at the time of the survey.
- ▶ **Good Samaritan Assisted Living** - Good Samaritan Assisted Living includes nine beds. The full array of assisted living services is provided including meals, bathing, laundry, housekeeping, medication management, social activities, etc. The Director reported one vacant bed at the time of the survey.
- ▶ **Good Samaritan Society Skilled Nursing Care** - Good Samaritan Society Skilled Nursing Care is a licensed 47-bed skilled nursing facility. The facility had 10 vacant beds at the time of the survey.

**Table 18 Howard Multifamily Rental Housing Inventory**

Name	Number of Units /Bedroom Mix	Rent	Vacancy/ Wait List	Tenant Mix	Comments
<b>Market Rate</b>					
Behr Properties 4-plex	2 - 1 Bedroom <u>2 - 2 Bedroom</u> 4 Total Units	\$425 \$535	1 vacancy	General occupancy	The Behr Properties 4-plex is a general occupancy market rate rental project constructed in the mid-1970s. The Behr Properties was originally part of the USDA Rural Development project, Westwood Apartments. The project has converted to market rate. There are two one-bedroom units and two two-bedroom units. The rent is \$425 for a one-bedroom unit and \$535 for a two-bedroom unit. Tenants also pay electricity. The manager reported one vacancy at the time of the survey.
Brick Apartments	4 -1 Bedroom <u>12 - 2 Bedroom</u> 16 Total Units	\$475 \$550	4 vacancies	General occupancy	Brick Apartments is a 16-unit general occupancy market rate rental project constructed in the mid-1980s. The project was originally a USDA Rural Development project, but has converted to market rate. There are four one-bedroom units and 12 two-bedroom units. The rent is \$475 for a one-bedroom unit and \$550 for a two-bedroom unit. The owner reported four vacancies at the time of the survey.
Mapleview Apartments	3 - 1 Bedroom <u>9 - 2 Bedroom</u> 12 Total Units	\$350 \$400	4 vacancies	General occupancy	Mapleview Apartments is a 12-unit general occupancy market rate rental project. There are three one-bedroom and nine two-bedroom units. The project is approximately 30 years old. Rent is \$350 for a one-bedroom unit and \$400 for a two-bedroom unit. Tenants also pay all utilities. At the time of the survey, the owner reported four vacancies.
Miner Homes	<u>6 - 2 Bedroom</u> 6 Total Units	\$775 to \$850	No vacancies	General occupancy	Miner Homes includes six two-bedroom general occupancy market rate units in three twinhomes. The twinhomes were constructed in approximately 2007 and 2012. The rent ranges from \$775 to \$850. The rent includes all utilities and a garage. At the time of the survey, there were no vacancies and there is a waiting list.

**Table 18 Howard Multifamily Rental Housing Inventory**

Name	Number of Units /Bedroom Mix	Rent	Vacancy/ Wait List	Tenant Mix	Comments
<b>Market Rate</b>					
Westwood Apartments - Brian Lee	2 - 1 Bedroom 2 - 2 Bedroom 4 Total Units	\$400-\$450 \$500-\$550	1 vacancy	General occupancy	Westwood Apartments (Brian Lee) is a general occupancy market rate 4-plex. The project was originally a USDA Rural Development project constructed in the mid-1970s, but has converted to market rate. There are two one-bedroom units and two two-bedroom units. Rents are \$400 to \$450 for a one-bedroom unit and \$500 to \$550 for a two-bedroom unit. Tenants also pay electricity. The manager reported one vacancy at the time of the survey.
Westwood Apartments - Darin Jones	8 - 1 Bedroom 8 Total Units	\$300	2 vacancies	General occupancy	Westwood Apartments (Darin Jones) is an 8-unit general occupancy market rate project constructed in the 1970s. All of the units are one-bedroom. The project was previously a USDA Rural Development Project but has converted to market rate. The rent is \$300. The tenants also pay heat and electricity. The owner reported two vacancies at the time of the survey.
<b>Subsidized</b>					
Sunrise Terrace	16 - 1 Bedroom 6 - 2 Bedroom 22 Total Units	\$401 max. \$475 max. 30% of income	No vacancies	General occupancy	Sunrise Terrace is a 22-unit general occupancy subsidized public housing project constructed in the 1960s. There are 16 one-bedroom and six two-bedroom units. Tenants must have incomes below income limits. The rent is 30% of the tenant's income up to the maximum rents. Improvements have been made to the units over the years. At the time of the survey, the manager reported no vacancies.

**Table 18 Howard Multifamily Rental Housing Inventory**

Name	Number of Units /Bedroom Mix	Rent	Vacancy/ Wait List	Housing Type	Comments
<b>Senior Housing with Services</b>					
Northview Duplexes	<u>6 - 2 Bedroom</u> 6 - Total Units	Based on services and amenities	No vacancies	Independent living	Northview Duplexes includes six units in three duplexes. All of the units have two bedrooms. The units provide housing for seniors that can live relatively independently. The tenants can purchase some services from Good Samaritan as needed. The Director reported no vacancies at the time of the survey.
Good Samaritan Assisted Living	<u>9 Beds</u> 9 Total	Based on level of services	1 vacant bed	Assisted Living Center	Good Samaritan-Assisted Living includes nine beds. The full array of assisted living services is provided including meals, bathing, laundry, housekeeping, medication management, social activities, etc. The Director reported one vacant bed at the time of the survey.
Whispering Winds Assisted Living	23 beds in 17 rooms and suites	Based on type of room	1 vacant bed	Assisted Living Center	Whispering Winds is an assisted living project with 23 beds in 17 homes. The 17 rooms include private occupancy rooms, shared occupancy rooms and suites. The facility was constructed in 2001. The facility provides the full array of assisted living services include meals, bathing, medication management, laundry, housekeeping, etc. The Director reported one vacancy at the time of the survey.
Good Samaritan Society Howard	<u>47 Beds</u> 47 Total	Based on level of services	10 vacant beds	Skilled Nursing Home	The Good Samaritan Skilled Nursing Home has 47 skilled nursing beds. The Director reported 10 vacant beds at the time of the 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.

### Work Force and Unemployment Rates

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

<b>Table 19 County Annual Labor Statistics 2010 to 2020*</b>						
Year	Labor Force	Employed	Unemployed	Unemployment Rate - County	Unemployment Rate - SD	Unemployment Rate - US
2010	1,371	1,302	69	5.0%	5.0%	9.6%
2011	1,294	1,236	58	4.5%	4.7%	8.9%
2012	1,260	1,214	46	3.7%	4.3%	8.1%
2013	1,231	1,186	45	3.7%	3.8%	7.4%
2014	1,238	1,198	40	3.2%	3.4%	6.2%
2015	1,210	1,181	29	2.4%	3.1%	5.3%
2016	1,201	1,169	32	2.7%	3.0%	4.9%
2017	1,195	1,161	34	2.8%	3.2%	4.4%
2018	1,194	1,161	33	2.8%	3.1%	3.9%
2019	1,177	1,140	37	3.1%	3.3%	3.7%
2020*	1,175	1,110	65	5.5%	6.3%	8.8%

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

Not seasonally adjusted

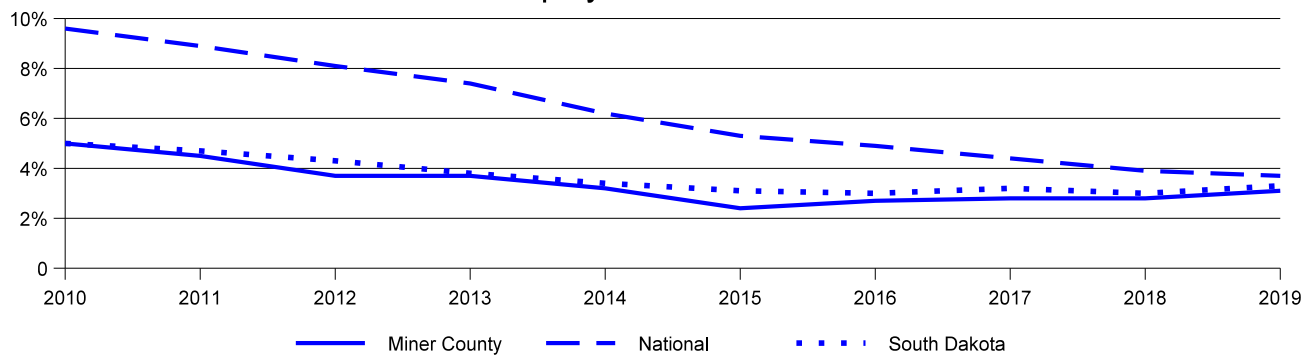
\* 2020 is through August

Over the past decade, there has been a gradual reduction in the County’s resident labor force. If 2019 is compared to 2010, the labor force had decreased by 194 people, or -14.2%.

The County's employed work force has shown similar patterns, down by 162 people, or -12.4% from 2010 to 2019.

With the labor force decreasing at a faster rate than the employed work force, the County's unemployment rate has grown lower over the decade. For 2019, the unemployment rate was only 3.1%. Since 2011, the County's unemployment rate has been lower than the Statewide rate, and well below the national average.

Annual Unemployment Rate: 2010 to 2019



Although partial-year information for 2020 shows some increase in the unemployment rate, the County has performed better than the State or the nation through the health pandemic.

## 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 Miner County and tracks the location of the job.

<b>Table 20 County Average Annual Wages - 2019</b>		
Industry	Total Employment	Average Weekly Wage
Total All Industry	735	\$657

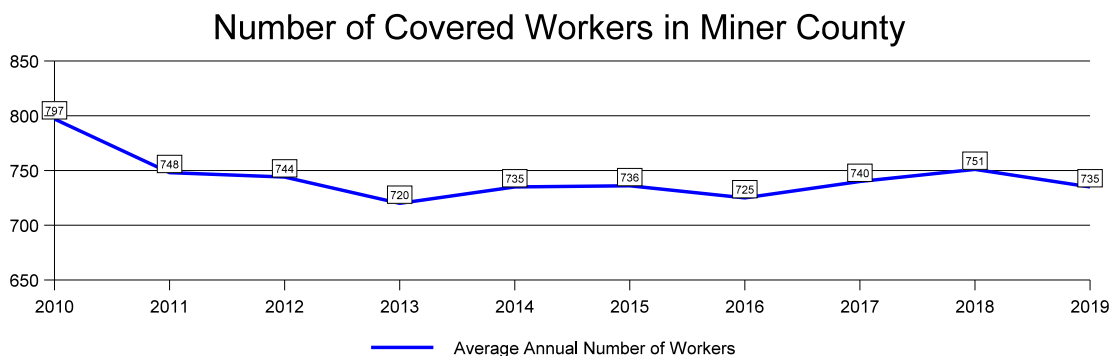
Source: South Dakota Department of Labor & Regulation

The average weekly wage for all industry in 2019 was \$657 in Miner County. At full-time employment, this would yield an annual average wage of \$34,164.

Since the QCEW data exist for multiple years, the longer-term pattern of employment in Miner County can be examined.

<b>Table 21 Miner County Average Annual Employment</b>			
Year	Total Covered Employment	Year	Total Covered Employment
2010	797	2015	736
2011	748	2016	725
2012	744	2017	740
2013	720	2018	751
2014	735	2019	735

Source: QCEW - MN Department of Employment and Economic Development





## Commuting Patterns of Workers

Information is available on workers that commute for employment. The best information is from the 2018 American Community Survey, and has been examined for the City of Howard. The first table only examines travel time for Howard residents, and excludes people that work at home.

<b>Table 22 Commuting Times for Howard Residents - 2018</b>		
Travel Time	Number	Percent
Less than 10 minutes	266	60.5%
10 to 19 minutes	33	7.5%
20 to 29 minutes	61	13.9%
30 minutes +	80	18.2%
Total	440	100%

Source: American Community Survey

A large majority of Howard’s residents were working locally in 2018, with approximately 68% commuting less than 20 minutes to work. However, more than 18% were traveling 30 minutes or more.

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

<b>Table 23 Commuting Times for Howard Employees - 2018</b>		
Travel Time	Number	Percent
Less than 10 minutes	276	43.5%
10 to 19 minutes	96	15.1%
20 to 29 minutes	134	21.1%
30 minutes +	129	20.3%
Total	635	100%

Source: American Community Survey

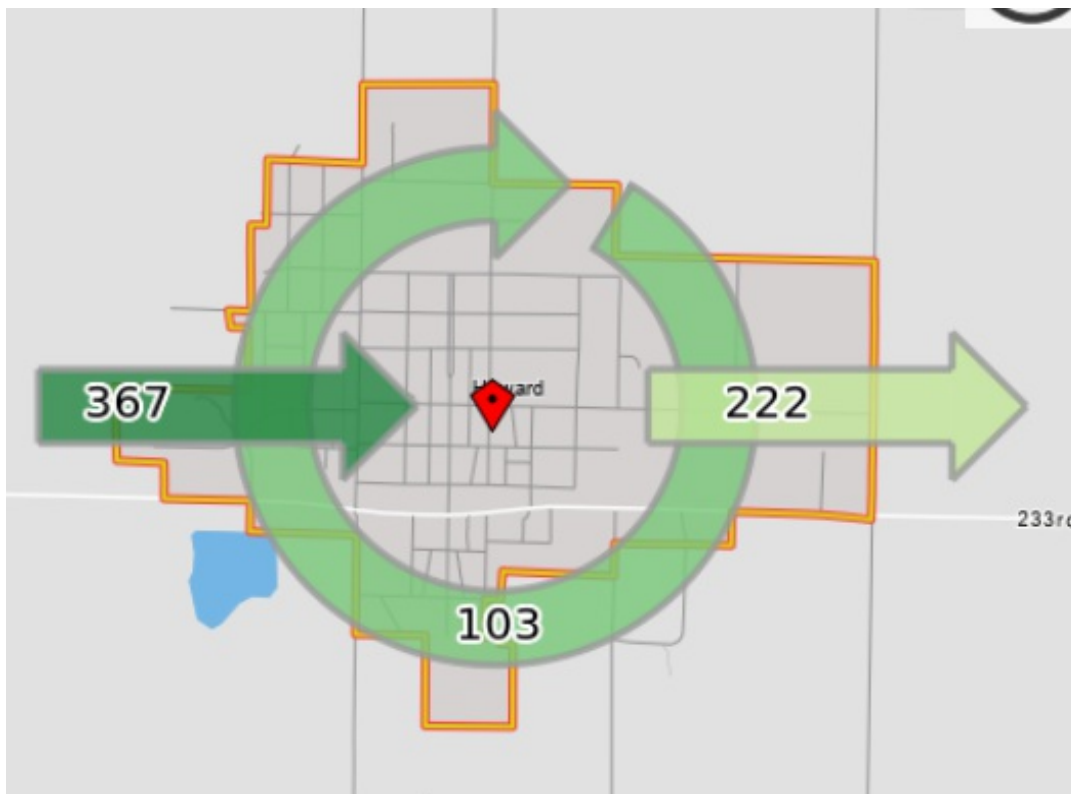
For people that worked in Howard, nearly 59% traveled less than 20 minutes in 2018. However, many workers traveled from greater distances, including approximately 129 people with a drive time of 30 minutes or more.

## Census On the Map

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

According to the report for Howard, there were 470 people that were employed within the city limits in 2016. Fewer than 22% of these Howard-based employees also lived within the City, with more than 365 employees commuting in to work. The primary identified jurisdictions supplying workers to the City were Carthage, Adams Township, Clearwater Township, Howard Township and Roswell Township.

Most Howard residents left their home community to work elsewhere. The primary locations listed for outbound commuters were Sioux Falls, Mitchell, Madison and Brookings.



## Findings on Growth Trends

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

Howard's population decreased by 7.4% from 1990 to 2000. The population decreased from 1,156 in 1990 to 1,071 in 2000. From 2000 to 2010, Howard's population decreased by 213 people, which was a population loss of 19.9%.

Applied Geographic Solutions estimates that Howard had a loss of 104 people from 2010 to 2019. The Census Bureau estimates that from 2010 to 2019, Howard had a loss of 101 people.

Miner County's population decreased from 3,272 in 1990 to 2,884 in 2000, which was a decrease of 11.9%. The population continued to decline in the 2000s from 2,884 in 2000 to 2,389 in 2010, which was a loss of 17.2%.

AGS estimates that from 2010 to 2019, Miner County had a loss of 197 people, a decrease of 12.1%. The U.S. Census estimate shows a loss of 173 people from 2010 to 2019. Esri contradicts the AGS and U.S. Census estimates and reports that Miner County had a loss of only 14 people from 2010 to 2019.

Household levels also decreased from 1990 to 2000 in Howard and Miner County. Howard experienced a loss of five households from 1990 to 2000 followed by a loss of 79 households from 2000 to 2010. AGS estimates that from 2010 to 2019, Howard had a decrease of 26 households.

Miner County had a loss of 64 households from 1990 to 2000, and a decrease of 180 households from 2000 to 2010. AGS estimates that from 2010 to 2019, Miner County decreased by 17 households, and Esri estimates that Miner County had a loss of 15 households.

## **Findings on Projected Growth**

This Study has utilized AGS and Esri projections for Miner County and AGS projections for the City of Howard. AGS projects that Howard will lose 30 people and 23 households from 2019 to 2024.

AGS forecasts that from 2019 to 2024, Miner County will lose 109 people and 58 households. Esri projections are more optimistic and forecasts that Miner County's population will decrease by 32 people and by 17 households from 2019 to 2024.

## **Summary of Miner County’s Growth Projections by Age Group**

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

Esri projects a loss of 17 households in Miner County from 2019 to 2024. Consistent with the age distribution data presented earlier, the movement of the “baby boom” generation through the aging cycle should generate much of the County’s growth in households in the 65 and older age ranges. Age projections expect the County to add approximately 23 households in the 65 and older age ranges. The 35 to 44 year old range is also expected to show minor growth, with an increase of four households.

Esri projects that from 2019 to 2024, Miner County will lose seven households in the 15 to 34 age ranges and will lose 37 households in the 45 to 64 age ranges.

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

<u>Age Range</u>	<u>Projected Change in Households</u> <u>2019 to 2024</u>
15 to 24	0
25 to 34	-7
35 to 44	4
45 to 54	-16
55 to 64	-21
65 to 74	20
75 and Older	<u>3</u>
Total	-17

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

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

***Age 24 and Younger*** - The projections used for this Study expect no change in the number of households in the 15 to 24 age range through the year 2024. Past tenure patterns indicate that a majority of these households in Miner County will rent their housing. No change in the number of households in this age range should mean that rental demand from younger households will remain stable during the projection period.

***25 to 34 Years Old*** - The projections show a loss of seven households in this age range by 2024. Within this age range households often move from rental to ownership housing. A slight loss of households indicates a slight decrease in the demand for both first-time home buyer and rental opportunities within this age range.

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

***45 to 54 Years Old*** - For Miner County, the projections show a loss of 16 households in this age range. These households will often look for trade-up housing opportunities. A loss in the number of households in this age group indicates that the demand for trade-up housing will decrease from this age range during the projection period.

***55 to 64 Years Old*** - Esri's projections show a significant decrease of 21 households in this 10-year age range by the year 2024 in the County. This age range has traditionally a high rate of home ownership in Miner County. Age-appropriate housing, such as town house or twin home units, is often well suited to the life-cycle preferences of this age group, as no maintenance/low maintenance housing has become a popular option for empty-nesters.

***65 to 74 Years Old*** - A gain of 20 households is expected by the year 2024 in the 65 to 74 age range, as all of the households in this age range are part of the baby boom generation. While this group will begin moving to life-cycle housing options as they age, the younger seniors are still predominantly home owners. Once again, preferences for age-appropriate units will increase from household growth within this age cohort.

***75 Years and Older*** - There is a projected increase of three households in the County in this age range between 2019 and 2024. An expansion of other housing options for seniors, including high quality rental housing and senior housing with services, should appeal to this age group. In most cases, income levels for senior households have been improving, as people have done better retirement planning. As a result, households in this age range may have fewer cost limitations for housing choices than previous generations of seniors.

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

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

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

***Demand from Growth*** - The household projections used for this Study expect Howard to lose approximately 23 households from 2019 to 2024. Household losses of between 17 and 58 households are projected for all of Miner County. Anticipated household losses in Howard will yield limited demand for new housing production.

***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 Howard, some dilapidated housing has been demolished, and more units will be removed in the future. As a result, we have included a minor allowance for unit replacement in the recommendations that follow.

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

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



## **Strengths for Housing Development**

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

- ▶ **Howard serves as a small regional center** - Howard provides employment opportunities, retail/service options, health and professional services, governmental services and recreational facilities for a small geographical area that surrounds the City.
- ▶ **Affordable priced housing stock** - The City of Howard has a stock of affordable, existing houses. Our analysis based on 2019 residential sales shows that the City's median home value is approximately \$55,375. This existing stock, when available for sale, provides an affordable option for home ownership.
- ▶ **Adequate land for development** - Howard has land available for both residential and commercial/industrial development. However, some of this land needs to be serviced with infrastructure improvements and/or annexed into the City limits.
- ▶ **Educational system** - Howard has a public K-12 school system.
- ▶ **Health facilities** - Howard has a medical clinic, assisted living facilities and a nursing home.
- ▶ **Infrastructure** - Howard's water and sewer infrastructure is in good condition and can accommodate future expansion.
- ▶ **Commercial development** - Howard's commercial district is adequate to meet most daily needs.
- ▶ **Howard Industries** - Howard Industries has been very active in promoting economic development, industrial development, commercial development and housing in Howard.
- ▶ **Howard Housing and Redevelopment Commission** - The Howard Housing and Redevelopment Commission owns and manages rental housing in the community.
- ▶ **Howard Task Force** - The Howard Task Force is working on several projects that will enhance the quality of life in Howard.

- ▶ **Howard is located near regional centers** - Howard is located 46 miles from Mitchell, 21 miles from Madison and 70 miles from Sioux Falls. These cities provide employment opportunities, retail/service options, educational opportunities, health care facilities and cultural amenities. Some households prefer to live within commuting distance, but not in a regional center.
- ▶ **Employers** - Howard has several employers that provide job opportunities for local residents.
- ▶ **Commuters** - Approximately 367 employees are commuting into Howard daily for work. These commuters are a potential market for future housing construction.
- ▶ **Available lots** - There are residential lots available in Howard at an affordable price.
- ▶ **Event Center** - The City of Howard has an Event Center that provides meeting and conference space. At the time of this Study it was not clear if this facility was operating.
- ▶ **Tourism and recreational opportunities** - There are tourism and recreational opportunities in the Howard area including a museum, hunting, fishing, etc.

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

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

- ▶ **Age and condition of the housing stock** - While the existing stock is affordable, some of the housing is in need of improvements to meet expectations of potential buyers.
- ▶ **Low rent structure** - The area's rent structure is relatively low, which makes it difficult to construct new rental housing.
- ▶ **Value-gap deters new owner-occupied construction** - Based on market values from 2019 residential sales, we estimate that the median priced home in Howard is valued at approximately \$55,375. This is below the comparable cost for new housing construction, which will generally be above \$200,000 for a stick built home with commonly expected amenities. This creates a value gap between new construction and existing homes.
- ▶ **Lower paying jobs** - Although Howard has several large employers, some jobs are at the lower end of the pay scale and employees with these jobs have limited housing choices.
- ▶ **Limited commercial options** - Howard has commercial and retail options to meet daily needs, however, it has limited other retail and commercial opportunities.
- ▶ **Population and households** - Howard is projected to lose population and households over the next several years.

## **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 Howard. They are based on the following strategies.

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

## **Summary of Findings/Recommendations**

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

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

The findings/recommendations for each category are as follows:

### **Rental Housing Development**

1. Develop six to eight general occupancy market rate rental units
2. Develop six to eight additional general occupancy moderate rent/income restricted or subsidized rental housing units
3. Consider the development of four to six senior with services units
4. Promote the development/conversion of four to six affordable market rate rental housing units
5. Develop a downtown mixed-use commercial/housing project
6. Continue to utilize the Housing Choice Voucher Program

### **Home Ownership**

7. Continue to utilize and promote all programs that assist with home ownership
8. Consider the development and implementation of a purchase/rehabilitation program

**Single Family Housing Development**

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

**Housing Rehabilitation**

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

**Other Housing Issues**

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

# **Howard - Recommendations Rental Housing Development**

## **Rental Housing Development**

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

From 2000 to 2020, six rental units have been constructed in Howard. Miner Homes, which includes six units in three twin homes, was constructed in 2007 and 2012. Also, some single family homes were converted from owner-occupied to rental use over the past two decades. Additionally, two existing subsidized rental projects in Howard with a total of 32 units have converted to market rate.

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

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

Our household projections for Howard from 2019 to 2024 do not forecast overall household growth in Howard or Miner County. However, it is projected that there will be a nine-household gain in Howard and a 23-household increase in Miner County in the senior age ranges 65 and older. Also, a slight household gain is forecast in the 35 to 44 age range in Howard and Miner County. With household growth from the 65 and older and 35 to 44 age ranges, we are expecting a demand of approximately seven to nine additional rental units due to household growth over the next five years in Howard.

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



As part of this study, a rental survey was conducted. The survey found 12 vacancies in the 50 general occupancy market rate units and one vacancy in the 22 subsidized units that were contacted. Although there were a significant number of vacancies in the market rate units, the newest rental units in the City, Miner Homes, are almost always occupied and have a waiting list. The skilled nursing home reported 10 vacant beds, however, only one vacancy was reported in the two assisted living facilities in Howard.

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

Howard is projected to lose 23 households and Miner County is projected to lose 17 households through 2024. With the projected loss of households and the existing vacancy rates, we are recommending several strategies to develop a healthy rental market in Howard. The strategies include:

- ▶ **Increase the population of Howard** - The City of Howard, Howard Industries and all the stakeholders should continue to implement all strategies possible to increase the City's population including job creation, marketing the community, assuring a healthy housing stock, etc. These efforts will continue to make the City attractive and viable.
- ▶ **Rehabilitate rental housing** - Much of the rental housing stock in Howard was constructed in the 1960s, 1970s and 1980s. Some of this rental housing stock needs rehabilitation. Rental rehabilitation programs should be created to rehabilitate the rental projects when it is economically feasible.
- ▶ **Demolish dilapidated rental housing** - Rental housing that is substandard and no longer feasible for renovation, should be demolished and eliminated from the rental housing stock.
- ▶ **Develop new rental housing** - It may appear to be counter productive to construct new rental housing in a city that is projected to lose households, and has a high rental vacancy rate, however, new rental housing can achieve several goals which include:
  - ▶ Addresses pent-up demand for certain housing types
  - ▶ Upgrades the overall quality of the rental stock
  - ▶ Increases the City's rental rate and quality
  - ▶ Addresses gaps in the City's rental stock
  - ▶ Attracts new households to the City

Based on the factors stated above, we recommend the development of 20 to 28 new rental units over the next five years from 2020 to 2025.

▶ General Occupancy Market Rate	6-8 units
▶ Income-restricted/Subsidized	6-8 units
▶ Affordable/Conversions	4-6 units
▶ Senior Independent/Light Services	<u>4-6 units</u>
Total	20-28 units

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

**Findings:** Approximately 83% of the rental housing in the City of Howard 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 50 market rate rental units we surveyed, we found 12 vacancies, a 24% vacancy rate, which is well above the healthy vacancy rate of 3% to 5%. However, Miner Homes, the City’s newest rental project, reported strong demand for the units and a waiting list.

There is a variation in rental rates in the market rate segment in the City of Howard. The existing rent range including utilities is \$450 to \$550 for a one-bedroom unit and \$550 to \$850 for a two-bedroom unit. No three-bedroom units were surveyed.

From 2000 to 2020, six conventional market rate rental units were constructed. These units were built in 2007 and 2012. Also, some single family homes converted from owner-occupancy to rental use.

There were also two subsidized rental projects that ended their subsidy contracts and converted to conventional market rate housing. In total, 40 units were converted, although eight of these were then removed from the inventory, resulting in a net gain of 32 conventional market rate units in Howard.

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

Based on this combination of demand generators, we believe that it is reasonable to plan for production of six to eight market rate rental units over the next five years from 2020 to 2025.

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

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

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

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

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

Also, the City of Howard or Howard Industries could potentially partner with private developers to construct additional units. The City could assist with land donations, tax increment financing, tax abatement, reduced water and sewer hookup fees, etc. The DakotaPlex Program may be available to assist the City, Howard Industries or a private developer with the development of market rate rental housing.

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

<u>Unit Type</u>	<u>No. of Units</u>	<u>Size/Sq. Ft.</u>	<u>Rent</u>
Two Bedroom	3-4	850 - 1,000	\$800 - \$1,000
Three Bedroom	3-4	1,100 - 1,200	\$900 - \$1,100
Total	6-8		

**Note:** The recommended rents are gross rents including all utilities. The rents are quoted in 2020 dollars.

It may also be possible to utilize Housing Choice Vouchers if some of the tenants meet income requirements and the rents are at or below Fair Market Rents (FMRs). The 2020 FMRs are \$714 for a two-bedroom unit and \$940 for a three-bedroom unit.

**2. Develop six to eight additional general occupancy moderate rent/income restricted or subsidized rental units**

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

Subsidized housing utilizes federal resources that provide a “deep subsidy”, allowing very low income people access to the housing at an affordable price. The research completed for this Study identified one subsidized project in Howard, Sunrise Terrace. Sunrise Terrace is a HUD Public Housing 22-unit general occupancy project. There are 16 one-bedroom and six two-bedroom units. At the time of the survey, Sunrise Terrace had one vacancy.

In the past, Howard had two additional subsidized rental projects including Westwood Apartments with 16 units and Brick Apartments with 24 units. Both of these projects have converted from subsidized to market rate. As a result, Howard lost 40 units of subsidized housing.

There are additional “deep subsidy” resources available to City residents through the tenant-based Housing Choice Voucher Program. Vouchers allow tenants to pay 30% to 40% of their income for housing in suitable private-market rental units. The Voucher Program for Howard and Miner County is administered by the Madison Housing and Redevelopment Commission.

Currently, the Voucher Program has no waiting list, thus, households could immediately be eligible for a voucher.

The 2018 American Community survey estimated that approximately 34% of all renters in the City of Howard were paying 30% or more of their income for rent.

**Recommendation:** Based on the cost burden data contained in the American Community Survey, and the loss of 40 subsidized units due to contract termination, we recommend that the City expand the supply of deep subsidy rental housing for lower income renters. Over the next five years, we would recommend that the City attempt to construct six to eight units that achieve a rent level that would be affordable to very low income households earning less than \$25,000 per year.

This recommendation represents a modest goal, since more low income households exist in the City with a cost burden. 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. In the opinion of the analysts, the highest priority would be to create larger subsidized general occupancy units for families and younger households.

### **3. Consider the development of four to six senior independent/light services units**

**Findings:** The City of Howard currently has four senior with services projects. The four projects are:

- ▶ **Northview Duplexes** - Northview Duplexes includes six units in three duplexes. All of the units have two bedrooms. The units provide housing for seniors that can live relatively independently. The tenants can purchase some services from Good Samaritan as needed. The Director reported no vacancies at the time of the survey.
- ▶ **Whispering Winds Assisted Living** - Whispering Winds is an assisted living project with 23 beds in 17 rooms. The 17 rooms are for private occupancy, shared occupancy and suites. The project was constructed in 2001. The facility provides the full array of assisted living services include meals, bathing, medication management, laundry, housekeeping, etc. The Director reported one vacancy at the time of the survey.

- ▶ **Good Samaritan Assisted Living** - Good Samaritan Assisted Living includes nine beds. The full array of assisted living services is provided including meals, bathing, laundry, housekeeping, medication management, social activities, etc. The Director reported one vacant bed at the time of the survey.
- ▶ **Good Samaritan Society Skilled Nursing Care** - Good Samaritan Society Skilled Nursing Care is a licensed 47-bed skilled nursing facility. The facility had 10 vacant beds at the time of the survey.

**Recommendation:** In 2019, Howard had approximately 195 people and 139 households over the age of 65, and Miner County has approximately 529 people and 378 households over the age of 65. Howard has six independent/light services units for seniors, 32 assisted living beds in two projects and a 47-bed skilled nursing facility.

It is our opinion that Howard currently has an adequate number of assisted living and skilled nursing units/beds to address demand over the next five years. However, we are recommending the development of an additional four to six independent/light services senior units to address projected demand. These units could be similar to the Northview duplexes.

The project should be designed for flexibility to allow seniors to live in a unit independently, or to rent a unit and utilize a low level of senior services such as a noon meal and housekeeping. Ideally the project would allow seniors to age in place and purchase home health care services as needed in the future. If possible, this project should be attached to or in close proximity to Whispering Winds or the Good Samaritan Nursing Home, which would allow for the delivery of light services.

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

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

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

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

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

The estimated prevailing rent range for older rental units in Howard is typically between \$400 and \$650 per month. Creating some additional units with contract rents below \$650 per month would help to expand the choices available to a majority of the City's renter households.

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

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

**Findings:** A mixed-use rental housing/commercial project in the Downtown area would complement the City's ongoing efforts to maintain a vibrant downtown.

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

**Recommendation:** We recommend the development of a mixed-use building in the downtown Howard area. There are several potential sites in the downtown area for a mixed-use project. Howard Industries currently has four downtown lots available for development.

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

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

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

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

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

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

The Housing Choice Voucher Program is administered in Howard and Miner County by the Madison Housing and Redevelopment Commission. There currently is no waiting list to obtain a Voucher, thus, Howard households could be immediately eligible for a Housing Choice Voucher.



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

# **Howard - Home Ownership Recommendations**

## **Home Ownership**

**Findings:** Expanding home ownership opportunities is one of the primary goals for most cities. High rates of home ownership promote stable communities and strengthen the local tax base. The median owner-occupied home value in Howard is estimated to be approximately \$55,375 based on 2019 residential sales activity. The home values in Howard provide a good opportunity for first time buyers and households seeking moderately priced homes.

Some households in all age ranges that have not been able to achieve the goal of home ownership may need the assistance of housing programs to help them purchase a home.

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

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

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

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

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

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

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

Funding sources for home ownership programs may include USDA Rural Development, the South Dakota Housing Development Authority, and the Federal Home Loan Bank. InterLakes Community Action Partnership and Grow South Dakota both utilize several funding sources to provide home ownership programs.

## **8. Consider the development and implementation of a Purchase/Rehabilitation Program**

**Findings:** Howard has a limited stock of older, lower valued homes, many of which need repairs. Our analysis of recent sales activity indicates that there are a significant number of homes in Howard that are valued at less than \$75,000. As some lower valued homes come up for sale, they may not be attractive options for potential home buyers because of the amount of repair work that is required.

Some communities with a stock of older homes that need rehabilitation have developed a purchase/rehabilitation program. Under a purchase/rehabilitation program, the City or a housing agency purchases an existing home that needs rehabilitation, rehabilitates the home, sells the home to a low/moderate income family and provides a mortgage with a low down payment, a low interest and a monthly payment that is affordable for the family.

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

**Recommendation:** We recommend that the City of Howard or Howard Industries work with the South Dakota Housing Development Authority and area housing agencies to consider the development and implementation of a Purchase/Rehabilitation Program. Attitudinal surveys that we have conducted in other cities have found that purchase/rehabilitation programs are appealing to people who are currently renting their housing. In some similar sized communities, a large majority of survey respondents who were renters indicated an interest in buying a home in need of repair if rehabilitation assistance was also available.

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

Also, some private individuals on a limited basis have purchased homes in Howard, rehabbed the homes and sold the homes. There may be an opportunity for housing agencies to financially assist the private sector with purchasing, rehabilitating and selling the homes. This may increase the inventory of substandard homes that can economically be rehabilitated and sold.

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

# **Howard - New Housing Construction**

## **New Housing Construction**

**Findings:** Howard has experienced limited single family owner-occupied housing construction from 2010 to 2019. According to City and Census Bureau records, over the past 10 years four single family owner-occupancy units were constructed in Howard.

All four homes were constructed from 2010 to 2014. From 2015 to 2020, no owner-occupied single family units were constructed. However, the construction of two new homes in Howard is in the planning phase.

The City's amenities, employment opportunities and attractive residential lot options, should result in the construction of several new homes over the next five years.

Overall household projections for Howard indicate some demand for owner-occupancy housing construction. Howard and Miner County are projected to add households in the 65 and older range from 2019 to 2024. Households in these age ranges tend to be predominantly home owners, and form a market for higher priced, trade-up housing and low maintenance housing such as town homes and twin homes.

The 35 to 44 age range is also expected to add households through 2024. Some of the households in these age ranges are first time home buyers or are looking for trade-up housing. It is our opinion that if the City, Howard Industries, housing agencies, employers and builders are proactive, seven to ten owner-occupancy homes can be constructed in Howard from 2020 to 2025.

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

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

▶ Higher & medium price homes	2 homes
▶ Affordable homes	3-4 homes
▶ Twin homes/town homes	<u>2-4 units</u>
Total	7-10 homes/units

## **9. Lot Availability and Lot Development**

**Findings:** As part of this Study, we attempted to identify the inventory of available residential lots for single family housing construction in Howard. Buildable lots are defined as having sewer, water and streets available to the lots.

The Meadows Housing Development and the Greenleaf Addition have a total of approximately 13 lots available at prices ranging from \$10,000 to \$25,000. There are also infill lots that are available in the City. Additionally, there are dilapidated houses in the City that could be demolished and the cleared lots could potentially be suitable for new construction.

**Recommendation:** We use a standard that a 3-year supply of lots should be available in the marketplace, based on annual lot usage. Using our projections that approximately two houses will be constructed annually, an adequate supply of lots would be six lots. With approximately 13 lots available in the Meadows and the Greenleaf Additions, and the availability of a few infill lots, there is currently an adequate number of lots in Howard.

However, the City of Howard, Howard Industries and private developers should continue to plan for future subdivision and lot development. Howard Industries has identified potential sites for future lot development.

## **10. Strategies to encourage continued residential lot sales and new home construction in Howard**

**Findings:** From 2010 to 2020, four owner-occupancy single family houses have been constructed in Howard. We are projecting that an additional seven to ten homes will be constructed over the next five years.

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

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



- ▶ ***Competitive pricing*** - There are lots available in communities throughout the region. To attract new home construction in Howard, lots should continue to be available and competitively-priced compared to other options in the region.
- ▶ ***User-Friendly*** - The lot purchase and home building process must continue to be 'user friendly.' This includes an inventory of available lots, the construction of spec homes, builders that are readily available to build custom homes and city regulations that are fair and reasonable. The entire process must be as 'user friendly' as possible to encourage home construction.
- ▶ ***Long-term planning*** - The City of Howard and Howard Industries should continue long-term development planning to assure lots are available on an ongoing basis to meet demand for all types of new housing.
- ▶ ***Incentives*** - Some cities and counties throughout South Dakota are offering incentives to construct new homes, including reduced lot prices, reduced water and sewer hookup fees, cash incentives, etc. Incentives should be considered to promote new home construction in Howard.
- ▶ ***Lot availability for twin home/town home development*** - It is our opinion that there will be a demand for twin homes/town homes over the next five years. Lots should be available for a twin home/town home development.
- ▶ ***Range of house prices*** - Lots should be available to as wide a range of home sizes and prices as possible. This broadens the lot buyer market. Also, smaller infill lots should be marketed for affordable homes.
- ▶ ***Marketing*** - The City of Howard and all housing stakeholders will need to continue marketing the sale of available lots and new home construction. Howard Industries, private developers, realtors, financial institutions, builders and employers should all be involved in developing marketing strategies. In addition to marketing the lots, the City of Howard and its amenities should continue to be marketed.
- ▶ ***Governors Homes*** - Governors Homes are an affordable option and SDHDA has initiated a program that enables developers to participate in the 'Governor's Home Program.'

- ▶ ***Manufactured/modular homes*** - Manufactured and modular homes can provide affordable housing opportunities for moderate income households.
- ▶ ***In-fill lot Home Development*** - In-fill lots in existing neighborhoods are often affordable and have existing City services. Some housing agencies and nonprofits develop affordable homes on in-fill lots.
- ▶ ***South Dakota Housing Development Authority (SDHDA)*** - SDHDA may have housing programs available to assist developers, builders and home buyers.

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

**Findings:** There are several housing agencies and nonprofit groups that may have the capacity to construct new housing in Howard, including the Howard Housing and Redevelopment Commission, Howard Industries, Grow South Dakota and InterLakes Community Action Partnership.

**Recommendation:** We encourage the City of Howard to actively work with economic development and housing agencies and nonprofit groups to develop affordable housing. Some of the affordable housing could be developed on in-fill lots.

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

Also, households should be encouraged to utilize the Governor’s Program.

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

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

In many cities the size of Howard, approximately 20% to 25% of the new ownership housing constructed are twinhomes/townhomes. In Howard, twinhome/townhome construction has been very limited over the past 20 years.

In 2019, Howard had approximately 139 households and Miner County had 378 households in the 65 and older age ranges. These senior ranges are expected to increase in Howard and in Miner County from 2020 to 2025. Household growth among empty-nesters and seniors should result in increased demand for attached single family units. It is likely that demand for attached housing will also be dependent on the product's ability to gain additional market acceptance among the households in the prime target market, and in younger age groups. .

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

We recommend that for twin home/townhome 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

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

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

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

# **Howard - Housing Rehabilitation**

## **Housing Rehabilitation**

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

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

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

### **13. Promote rental housing rehabilitation**

**Findings:** Based on Applied Geographic Solutions data, the City of Howard has approximately 129 rental units in 2020. These rental buildings are in multi-family projects, small rental buildings and single family homes. Many of these rental structures are more than 40 years old and could benefit from rehabilitation as some of these rental structures are in need of renovation.

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

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

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

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

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

Our 2020 housing condition survey of 373 homes in three of Howard’s older neighborhoods found 143 homes that need minor repairs and 67 homes that need major repairs. Without rehabilitation assistance, the affordable housing stock will shrink in Howard.

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

InterLakes Community Action Partnership currently has several housing programs to assist households with the rehabilitation of their homes including the Self Help Rehabilitation Program and programs utilizing HOME funds.

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

# **Howard - Other Housing Initiatives**

## **Other Housing Initiatives**

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

**Findings:** Our housing condition survey identified 27 single family houses in Howard that are dilapidated and too deteriorated to rehabilitate. We also identified 67 single family houses in Howard as needing major repair and some of these homes may be too dilapidated to rehabilitate. To improve the quality of the housing stock and to maintain the appearance of the City, dilapidated structures should be demolished. Over the past few years, several dilapidated homes have been demolished in Howard.

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

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

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

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



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

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

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

**Findings:** The City of Howard has several large employers. Also, on an ongoing basis, the City and Howard Industries have been working with existing employers to expand and for new employers to locate in Howard. 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 most 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 Howard's housing needs. Several funding sources have finance programs that include employers. Additionally, the funding agencies often view funding applications favorably that include employers in the problem solving process.

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

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

## **18. Strategies for Downtown Redevelopment/Development**

**Findings:** Howard has a commercial district that addresses many of the daily retail/commercial needs of its residents. Howard has buildings that have been renovated and have high quality commercial and/or housing space. There are also buildings that have not been maintained and are substandard. Recently, four downtown dilapidated buildings were demolished.

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

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

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

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

- ▶ Identify funding sources
  - ▶ Property owner funds
  - ▶ City funds
  - ▶ Howard Industries funds
  - ▶ Federal Home Loan Bank
  - ▶ Special tax districts
  - ▶ Funds from South Dakota State Agencies
  - ▶ Sales Tax Funds
  
- ▶ Work with stakeholders to identify roles, to secure funding, to develop and implement programs and projects
  - ▶ Property owners
  - ▶ City of Howard
  - ▶ Howard Industries
  - ▶ First District Association of Governments

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

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

**Recommendation:** The City of Howard, Howard Industries and the Howard Housing and Redevelopment Commission have all been active in promoting and marketing housing and we recommend the continuation or initiation of the following:

- ▶ Determine the City's strengths and competitive advantages and heavily promote them
- ▶ Continue to create marketing materials that can be distributed regionally (including internet, TV, radio, etc.)
- ▶ Work closely with employers to provide employees (especially new employees) with housing opportunities in Howard and Miner County
- ▶ Work with housing agencies to provide down payment assistance, low interest loans, home owner education and home owner counseling programs
- ▶ Work with developers and builders to make lot development and the construction of new homes a very user-friendly process
- ▶ Continue to work on the creation of jobs and the development of retail, service and recreational opportunities that make the City a "full service" community
- ▶ Continue to provide attractive lots at an affordable price for a variety of home sizes, styles and price ranges
- ▶ Preserve the quality of existing neighborhoods through the rehabilitation of substandard housing and the demolition of dilapidated structures that are beyond repair
- ▶ Continue to develop new housing choices that serve life-cycle housing needs, such as new rental housing, twin homes, senior with services housing, etc.
- ▶ Review the City's policies and fees to assure that they are user-friendly, fair and receptive for developers, builders and households
- ▶ Develop a coordinated housing plan with the private sector and area housing agencies

## **Agencies and Resources**

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

### **InterLakes Community Action Partnership**

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

### **First District Association of Governments**

121 1<sup>st</sup> Ave. NW  
Watertown, SD 57201  
(605) 882-5115

### **Dakota Resources**

25795 475<sup>th</sup> Ave.  
Renner, SD 57055  
(605) 978-2804

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

1720 4<sup>th</sup> St. NE Suite 2  
Watertown, SD 57201  
(605) 886-8202

### **USDA Rural Development**

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

### **Madison Housing and Redevelopment Commission**

201 SW 1<sup>st</sup> St.  
P.O. Box 220  
Madison, SD 57042  
(605) 256-6904

### **Grow South Dakota**

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