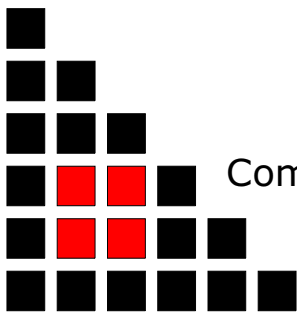


City of Murdo HOUSING STUDY

August 2013

An analysis of the overall housing needs
in the City of Murdo



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List of Sections

	<u>Page</u>
Introduction	2
Demographic and Projection Data	4
Existing Housing Data	29
Rental Housing Inventory	34
Employment and Local Economic Trends Analysis	38
Findings and Recommendations	42
Agencies and Resources	74

Introduction

Overview

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

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

Goals

The multiple goals of the study include:

- ▶ Provide updated demographic data including the 2010 Census
- ▶ Provide an analysis of the current housing stock and inventory
- ▶ Determine gaps or unmet housing needs
- ▶ Examine housing trends that the area can expect 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 March 2013 to July 2013. Data sources included:

- U.S. Census Bureau
- American Community Survey
- Records and data from the City
- Records and data maintained by Jones 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 surveys

Limitations

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

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Section Table of Contents

	Page
Demographic Data Overview	5
Population Data and Trends	6
Population by Age Trends: 2000 to 2010	7
Population Projections	8
Household Data and Trends	9
Household by Age Trends: 2000 to 2010	11
Average Household Size	12
Household Projections	13
Household Projections by Age	15
Households by Type	17
Housing Tenure	18
Tenure by Age	19
Tenure by Household Size	21
2011 Income Data	22
Household Income Distribution	24
Murdo Income Distribution by Tenure	25
2011 Estimated Income and Housing Costs - Renters	27
2011 Estimated Income and Housing Costs - Owners	28

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 Murdo and Jones County. At the time research was completed for this Study, the 2010 Census information was available. However, the 2010 Census was more limited in scope than in the past. As a result, some of the demographic variables, such as income and housing cost information, were not available.

To supplement the decennial Census, the Census Bureau has created the American Community Survey, an annual sampling of households. The American Community Survey provides detailed demographic characteristics, replacing information once collected by the decennial Census. However, because the American Survey is based on sampling data, there is a margin of error that exists for each estimate. The following tables incorporate the 2010 Census data, when available, or the 2011 American Community Survey data.

The frequency of American Community Survey varies depending on the size of the jurisdiction. For most jurisdictions in South Dakota, the 2011 estimates were derived from sampling that was done over a five-year period, between 2007 and 2011. Unless otherwise noted, the American Community Survey estimates are based on the five-year survey data.

Population Data and Trends

Table 1 Population Trends - 1980 to 2012							
	1980 Census	1990 Census	2000 Census	% Change 1990-2000	2010 Census	% Change 2000-2010	2011/2012 Estimate
Murdo	723	679	612	-10.9%	488	-25.4	486
Jones Co.	1,463	1,324	1,193	-11.0%	1,006	-18.6%	1,013

Source: U.S. Census

- ▶ The 2010 U.S. Census established a new benchmark for population data. The City of Murdo and Jones County both lost population from 2000 to 2010. Murdo’s population was 488 in 2010. This is a 124-person decrease since 2000, which is a population loss of 25.4%.
- ▶ Jones County’s population was 1,006 in 2010. This is a 187-person decrease since 2000, which is a population loss of 18.6%.
- ▶ Murdo and Jones County also experienced significant population losses in the 1990s. Murdo’s population decreased by 67 people and Jones County’s population decreased by 131 people.
- ▶ The Census Bureau has released more recent information through its population estimates program. The most recent estimate for Jones County is effective July 1, 2012, and shows the County adding seven people after the 2010 Census. The most recent estimate for Murdo is effective July 1, 2011, and shows the City losing two people between 2010 and 2011.
- ▶ Murdo’s population is primarily White and non-Hispanic. At the time of the 2010 Census, approximately 94% of the City’s residents identified their race as White, with the Native American population representing approximately 3.5% of the City total. Fewer than 1% of the City’s residents were identified as Hispanic/Latino.
- ▶ According to the 2010 Census Bureau, no Murdo or Jones County residents lived in group quarters such as nursing homes, group homes or institutional facilities.

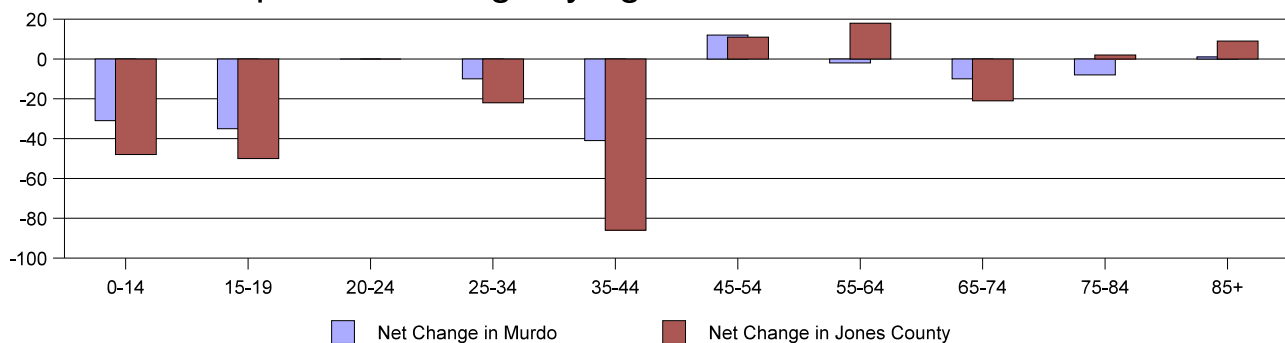
Population by Age Trends: 2000 to 2010

The release of demographic information from the 2010 Census allows for some analysis of the changing age patterns for Murdo and Jones County. The following table compares population by age in 2000 and 2010, along with the numeric changes.

Table 2 Population by Age - 2000 to 2010						
Age	Murdo			Jones County		
	2000	2010	Change	2000	2010	Change
0-14	122	91	-31	231	183	-48
15-19	57	22	-35	111	61	-50
20-24	27	27	0	45	45	0
25-34	56	46	-10	110	88	-22
35-44	98	57	-41	194	108	-86
45-54	72	84	12	164	175	11
55-64	62	60	-2	121	139	18
65-74	55	45	-10	120	99	-21
75-84	43	35	-8	71	73	2
85+	20	21	1	26	35	9
Total	612	488	-124	1,193	1,006	-187

Source: U.S. Census

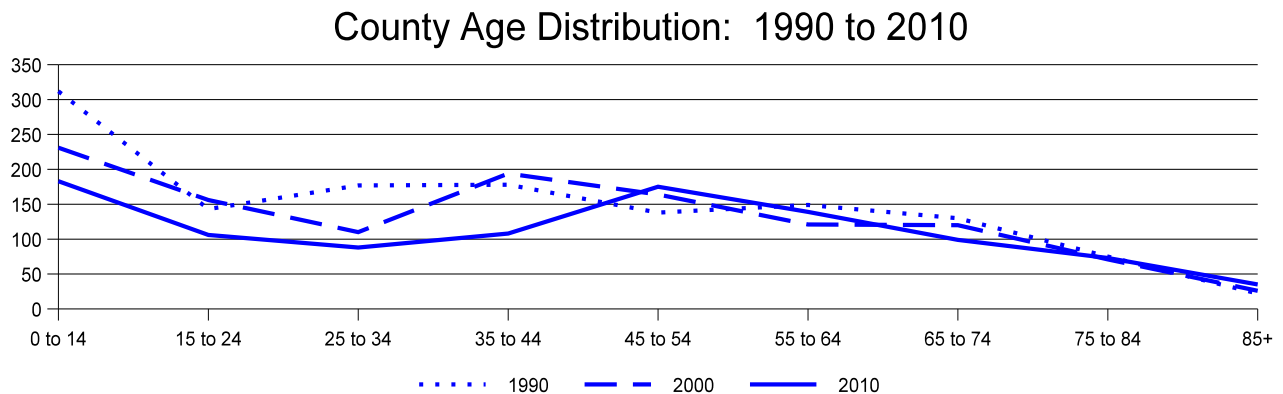
Population Change by Age Between 2000 and 2010



For many years, demographic analysts have been talking about the impact that is occurring as the large “baby boom” generation moves through the aging cycle. This trend has been evident in Murdo and Jones County, as most of the age groups that increased in size represented the baby boom generation.

Between 2000 and 2010, Murdo had a net gain of 10 people and Jones County had a gain of 29 people in the age ranges between 45 and 64 years old. In 2010, nearly all of the baby boomers were within these age ranges. The aging of the baby boomers, as reflected in the numeric net gain in the 55 to 64 year old age group, was the largest increase within any of the defined age cohorts in Jones County.

The City and County also had an increase of older senior citizens, age 85 and older. There was a gain of one person in Murdo and a gain of nine people in Jones County in the age 85 and older age range.



The aging trends present in Murdo in 2010 can be traced back over the previous decades to see the movement of the baby boom generation over the last 20 years in Jones County.

Population Projections

The following table presents population projections using two different sources.

The South Dakota State Data Center has issued preliminary population projections to the year 2030 for Jones County. The following table shows the Data Center projection for 2015.

The other set of projections has been calculated by Community Partners Research, Inc., and these are based on past patterns of population change. The 20-year growth trend is based on the rate of change between 1990 and 2010, using the 1990 and 2010 Census. The 10-year growth trend uses the same methodology, but calculates an annual growth rate from 2000 to 2010.

Table 3 Population Projections Through 2015				
	2010 Population Census	2015 Projection from 10-year trend	2015 Projection from 20-year trend	2015 Projection State Data Center
Murdo	488	410	454	N/A
Jones County	1,006	927	946	932

Source: Community Partners Research, Inc.; U.S. Census; State Data Center

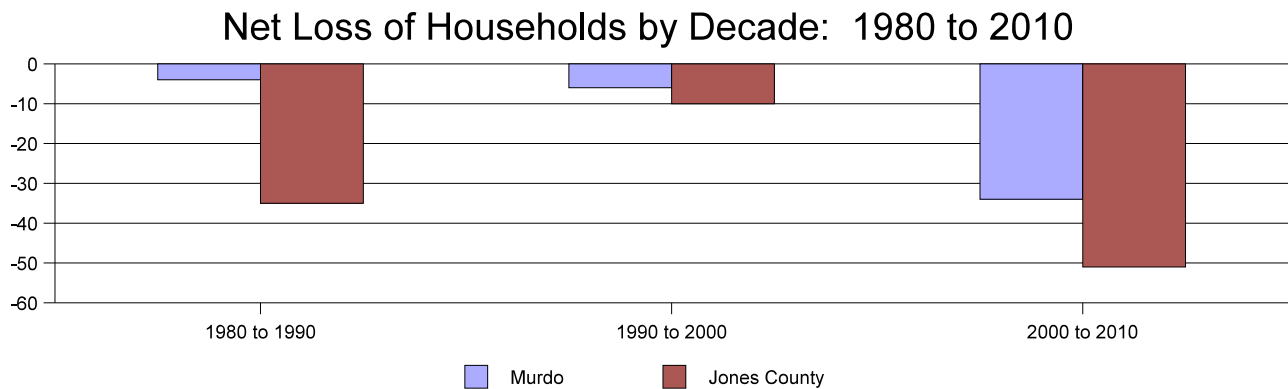
- ▶ The growth projections based on 10-year and 20-year growth trends estimate population losses from 2010 to 2015 for the City of Murdo and Jones County. The State Data Center also projects population losses for Jones County.
- ▶ The 10-year and 20-year growth trend population projections for Murdo estimate a decrease of 34 to 78 people by 2015.
- ▶ Jones County’s population, based on 10-year and 20-year growth trends, is projected to lose between 60 and 79 people from 2010 to 2015. The State Data Center projects Jones County will lose 74 people by 2015.

Household Data and Trends

Table 4 Household Trends - 1980 to 2010						
	1980 Census	1990 Census	2000 Census	% Change 1990-2000	2010 Census	% Change 2000-2010
Murdo	281	277	271	-2.2%	237	-14.3%
Jones County	554	519	509	-2.0%	458	-11.1%

Source: U.S. Census

- ▶ The 2010 U.S. Census provided an updated look at household data. Murdo and Jones County lost households from 2000 to 2010. Murdo had 237 households in 2010. This is a decrease of 34 households since 2000, which is a household loss of 14.3%.
- ▶ Jones County had 458 households in 2010. This is a loss of 51 households, which is a household decrease of 11.1%.
- ▶ Murdo and Jones County also experienced household losses during the 1990s, Murdo had a decrease of six households and Jones County had a loss of 10 households from 1990 to 2000.



Household by Age Trends: 2000 to 2010

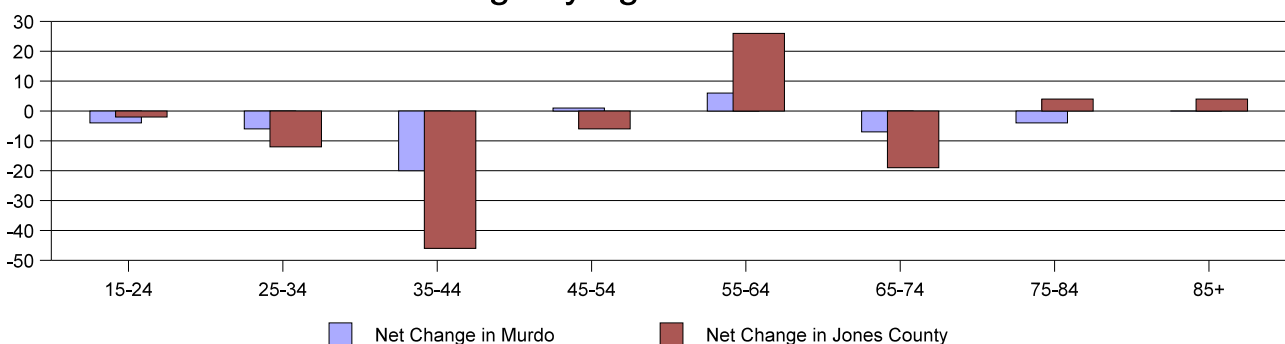
The 2010 Census allows for some analysis of Murdo and Jones County’s changing age patterns. The following table compares households by age of householder in 2000 and 2010, along with the numeric changes.

Table 5 Households by Age - 2000 to 2010						
Age	Murdo			Jones County		
	2000	2010	Change	2000	2010	Change
15-24	14	10	-4	21	19	-2
25-34	30	24	-6	59	47	-12
35-44	52	32	-20	102	56	-46
45-54	48	49	1	103	97	-6
55-64	36	42	6	66	92	26
65-74	38	31	-7	79	60	-19
75-84	34	30	-4	55	59	4
85+	19	19	0	24	28	4
Total	271	237	-34	509	458	-51

Source: U.S. Census

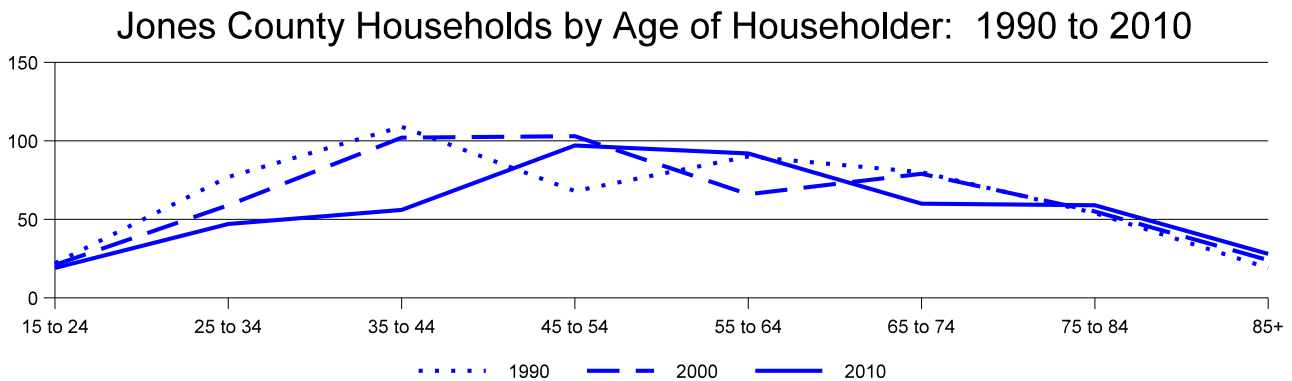
Consistent with the population by age data presented earlier, the household patterns show most of the net change occurring in the baby boomer age groups. For both Murdo and the Jones County, the largest net growth in households occurred in the 10-year age group between 55 and 64 years old. For all of Jones County there was an increase of 26 households in the 55 to 64 year age range.

Household Change by Age Between 2000 and 2010



Murdo and Jones County had a decrease in the number of households age 44 and younger. In 2010, Murdo had 30 fewer households and Jones County had 60 fewer households in the age groups less than 45 years old, than in the year 2000.

For Jones County there was an overall increase in the number of older senior-headed households. From 2000 to 2010, Jones County gained four households, age 85 and older.



As with the longer-term patterns for population, it is possible to track the progression of the baby boomer households over the past 30 years in Jones County, using Census information for households by the age of householder.

Average Household Size

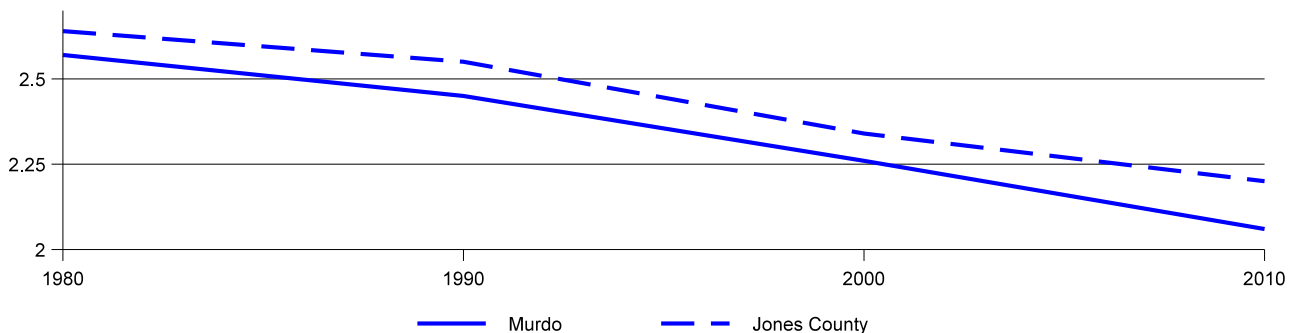
The following table provides decennial Census information on average household size.

Table 6 Average Number of Persons Per Household: 1990 to 2010				
	1980 Census	1990 Census	2000 Census	2010 Census
Murdo	2.57	2.45	2.26	2.06
Jones County	2.64	2.55	2.34	2.20

Source: U.S. Census

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

Average Household Size: 1980 to 2010



The average household size in Murdo and Jones County has continued to decrease over the past three decades. In Murdo, the average household size has decreased from 2.57 persons per household in 1980 to 2.06 persons in 2010.

Jones County’s average household size decreased from 2.64 in 1980 to 2.20 in 2010.

Household Projections

The following table presents household projections for Murdo and Jones County using two different calculation methods. Both of these calculations have been generated by Community Partners Research, Inc., and are based on the rate of change that was present between 2000 and 2010, and between 1990 and 2010.

Table 7 Household Projections Through 2015			
	2010 Census	2015 Projection from 10-year trend	2015 Projection from 20-year trend
Murdo	237	222	228
Jones County	458	435	445

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

- ▶ The growth projections based on 10-year and 20-year trends estimate household losses for Murdo and Jones County.
- ▶ From 2010 to 2015, Murdo is expected to decrease by nine to 15 households.
- ▶ Jones County is projected to decrease by 13 to 23 households from 2010 to 2015.

Household by Age Projections: 2010 to 2015

With the release of the 2010 Census, a new benchmark has been established for Jones County age-related statistics. In the following table, Community Partners Research, Inc., has generated age-based household projections for Jones County to the year 2015.

The first set of age-based projections has been extrapolated from preliminary population forecasts that have just been issued by the South Dakota State Data Center. They have been converted into households using past calculations on the average household size that has existed within specific age ranges.

The second set of projections was created by Community Partners Research, Inc., by trending forward past retention rates within defined age cohorts, and assuming that these past patterns are reasonable predictors of future age-based population changes.

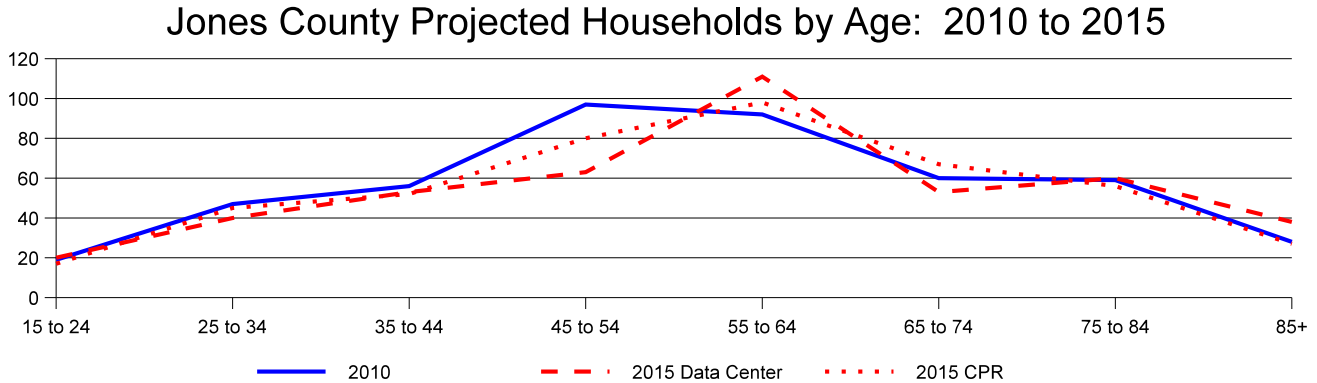
Both sets of projections assume that historical patterns will continue into the near-future, especially related to household formation and household size within specific age groups. If the County loses population at a rate that is slower than past patterns would suggest, traditional age-based forecasts could be altered.

Table 8 Jones County Projected Households by Age - 2010 to 2015

Age Range	2010 Census	Extrapolated from State Data Center		Community Partner Research	
		2015 Projection	Change from 2010	2015 Projection	Change from 2010
15-24	19	20	1	17	-2
25-34	47	40	-7	45	-2
35-44	56	53	-3	52	-4
45-54	97	63	-34	80	-17
55-64	92	111	19	98	6
65-74	60	53	-7	67	7
75-84	59	60	1	56	-3
85+	28	38	10	27	-1
Total	458	438	-20	442	-16

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

While the two projection methods do yield some differences for the age-based forecasts, in general terms they offer a somewhat similar expectation through the year 2015. The relative similarity becomes more evident when viewed as a line chart showing the progression from 2010 to 2015.



The two projection methods are reasonably similar in most of the age ranges, however, some variations do exist. The Community Partners Research, Inc., projection shows a gain of six households in the 55 to 64 year old age range while the Data Center extrapolation shows a gain of 19 households. Also, the State Data Center is projecting a gain of 10 households in the 85 and over age range and Community Partners Research, Inc., is projecting a loss of one household.

The extrapolated projections from the Data Center show a loss of 34 households in the 45 to 54 age range compared to a loss of 17 households under the Community Partners Research, Inc., projection. Also, the State Data Center is estimating a loss of seven households in the 65 to 74 age range and Community Partners Research, Inc., is projecting a gain of seven households.

On a previous page, the trend-based household projections had indicated the overall net change in households Countywide would be a potential loss of 13 to 23 households, a slightly wider range than indicated by the age-based forecasts. For the recommendations presented later in this document, this wider range of 13 to 23 fewer households has been used.

Households by Type

The 2010 Census can be compared to statistics from 2000 to examine changes in household composition. The following table looks at household trends within the City of Murdo.

Table 9 Murdo Household Composition - 2000 to 2010			
	2000 Census	2010 Census	Change
Family Households			
Married Couple with own children	50	42	-8
Single Parent with own children	26	17	-9
Married Couple without own children	71	60	-11
Family Householder without spouse	14	9	-5
Total Families	161	128	-33
Non-Family Households			
Single Person	102	102	0
Two or more persons	8	7	-1
Total Non-Families	110	109	-1

Source: U.S. Census

Between 2000 and 2010, Murdo experienced a loss of 33 family households. There were losses in all types of family households.

The City also had a decrease of only one “non-family” household, which was a household of two or more unrelated individuals living together.

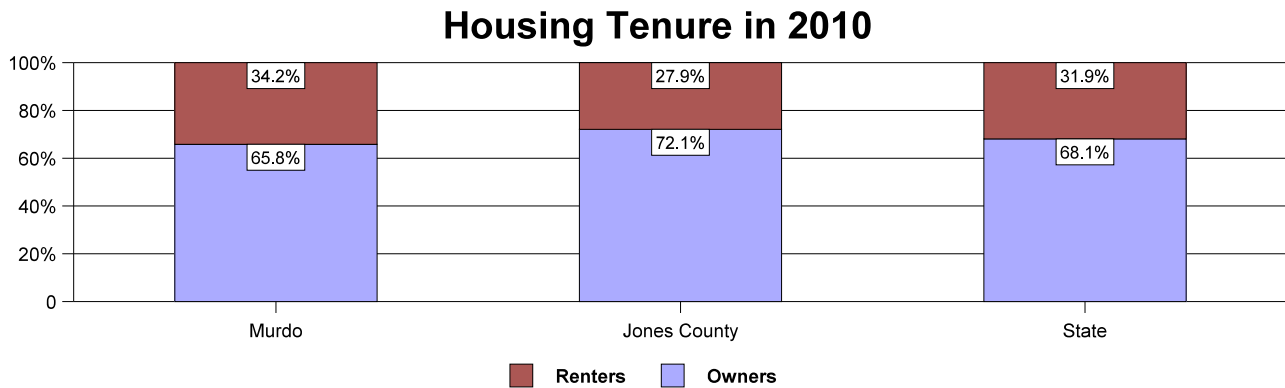
Housing Tenure

The 2010 Census provided an updated look at housing tenure patterns. The following tables examine overall tenure rates, along with the changes that have occurred since 2000 for the City of Murdo and Jones County.

Table 10 Household Tenure - 2010				
	Number of Owners	Percent of all Households	Number of Renters	Percent of all Households
Murdo	156	65.8%	81	34.2%
Jones County	330	72.1%	128	27.9%
State	-	68.1%	-	31.9%

Source: U.S. Census

According to the 2010 Census, the ownership tenure rate in the City of Murdo was 65.8%. Jones County’s ownership rate was 72.1%. Murdo’s rental tenure of 34.2% was higher than the Statewide average of 31.9%.



Households by Housing Tenure

Table 11 Households by Housing Tenure - 2000 to 2010						
Tenure	Murdo			Jones County		
	2000	2010	Change	2000	2010	Change
Owners	192/70.8%	156/65.8%	-36	369/72.5%	330/72.1%	-39
Renters	79/29.2%	81/34.2%	2	140/27.5%	128/27.9%	-12
Total	271	237	-34	509	458	-51

Source: U.S. Census

Murdo's ownership tenure rate decreased over the last decade, from 70.8% in 2000 to 65.8% in 2010.

For Jones County, there was also a slight decrease in the rate of owner households between 2000 and 2010. The ownership tenure rate decreased slightly from 72.5% in 2000 to 72.1% in 2010.

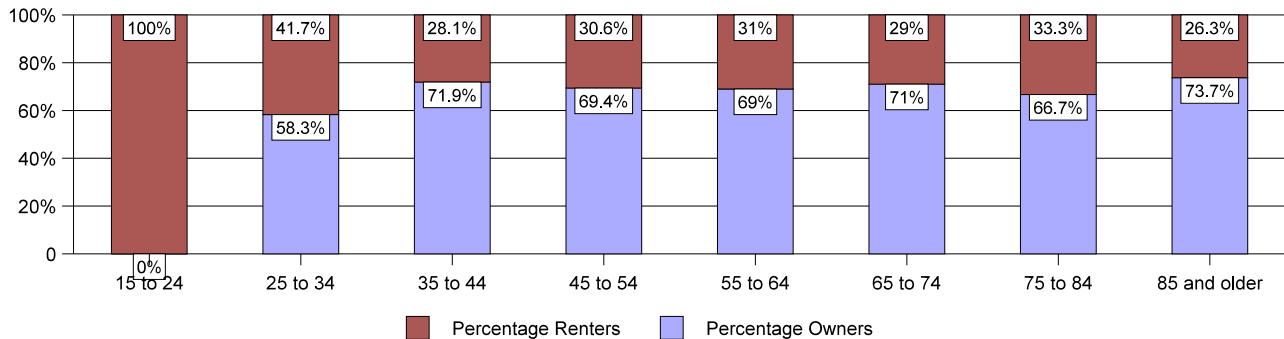
Tenure by Age of Householder

The 2010 Census provided information on the tenure distribution of households within each defined age range. The following table examines the number and percentage of renters and owners in each age group in the City of Murdo.

Table 12 Murdo Tenure by Age of Householder - 2010				
Age	Owners		Renters	
	Number	Percent within age	Number	Percent within age
15-24	0	0%	10	100%
25-34	14	58.3%	10	41.7%
35-44	23	71.9%	9	28.1%
45-54	34	69.4%	15	30.6%
55-64	29	69.0%	13	31.0%
65-74	22	71.0%	9	29.0%
75-84	20	66.7%	10	33.3%
85+	14	73.7%	5	26.3%
Total	156	65.8%	81	34.2%

Source: U.S. Census

Murdo Housing Tenure Patterns by Age in 2010



Within the defined age ranges, the youngest age ranges showed a strong preference for rental housing, while middle-aged and older households were primarily home owners. All of the households age 24 and younger rented their unit, and approximately 42% of households in the 25 to 34 age range were renters. Home ownership rates for each of the 10-year age cohorts age 34 and older were above 66%. Older senior households, age 85 and above, had the highest rate of home ownership.

Tenure by Household Size

The 2010 Census did provide information on housing tenure by household size. This can be compared to 2000 Census information to better understand trends for housing unit needs. The following table provides information for Murdo.

Table 13 Murdo Tenure by Household Size - 2000 to 2010						
Household Size	Owners			Renters		
	2000	2010	Change	2000	2010	Change
1-Person	53	50	-3	49	52	3
2-Person	68	57	-11	17	10	-7
3-Person	27	24	-3	7	12	5
4-Person	25	19	-6	2	3	1
5-Person	14	3	-11	2	3	1
6-Person	2	1	-1	1	1	0
7-Persons+	3	2	-1	1	0	-1
Total	192	156	-36	79	81	2

Source: U.S. Census

From 2000 to 2010, there was a decrease in the number of owner households and a slight increase in renter households in Murdo. There was a decrease of 17 owner households with three or fewer household members, and a decrease of 19 owner households with four or more household members.

There was a decrease of seven two-person renter households. However, there was a gain of three one-person households and a gain of five three-person households. Approximately 77% of the renter households in Murdo are one or two-person households.

2011 Income Data

The 2010 Census did not collect information on household income, however, estimates are available at the city and county level through the 2011 American Community Survey.

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

Table 14 Median Household Income - 2000 to 2011			
	2000 Median	2011 Median	% Change
Murdo	\$30,104	\$37,083	23.2%
Jones County	\$30,288	\$50,795	67.7%
South Dakota	\$35,271	\$46,369	31.5%

Source: U.S. Census; 2011 ACS 5-year survey

Table 15 Median Family Income - 2000 to 2011			
	2000 Median	2011 Median	% Change
Murdo	\$40,000	\$53,750	34.4%
Jones County	\$37,500	\$63,750	70.0%
South Dakota	\$43,237	\$58,958	36.4%

Source: U.S. Census; 2011 ACS 5-year survey

Information contained in the 2011 American Community Survey shows local income levels and income growth over the past decade. Both the median household income and the median family income for Murdo were below the respective medians for the State of South Dakota.

Jones County's household and family median incomes increased substantially from 2000 to 2011 and are above the State of South Dakota household and family median incomes.

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

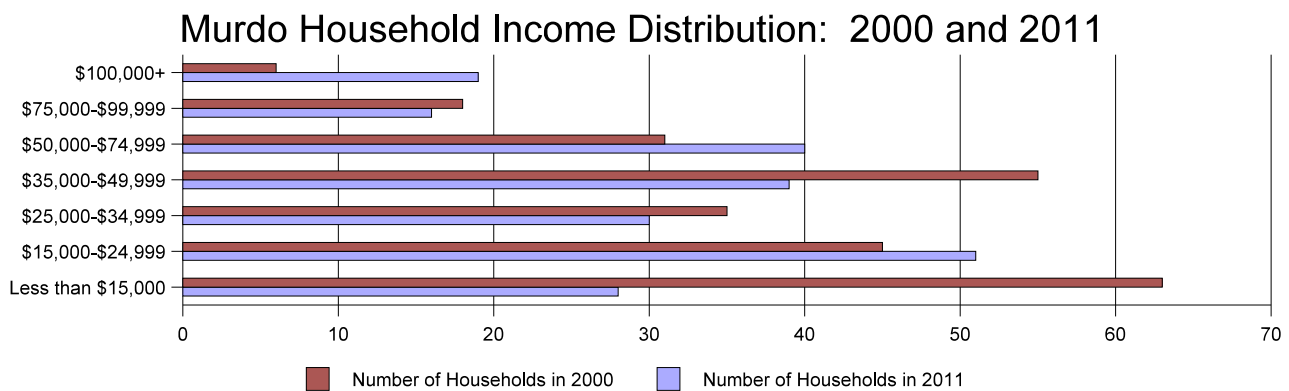
Using the commonly accepted standard that up to 30% of gross income can be applied to housing expenses without experiencing a cost burden, a median income household in Murdo could afford approximately \$927 per month for ownership or rental housing in 2011. A median income family could afford approximately \$1,344 per month for housing. However, as will be detailed later in this section, renter households tend to be below the overall median, while owner households tend to be above the overall median level.

Murdo Household Income Distribution

The 2011 American Community Survey household income estimates for the City of Murdo can be compared to the same distribution information from 2000 to examine changes that have occurred over the past decade.

Table 16 Murdo Household Income Distribution - 2000 to 2011			
Household Income	Number of Households 2000	Number of Households in 2011	Change 2000 to 2011
\$0 - \$14,999	63	28	-35
\$15,000 - \$24,999	45	51	6
\$25,000 - \$34,999	35	30	-5
\$35,000 - \$49,999	55	39	-16
\$50,000 - \$74,999	31	40	9
\$75,000 - \$99,999	18	16	-2
\$100,000+	6	19	13
Total	253	223	-30

Source: 2000 Census; 2011 ACS



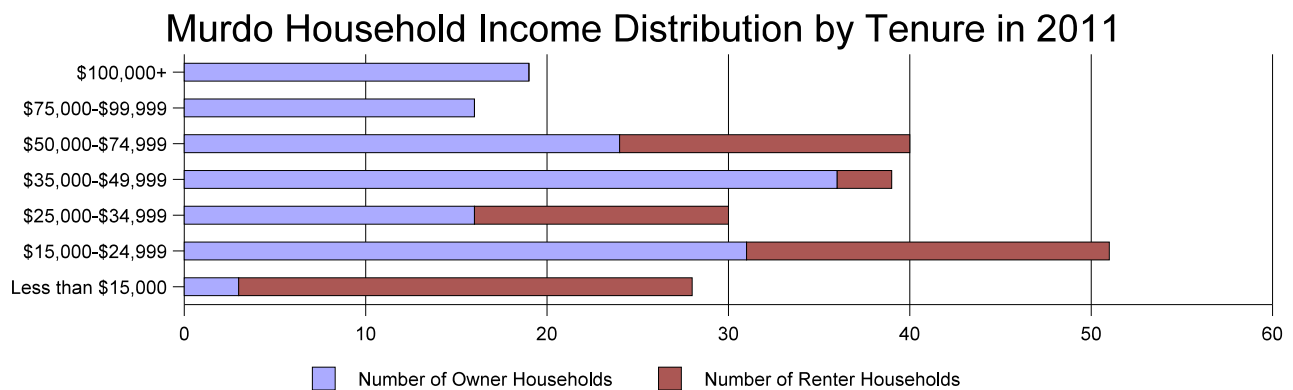
According to income estimates contained in the 2011 American Community Survey, household incomes have generally improved in Murdo. When compared to the 2000 Census (1999 income), the number of households with an income of \$50,000, or more, increased by 20 households. There was a decrease of 50 households with annual incomes below \$50,000. However, there are still 79 households that have annual incomes under \$25,000.

Murdo Income Distribution by Housing Tenure

The 2011 American Community Survey provides an estimate by owner and renter status. The following table examines income distribution within the City of Murdo. The American Community Survey is an estimate, based on limited sampling data, and there are some differences when compared to the 2010 Census. For total households, the American Community Survey reported 14 less households than the Census, a difference of 6.3%. The American Community Survey estimated 11 less owner households than the Census, and three less renter households. Since owner households tend to have higher incomes than renters, the over-weighting of renters in the estimate probably results in some lower totals in the higher income ranges.

Table 17 Murdo Household Income Distribution by Tenure - 2011			
Household Income	Number of Owner Households	Number of Renter Households	Total Households
\$0 - \$14,999	3/10.7%	25/89.3%	28
\$15,000 - \$24,999	31/60.8%	20/39.2%	51
\$25,000 - \$34,999	16/53.3%	14/46.7%	30
\$35,000 - \$49,999	36/92.3%	3/7.7%	39
\$50,000 - \$74,999	24/60.0%	16/40.0%	40
\$75,000 - \$99,999	16/100%	0/100%	16
\$100,000+	19/100%	0/100%	19
Total	145/65.0%	78/35.0%	223

Source: 2011 American Community Survey



Income and housing tenure are often linked for most households, with home owners generally having higher annual income levels, and renters having lower incomes.

In 2010, approximately 76% of all renter households in Murdo had an annual income below \$35,000. At 30% of income, these households would have \$875, or less, that could be applied to monthly housing costs.

Conversely, most owner households had a substantially higher income level. Approximately 41% of all owner households had an annual income of \$50,000 or more. At 30% of income, an owner could afford \$1,364 or more per month for housing costs.

2011 Estimated Income and Housing Costs - Renters

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

Table 18 Gross Rent as a Percentage of Household Income - Murdo		
Percentage of Household Income for Housing Costs	Number of Renter Households 2011	Percent of All Renter Households 2011
0% to 19.9%	33	42.3%
20% to 29.9%	13	16.7%
30% to 34.9%	0	0%
35% or more	23	29.5%
Not Computed	9	11.5%
Total	78	100%

Source: 2011 American Community Survey

Based on the tenure information from the 2010 Census, the 2011 American Community Survey overestimated the number of renter households in Murdo. However, the estimates on housing cost burden are the best available information on income and expenses for housing.

According to the American Community Survey, approximately 30% of all renters in the City were paying 30% or more of their income for rent. All of these households were actually paying 35% or more of their income for housing. Federal standards for rent subsidy programs generally identify 30% of 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".

2011 Estimated Income and Housing Costs - Owners

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

Table 19 Ownership Costs as a Percentage of Income - Murdo		
Percentage of Household Income for Housing Costs	Number of Owner Households 2011	Percent of All Owner Households 2011
0% to 19.9%	106	73.1%
20% to 29.9%	22	15.2%
30% to 34.9%	12	8.3%
35% or more	5	3.4%
Not Computed	0	0%
Total	145	100%

Source: 2011 ACS

Based on the 2010 Census, the 2011 American Community Survey underestimated the number of owner households in the City, however, this source still represents the best available information on income compared to housing costs.

Most owner-occupants, which would include households with and without a mortgage, reported paying less than 30% of their income for housing. However, approximately 12% of all home owners reported that they paid more than 30% of their income for housing.

As would be expected, most of the cost-burdened home owners had a mortgage on their home.

Housing Construction Activity

Based on information available from the City of Murdo and the U.S. Census Bureau, seven single family houses were constructed or moved into in the City between 2000 and 2012.

Occupancy Status of Housing Units - 2010

Table 20 Occupancy Status of Housing Units - 2010						
	Occupied Units		Vacant Units			
	Owner	Renter	For Rent	For Sale	Seasonal Use	Other Vacant
Murdo	156	81	13	2	14	25
Jones Co.	330	128	16	3	47	65

Source: U.S. Census

- ▶ In 2010, according to the U.S. Census, there were 47 seasonal housing units in Jones County, including 14 units in Murdo.
- ▶ There were 84 vacant housing units in Jones County in 2010, including 40 units in Murdo.

Existing Home Sales

This section examines houses that have been sold in Murdo in 2011 and 2012. It is important to note that the number of houses that have sold is limited, 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 are turning-over in a given year.

This table primarily reflects existing home sales. New construction sales activity would generally not be recorded in the data that was used for this analysis.

Table 21 Median Value of Residential Sales - 2011 and 2012			
Calendar Year	Number of Good Sales	Median Sale Price	Average Sale Price
2011 and 2012	8	\$42,500	\$41,375

Source: Jones County Assessor; Community Partners Research, Inc.

- ▶ In 2011 and 2012, there were eight residential sales of single family houses in Murdo that were considered to be “arms length” transactions, according to the County’s Director of Equalization. Sales that are not “arms length” include, but are not limited to, sales between relatives, forced sales and foreclosures, and estate transfers that are not available on the open market. Only the “arms length” transactions have been reviewed for this study.
- ▶ The median sales price of the eight sales was \$42,500 and the average sales price was \$41,375. The highest valued sale was for \$77,000 and the lowest valued sale was for \$8,000.

Murdo Housing Condition

Community Partners Research, Inc. representatives conducted a visual 'windshield' survey of all 194 single family/duplex houses in Murdo. We divided the City into two neighborhoods.

The boundaries of the two neighborhoods are:

Neighborhood No. 1: Houses east of Main Street

Neighborhood No. 2: Houses west of Main Street

Houses that appeared to contain three or more residential units were excluded from the survey. 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. Dilapidated houses need major renovation to become decent, safe and sanitary housing. Some Dilapidated properties may be abandoned and may be candidates for demolition and clearance.

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

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

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

Table 22 Windshield Survey Condition Estimate - 2012

	Sound	Minor Repair	Major Repair	Dilapidated	Total
Neighborhood No. 1	47/37.6%	33/26.4%	30/24.0%	15/12.0%	125
Neighborhood No. 2	24/34.8%	17/24.6%	16/23.2%	12/17.4%	69
Total	71/36.6%	50/25.8%	46/23.7%	27/13.9%	194

Source: Community Partners Research, Inc.

- ▶ The existing housing stock in Murdo is in fair condition. Approximately 26% of the houses in Murdo need minor repair and 24% need major repair. Approximately 37% are sound, with no required improvements.
- ▶ Approximately 27 houses in Murdo are dilapidated and possibly beyond repair.

Murdo Mobile Home Condition

Community Partners Research, Inc. representatives conducted a visual 'windshield' survey of the 45 mobile homes in Murdo including the mobile homes scattered throughout the City and the mobile homes in the CB Trailer Court.

Mobile homes 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. Dilapidated mobile homes 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 mobile home needing multiple major improvements such as roof, windows, sidings, structural/foundation, etc. Mobile homes in this condition category may or may not be economically feasible to rehabilitate.

Minor Repair mobile homes are judged to be generally in good condition and require less extensive repair, such as one major improvement. Mobile homes 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 mobile homes are judged to be in good, 'move-in' condition. Sound mobile homes may contain minor code violations and still be considered Sound.

Table 23 Windshield Survey Condition Estimate - 2012

	Sound	Minor Repair	Major Repair	Dilapidated	Total
Mobile homes	9/20.0%	9/20.0%	17/37.8%	10/22.2%	45

Source: Community Partners Research, Inc.

- ▶ The mobile homes in Murdo are in fair condition. Approximately 20% of the mobile homes in the City need minor repair and 38% need major repair. Approximately 20% are sound, with no required improvements.
- ▶ Ten mobile homes are dilapidated and possibly beyond repair.

Rental Housing Data

Census Bureau Rental Inventory

According to the 2010 U.S. Census, there were 81 occupied rental units and at least 14 unoccupied rental units in Murdo, for a total estimated rental inventory of 95 units. The City's rental tenure rate was 34.2%, above the Statewide rental rate in 2010 of 31.9%.

At the time of the 2000 Census, Murdo had 79 occupied rental units, and at least 16 vacant rental units, for a total estimated rental inventory of 95 units. The rental tenure rate in 2000 was 29.2%.

Based on a Census comparison, the City lost two renter-occupancy households from 2000 to 2010, but there are the same number of renter units in the City of Murdo.

The City also experienced a decrease in owner-occupants between 2000 and 2010. In many communities, the reduction of owner households corresponded to growth among renters, as tenure conversion occurred in some housing units. This was not the case in Murdo, as there was a loss of rental and owner-occupied households.

Rental Housing Survey

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

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

There were 57 housing units of all types that were contacted in the survey. This represents nearly 60% of the City's total rental housing units. In addition to the 57 rental units, we obtained information on the four-plex that has been moved into the City, but is not yet occupied. We also obtained information on several rental single family homes.

The units that were successfully contacted include:

- ▶ 21 market rate units
- ▶ 40 federally subsidized units

The findings of the survey are provided below.

Market Rate Summary

Information was obtained on 21 rental units from three market rate rental property managers or owners. The survey included an eight-plex, a four-plex and nine mobile homes in a mobile home park.

There are no market rate rental buildings in Murdo that are larger than an eight-plex.

Occupancy / Vacancy

Within the market rate multifamily segment, there were no vacancies in the 17 units used in the occupancy calculation. This represents a vacancy rate of 0%. Owners/managers contacted in the survey reported that there was excellent demand for rentals and they are almost always fully occupied.

Rental Rates

Rents in the market rate units range from \$350 to \$400. Tenants generally pay heat and electricity and the landlord pays water, sewer and garbage. Some of the single family homes being rented in Murdo that we did not contact, may have rents more or less than this range.

Tax Credit Summary

There are no tax credit units in the City of Murdo.

Subsidized Summary

The research completed for this Study identified two subsidized projects providing rental opportunities for lower income households. These projects have a combined 40 units. Both of the projects provide general occupancy housing, although one project, Prairie View Apartments, has primarily one-bedroom units and most tenants are senior citizens. The 40 subsidized units represent 42.1% of the total rental inventory in the City of Murdo.

The two subsidized rental projects in Murdo include:

- ▶ ***Prairie View Apartments - East and West***
Prairie View Apartments is a 32-unit General Occupancy Public Housing Project. The project has two locations and the units were constructed in 1974 and 1979. The 32 units include 30 one-bedroom and two two-bedroom units. Tenants pay 30% of their income up to a maximum rent of \$389. A slight majority of the tenants are seniors and several senior tenants receive home health care. The manager reports no vacancies and a waiting list.

- ▶ ***Murdo Townhouse Apartments*** - Murdo Townhouse Apartments is an eight-unit General Occupancy Rural Development project constructed in 1998. The eight units include one one-bedroom and two two-bedroom units. Tenants pay 30% of income up to a maximum rent of \$684. The manager reports three vacancies and the project usually has a vacancy rate of more than 50%.

Unit Mix

The bedroom mix breakdown for the 40 subsidized housing units in Murdo is as follows:

- ▶ 31 one-bedroom (77.5%)
- ▶ 9 two-bedroom (22.5%)

Occupancy / Vacancy

There were three unoccupied units that were identified in the subsidized projects, which is a 7.5% vacancy rate. All three vacancies are in the Murdo Townhouse Apartments. Prairie View Apartments reports no vacancies and a waiting list.

Senior Housing with Services

There are no senior housing with services rental units in the City of Murdo.

Table 24 Murdo Multifamily Rental Housing Inventory

Name	Number of Units /Bedroom Mix	Rent	Vacancy/ Wait List	Tenant Mix	Comments
Market Rate					
Convey Apartments	<u>8 - 2 bedroom</u> 8 total units	\$395	No vacancies	General occupancy	Convey Apartments is an eight-unit market rate general occupancy project. The complex is 18 years old. All of the units have two bedrooms. Rent is \$395 plus electricity. The owner reported that the units are always fully occupied and she receives numerous calls from people looking for housing.
CB Trailer Court units	<u>9 - 2 & 3 bedroom</u> 9 total units	\$350 to \$400	No vacancies	General occupancy	Nine mobile homes are in the CB Trailer Court. All nine mobile homes are rentals. The nine mobile homes include homes with two and three-bedroom units. Rent ranges from \$350 to \$400. Rent includes water, sewer and garbage.
Chamblis Four-plex	<u>2 - 1 bedroom</u> <u>2 - 2 bedroom</u> 4 total units	To be determined	N/A	General occupancy	Four-plex which has recently been moved into Murdo. Owner is renovating the units, thus, they are not yet ready for occupancy. Owner has not determined rent, but will probably be in the \$350 to \$425 range. Owner reports that he has a list of potential tenants.
Subsidized					
Prairie View Apartments East and West	<u>30 - 1 bedroom</u> <u>2 - 2 bedroom</u> 32 total units	\$389 max. 30% of income	No vacancies, waiting list	General occupancy	Prairie View Apartments has two locations, East and West. Prairie View is a 32-unit Public Housing general occupancy project, constructed in 1974 and 1979. The manager reports no vacancies and a waiting list. A slight majority of the tenants are seniors. Several tenants receive Home Health Care. Tenants must be below income limits. Tenants pay 30% of their income up to a maximum rent of \$389.
Murdo Townhouse Apartments	<u>1 - 1 bedroom</u> <u>7 - 2 bedroom</u> 8 total units	30% of income - maximum rent is \$684	3 vacancies	General occupancy	Rural Development general occupancy project constructed in 1998. Project includes seven two-bedroom and one one-bedroom unit. Manager reports three vacancies and there are usually more vacancies. Tenants pay 30% of their income with a maximum rent of \$694. All of the units have rent assistance.

Source: Community Partners Research, Inc.

Employment and Local Economic Trends Analysis

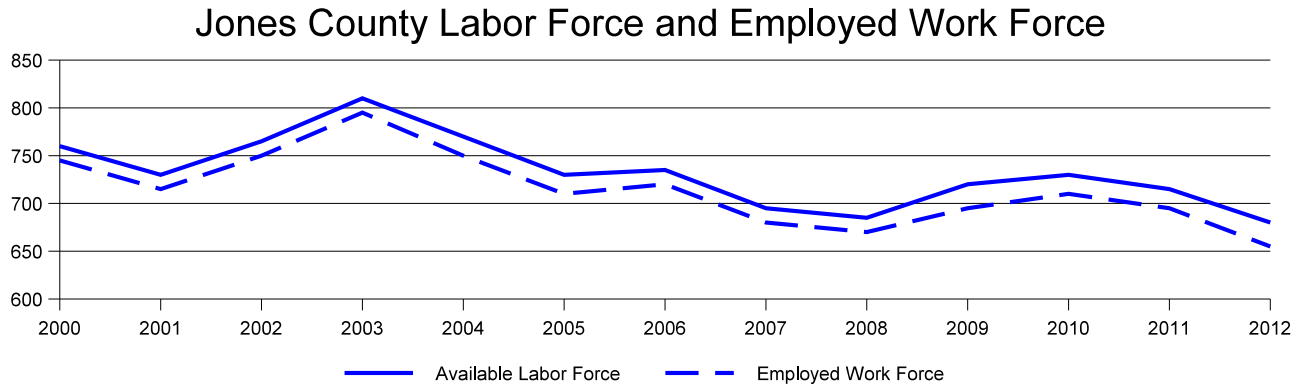
While many factors influence the need for housing, employment opportunities represent a predominant demand generator. Without jobs and corresponding wages, the means to pay for housing is severely limited.

Employment opportunities may be provided by a broad range of private and public business sectors. Jobs may be available in manufacturing, commercial services, agriculture, public administration, and other industries. The type of employment, wage level, and working conditions will each influence the kind of housing that is needed and at what level of affordability.

Employment information is available at the County level for Jones County. The labor force statistics track people by place of residence, rather than place of employment.

Table 25 County Average Annual Labor Force: 2000 to 2012						
Year	Labor Force	Employed	Unemployed	Unemployment Rate - County	Unemployment Rate - SD	Unemployment Rate - US
2000	760	745	15	2.2%	2.7%	4.0%
2001	730	715	15	2.1%	3.1%	4.7%
2002	765	750	15	2.0%	3.3%	5.8%
2003	810	795	15	1.8%	3.5%	6.0%
2004	770	750	20	2.5%	3.7%	5.6%
2005	730	710	20	2.7%	3.7%	5.1%
2006	735	720	15	2.3%	3.1%	4.6%
2007	695	680	15	2.2%	2.9%	4.6%
2008	685	670	15	2.3%	3.0%	5.8%
2009	720	695	25	3.3%	5.2%	9.3%
2010	730	710	20	2.7%	5.0%	9.6%
2011	715	695	20	2.9%	4.7%	8.9%
2012	680	655	25	3.5%	4.4%	8.1%

Source: South Dakota Department of Labor



Over a longer time period, there has been a gradual reduction in the size of the County’s labor force and employed work force. Between 2000 and 2012, the size of the labor force decreased by 80 people, or 10.5%. The employed work force decreased by 90 people, or 12.1% during this same time period.

However, much of this decrease occurred between 2000 and 2008. Since 2008, statistics for the County have improved and then declined, but overall have been more stable. When 2008 is compared to 2012, the available labor force has decreased by only five people, and the employed work force has decreased by only 15 people.

The County’s unemployment rate for 2012 was at 3.5%, less than one-half of the national rate. The County’s unemployment rate has also been lower than the Statewide rate during the entire time period reviewed.

Average Annual Wages by Industry Sector

The following table shows the annual employment and average annual wages by major employment sector in 2011, the last full year of data. It is important to note that the major employment sectors listed do not represent all employment in the County. This information is for all of Jones County.

Table 26 County Average Annual Wages by Industry Detail: 2011		
Industry	2011 Employment	2011 Average Annual Wage
Total All Industry	487	\$23,014
Natural Resources, Mining	N/A	N/A
Construction	4	\$25,215
Manufacturing	N/A	N/A
Trade, Transportation, Utilities	145	\$26,433
Information	N/A	N/A
Financial Activities	17	\$34,905
Professional and Business Services	N/A	N/A
Education and Health Services	13	\$22,161
Leisure and Hospitality	142	\$14,859
Other Services	N/A	N/A
Government	150	\$25,768

Source: South Dakota Department of Labor

The average annual wage for all industry in 2011 was \$23,014. The highest paying wage sector was Financial Activities, which was the only sector with an annual wage above \$30,000.

The lowest paying wage sector was Leisure and Hospitality, with an average annual wage of only \$14,859.

Major Employers in Jones County

The Community Profile for Jones County lists the following major employers. This information is from the Governor’s Office of Economic Development website.

- ▶ Jones County School District
- ▶ Triple H Truck Stop
- ▶ West Central Electric
- ▶ Schwans Sales
- ▶ West River Rural Water
- ▶ Murdo Ford
- ▶ First Fidelity Bank
- ▶ Murdo Auto Show

Source: Governor’s Office of Economic Development

There may be additional employers that are not listed.

Commuting Patterns of Area Workers

Only limited information is available on area workers that commute for employment. The best information is from the 2011 American Community Survey, and has been examined for Murdo. This table only examines people that commuted, and excludes people that work at home.

Table 27 Commuting Times for Residents - 2011	
Travel Time	Number/Percent
Less than 10 minutes	190 / 76.3%
10 to 19 minutes	16 / 6.4%
20 to 29 minutes	7 / 2.8%
30 minutes +	36 / 14.5%
Total	249

Source: 2011 American Community Survey 5-year estimates

The large majority of Murdo residents were commuting less than 20 minutes to work in 2011. Overall, nearly 83% of residents commuted 19 minutes or less to work. However, nearly 15% did commute 30 minutes or more.

Findings on Growth Trends

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

Murdo and Jones County's population has decreased since 1980. From 1980 to 2010, Murdo's population decreased by 235 people and Jones County's population decreased by 457 people. From 2000 to 2010, Murdo's population decreased by 124 people and Jones County's population decreased by 187 people. However, the 2011 U.S. Census population estimate for Jones County shows a gain of seven people from 2010 to 2011. If the 2011 U.S. Census population estimate is accurate, Jones County's population may have stabilized and future household and population losses may be minimal.

Household levels have been slightly more stable. The City lost 34 households and Jones County lost 51 households from 2000 to 2010.

Findings on Projected Growth

The projections for Murdo and Jones County calculated by Community Partners Research, Inc., from past growth trends reflect the patterns of recent decades. Shorter-term and longer-term calculations forecast losses in the near-future from 2010 to 2015.

Using the past trends to form a range, Community Partners Research, Inc., projects that the City of Murdo's population will decrease by 34 to 78 people between 2010 and 2015. The household projection expects a loss of nine to 15 households from 2010 to 2015. However, the 2011 estimate released after the 2010 Census estimates a loss of only two people from 2010 to 2011.

The population and household projections for all of Jones County expect an ongoing reduction through the year 2015. The forecasts used for this Study expect a loss of between 60 and 79 people and a loss of 13 to 23 households over the five-year projection period.

Summary of Jones County Growth Projections by Age Group

The Demographic section of this Study presented Jones County projection information on anticipated changes by age group over the next few years. This information can be useful in determining the housing changes that may be needed due to age patterns of the population. While projections can be informative, it is important to note that they may be altered in the future. To the extent that Jones County can attract in-migration, the demographic profile of future residents may not always match historical patterns.

In general terms, most of the projected net growth to the year 2015 will occur among people in the 55 to 74 age ranges. This would largely reflect the aging “baby boomers”, nearly all of whom will be age 55 or older by the year 2015. There are some differences in the State Data Center and Community Partners Research, Inc. projections. The State Data Center projects household increases for the 75 to 84 and 85 and older age ranges while Community Partners Research, Inc., projects losses. Conversely, Community Partners Research, Inc., is projecting household gains in the 65 to 74 age range and the State Data Center is projecting a loss of households.

The following approximate ranges show the expected net change in the number of Jones County households in each 10-year age cohort between 2010 and 2015. The first column shows the projections based on State Data Center data and the second column shows projections based on Community Partners Research, Inc., calculations.

<u>Age Range</u>	<u>Projected Household Change 2010 to 2015</u>
15 to 24	1 to -2
25 to 34	-7 to -2
35 to 44	-3 to -4
45 to 54	-34 to -17
55 to 64	9 to 6
65 to 74	-7 to 7
75 to 84	1 to -3
85 and Older	10 to -1
Total	-20 to -16

In addition to these age-based forecasts, trend-based household projections have also been examined. They show the overall net change in households Countywide would be a potential loss of 13 to 23 households, a slightly wider range than indicated by the age-based forecasts. For the recommendations presented later in this document, this wider range of 13 to 23 fewer households has been used.

Findings on Unit Demand by Type of Housing

Based on the household by age projections presented earlier, the changing age composition of Jones 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 a range of a small loss of two households to a gain of one household in the 15 to 24 age range through the year 2015. Past tenure patterns indicate that 100% of the households in this age range in Murdo are currently renting their housing. A stable number of households in this age range should mean that rental demand from younger households will remain relatively unchanged during the projection period.

25 to 34 Years Old - The projections show a numeric decrease in this age cohort countywide, with an expected loss of two to seven households by 2015. Within this age range households often move from rental to ownership housing. The ownership rate among these households in Murdo was approximately 58% in 2010. The projected small decrease within this age range will generate slightly reduced demand for both first-time home buyer and rental opportunities.

35 to 44 Years Old - This 10-year age cohort is expected to decrease by three to four households between 2010 and 2015 in Jones County. In the past, this age group has had a high rate of home ownership in Murdo, at nearly 72%. Households within this range often represent both first-time buyers and households looking to trade-up in housing, selling their starter home for a more expensive house. Slightly lower demand from this age cohort may also have some limited negative impact on overall demand for owner-occupied housing.

45 to 54 Years Old - By 2015, this age cohort will represent the front-end of the "baby bust" generation that followed behind the baby boomers. This age group represents a much smaller segment of the population than the baby boom age group. For Jones County, the projections show a loss of 17 to 34 households in this range. This age group historically has had a high rate of home ownership, approximately 69% in Murdo in 2010, and will often look for trade-up housing opportunities. With a household decrease in this age group, there will be a decrease in the demand for trade-up housing.

55 to 64 Years Old - This age range is part of the baby boom generation. The projections show an expected increase of six to 19 additional households in this 10-year age range by the year 2015 in the County. This age range has traditionally a high rate of home ownership in Murdo, at approximately 69% in 2010. 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 - The projections used for this Study expect a range of a loss of seven households to a gain of seven households by the year 2015. While this group will begin moving to life-cycle housing options as they age, the younger seniors are still predominantly home owners. At the time of the 2010 Census, approximately 71% of households in this age range owned their housing in Murdo. Once again, preferences for age-appropriate units should increase if there is household growth within this age cohort.

75 to 84 Years Old - There is a projected range of a loss of three households to a gain of one household in Jones County in this age range between 2010 and 2015. In the past, households within this 10-year age range have had a relatively high rate of home ownership, at approximately 67% in Murdo. While this is likely to continue, an expansion of other housing options for seniors, including high quality rental housing, should appeal to this age group. In most cases, income levels for senior households have been improving, as people have done better retirement planning. As a result, households in this age range may have fewer cost limitations for housing choices than previous generations of seniors.

85 Years and Older - A range of the loss of one household to the gain of 10 households is projected from the State Data Center and Community Partners Research, Inc. among older seniors. Historic home ownership rates in this age group in Murdo have been relatively high, at approximately 74% in 2010. Seniors in this age range often seek senior housing with services options.

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 household losses for the City of Murdo. Ongoing losses are also projected for all of Jones County, continuing a trend that dates back to at least 1980. As a result, anticipated household growth yields no significant 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 Murdo, some dilapidated housing has been demolished, and more units may 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. Although there has not been any significant growth in the number of households, shifting age patterns have created demand for certain types of age-appropriate housing in the City. 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 of the community were identified through statistical data, local interviews, research and on-site review of the local housing stock.

- ▶ **Murdo serves as a small regional center** - Murdo provides employment opportunities, retail/service options, health, governmental and professional services and recreational facilities for a geographical area that surrounds the City.
- ▶ **Tourism Community** - The City attracts many tourists who are traveling to and from the Badlands, the Black Hills and other destinations west of Murdo.
- ▶ **Pioneer Auto Museum** - The Pioneer Auto Museum is a famous auto museum that attracts many tourists.
- ▶ **Affordable-priced housing stock** - The City has a large stock of affordable, existing houses. Our analysis shows that the City's median home value based on recent sales is approximately \$42,500. This existing stock, when available for sale, provides an affordable option for home ownership.
- ▶ **Adequate land for development** - The City has adequate 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** - The City has a public K-12 school system.
- ▶ **Health facilities** - The City has health facilities including a medical clinic and a dental clinic.
- ▶ **Infrastructure** - Murdo's water and sewer infrastructure can accommodate future expansion.
- ▶ **Commercial development** - Murdo's commercial options are adequate to meet most daily needs.
- ▶ **Murdo Housing Authority** - The Murdo Housing Authority owns and manages rental units.

- ▶ **Murdo Development Corporation** - The Murdo Development Corporation has been involved in economic development issues.
- ▶ **Small-town atmosphere** - Murdo is a small town, with the real and perceived amenities of a small community. This small-town living is attractive to some households.

Barriers or Limitations to Housing Activities

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

- ▶ **Age and condition of the housing stock** - While the existing stock is very affordable, some of the housing is in need of improvements to meet expectations of potential buyers.
- ▶ **Low rent structure** - The City's rent structure is low, which makes it difficult to construct new rental housing.
- ▶ **Value gap deters new owner-occupied construction** - Based on market values for recent residential sales, we estimate that the median priced home in Murdo is valued at approximately \$42,500. This is well below the comparable cost for new housing construction, which will generally be above \$130,000 for a stick built home with commonly expected amenities. This creates a value gap between new construction and existing homes. This can be a disincentive for any type of speculative building and can also deter customized construction, unless the owner is willing to accept a potential loss on their investment. The value gap also makes it difficult to secure financing for new home construction.
- ▶ **Population and household losses** - Historical data indicates that the City is not expected to add people or households from 2010 to 2015. The City has to have realistic expectations when planning for the future.
- ▶ **Distance from a major regional center** - The nearest regional centers are Pierre, which is 60 miles from Murdo, and Rapid City, which is 100 miles from Murdo. Many households desire or need to be near a regional center for employment, health care, entertainment, retail, etc.

Recommendations, Strategies and 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 the City of Murdo. 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 City's potential for growth.
- ▶ **New housing development generally will not occur without proactive community involvement** - To attract new home or apartment construction in the City of Murdo, subsidies or some other form of financial assistance will be needed from the City of Murdo, local and regional housing and economic development agencies and the South Dakota Housing Development Authority.
- ▶ **Protect the City's existing housing stock** - The future of Murdo 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 the City's major asset, however, rehabilitation efforts are needed to preserve the housing stock.
- ▶ **Protect the City's existing assets and resources** - Murdo has many assets including a K-12 school, employment opportunities, commercial areas, etc. These are strong assets that make Murdo a desirable community to live in, and are key components to the City's long-term success and viability. These assets must be protected and improved.
- ▶ **Develop a realistic action plan with goals and time lines** - The City should prioritize its housing issues and establish goals and time lines to achieve success in addressing its housing needs.
- ▶ **Access all available resources for housing** - In addition to local efforts, the City has other resources to draw on including USDA Rural Development, the South Dakota Housing Development Authority, South Central RC&D, NeighborWorks Dakota Home Resources, the Rural Office of Community Services, Inc., and the Central Enhancement District. These resources should be accessed as needed to assist with housing activities.

Summary of Findings/Recommendations

The findings/recommendations for the City of Murdo 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 8 to 10 general occupancy market rate rental units
2. Promote the development of four to six affordable rental units
3. Develop eight to 10 senior designated market rate rental units
4. Monitor the need for subsidized rental housing
5. Apply for access to the Housing Choice Voucher Program
6. Develop a mixed-used commercial/housing project

Home Ownership

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

Single Family Housing Development

9. Develop a six to eight lot subdivision
10. Coordinate with housing agencies and nonprofit groups to construct affordable housing

11. Promote twin home/town home development
12. Develop a City of Murdo Housing Incentive Program
13. Develop a 'Gap Financing' Mortgage Program

Housing Rehabilitation

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

Other Housing Issues

16. Acquire and demolish dilapidated structures
17. Create a plan and a coordinated effort among housing agencies
18. Promote commercial rehabilitation and development
19. Develop a time of sale/rent inspection program

Rental Housing Development

Findings: It is difficult to produce new affordable rental units. A number of factors including Federal tax policy, State property tax rates, low rent structure and high construction costs have all contributed to making rental housing difficult, especially in small cities.

Our projections indicate that the City of Murdo is projected to lose approximately 9 to 15 households from 2010 to 2015 and Jones County is projected to decrease by 13 to 23 households.

Although there is expected to be household losses in Murdo over the next five years, we are recommending the development of the following units from 2013 to 2018:

▶ General Occupancy Market Rate	- 8 to 10
▶ Subsidized	- 0
▶ Rehab/Conversions	- 4 to 6
▶ Senior with Services	<u>- 6 to 8</u>
Total	18 to 24

These recommendations are based on continued pent-up demand for quality rental units, the loss of rental units from the housing stock, the low vacancy rates of existing market rate units and the lack of senior housing options.

1. Develop 8 to 10 general occupancy market rate rental units

Findings: The City of Murdo has a limited number of market rate units. There is only one market rate rental project with more than four units, which is Convey Apartments with eight units. All of the units in Convey Apartments have two bedrooms. The rent is \$395 and the tenants pay utilities. The units are fully occupied and there is a waiting list.

There are several other smaller rental market rate projects, single family homes and mobile homes being rented in Murdo. The gross rent structure for these units ranges from \$250 to \$475. We found no vacancies in these units.

The only three-bedroom market rate units in Murdo are in single family homes or mobile homes.

Although Murdo is projected to lose households over the next five years, our interviews and rental surveys identified a need for market rate rental units.

Also, although there is a projected loss of households, there is a projected increase of approximately 13 households in Jones County in the 55 to 74 age ranges. While this projection is for the overall growth in Jones County, Murdo has the potential to capture a significant share of this growth. Some of the households in this age range will prefer to rent and have incomes that are too high to qualify for subsidized rental housing.

Additionally, we are expecting the loss of rental households due to deterioration and demolition. We have identified 27 homes and seven mobile homes in Murdo that are dilapidated and beyond repair. Some of these dwellings are rentals and may be demolished or no longer rented because of their condition.

A developer has recently moved a four-plex into the City. The units are two-bedroom market rate units and will be available in late summer. The developer already has a list of prospective renters.

Recommendation: We recommend the development of eight to 10 market rate rental housing units. Town home or twin home units would be the preferred style, to cater to active renter households, although, a high quality apartment building with 'state of the art' amenities is also an option.

The first option to developing market rate housing would be to continue to encourage a private developer to undertake a project. If a private developer does not proceed, the Murdo Housing Authority or the Murdo Development Corporation could potentially utilize essential function bonds, or other sources of funding, to construct market rate units. Essential function bonds are governed by State law and would require compliance with locally-defined income limits for tenants.

Also, the City of Murdo, the Murdo Housing Authority or the Murdo Development Corporation could partner with a private developer to construct market rate units. The City could assist with land donations, tax increment financing, reduced water and sewer hook up fees, etc. Current HUD rent assistance Vouchers are not available in Jones County, but it may be possible to make this program available to residents in the future. Potentially, housing Vouchers could be utilized by households renting the units if they meet income requirements and if the rents are at or below fair market rents.

Some cities have added units in small phases, as demand dictates the need for additional units. In this way they have expanded the supply without saturating the market.

We recommend the development of eight to 10 units and the unit mix and rents should be as follows:

Recommended unit mix, sizes and rents for the Murdo Market Rate Housing Project:

<u>Unit Type</u>	<u>No. of Units</u>	<u>Size/Sq. Ft.</u>	<u>Rent</u>
Two Bedroom	4-5	850-950	\$625-\$725
Three Bedroom	4-5	1,050-1,150	\$750-\$850
Total	8-10		

Note: Rents are quoted in 2013 dollars and include utilities.

2. Promote the development of four to six affordable market rate rental housing units

Findings: The previous recommendation addressed the market potential to develop high quality rental units in Murdo. Unfortunately, these units would tend to be beyond the financial capability of many area renters. A majority of Murdo’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 Murdo has lost rental housing over the years and will continue to lose units due to deterioration and demolition. Part of the need for additional rental units in Murdo is to provide for unit replacement. Unfortunately, most of the lost units are probably very affordable, and new construction will not replace these units in a similar price range.

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

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

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

The estimated prevailing rent range for older rental units in Murdo is typically between \$300 and \$450 per month. Creating some additional units with contract rents below \$600 per month would help to expand the choices available to a majority of the City's renter households.

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

3. Develop eight to 10 senior designated market rate rental units

Findings: The City of Murdo has no senior designated market rate rental projects. Prairie View Apartments is a 32-unit subsidized general occupancy project constructed in 2005. Although this is a general occupancy project, typically most units are rented by seniors.

Although this general occupancy rental option exists for senior households in Murdo, it is our opinion that an eight to 10-unit senior designated market rate rental project with light services would address a gap that currently exists in the Murdo rental inventory.

Based on the population by age estimates presented earlier, Jones County has approximately 205 people age 65 and over. We estimate that approximately 4% to 5% of the people age 65 and over would prefer senior-designated market rate units, which is a market need of approximately eight to 10 senior designated market rate units.

Recommendation: We recommend the construction of an 8 to 10-unit market rate senior project with 'state of the art' amenities.

The project's amenities and features should include:

- ▶ A community room including a community dining room and kitchen
- ▶ 24-hour call system
- ▶ A limited access security system
- ▶ Smoke alarms
- ▶ Enclosed parking
- ▶ Spacious corridor with a theme such as a streetscape design

Apartment features should include:

- ▶ 8 to 10 units
 - ▶ 2-3 one bedroom
 - ▶ 6-7 two bedroom
- ▶ Fully equipped kitchen
- ▶ Large storage room
- ▶ Ample closet space
- ▶ Laundry hookups
- ▶ Open floor plan
- ▶ Private patio
- ▶ Individually controlled heat and AC
- ▶ Raised outlets, lever door handles, lowered kitchen cabinets
- ▶ Expansive windows

Services should include:

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

We are not recommending a full scale assisted living project as it is our opinion that the market does not support a full scale assisted living project in Murdo.

This project is intended to be senior independent living supplemented with limited services and community support.

The location of the project should be close to services as the project will be primarily occupied by older seniors. Currently, there may be a site adjacent to Prairie View Apartments, which would be an ideal site if the project was managed by the Murdo Housing Authority.

The recommended rents are \$900 to \$950 for a one-bedroom unit and \$975 to \$1,075 for a two-bedroom unit. Subsidies and/or incentives should be utilized to lower rents, expand the available senior market and to make the project possible.

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

For 8 to 10 units, we recommend the following unit type, number of units, size and rent structure:

Senior Market Rate Units:

<u>Unit Type</u>	<u>No. of Units</u>	<u>Size/Sq. Ft.</u>	<u>Rent</u>
One Bedroom	2-3	850-900	\$900-\$950
Two Bedroom	6-7	950-1,050	\$975-\$1,075
Total	8-10		

Note: Rents are quoted in 2013 dollars and include utilities.

4. Monitor the need for subsidized rental housing

Findings: The City of Murdo has two subsidized rental projects. Both of the projects are general occupancy.

The two subsidized rental projects in Murdo include:

- ▶ ***Prairie View Apartments - East and West***
Prairie View Apartments is a 32-unit General Occupancy Public Housing Project. The project has two locations and the units were constructed in 1974 and 1979. The 32 units include 30 one-bedroom and two two-bedroom units. Tenants pay 30% of their income up to a maximum rent of \$389. A slight majority of the tenants are seniors and several senior tenants receive home health care. The manager reports no vacancies and a waiting list.
- ▶ ***Murdo Townhouse Apartments*** - Murdo Townhouse Apartments is an eight-unit General Occupancy Rural Development project constructed in 1998. The eight units include one one-bedroom and two two-bedroom units. Tenants pay 30% of income up to a maximum rent of \$684. The manager reports three vacancies and the project usually has a vacancy rate of over 50%.

Recommendation: We do not recommend the development of additional subsidized rental housing at this time. When the rental survey was conducted, there were three vacancies in the two subsidized rental projects, which is a 7.5% vacancy rate. All three vacant units were in Murdo Townhouse Apartments and the manager reported that there are usually more than three vacancies. Additionally, Murdo has a total of 40 subsidized units, which is a significant number of units for a City of its size.

We have recommended eight to 10 market rate units. Rents can be affordable in these units if the Housing Voucher Program is utilized. We also recommended four to six affordable market rate units. We do recommend that the City monitor the need for the production of subsidized housing in the future.

Also, we recommend that the City of Murdo communicate with the owners of the Murdo Townhouse Apartments to determine why this project has a vacancy problem and if actions can be taken to increase occupancy.

5. Apply for access to 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.

Based on the research for this study, it appears that the Housing Choice Voucher Program is currently not available in Murdo and Jones County.

Recommendation: The City of Murdo and the Murdo Housing Authority should work with area and regional housing agencies and the South Dakota Housing Development Authority to determine if Jones County can obtain access to the Housing Choice Voucher Program.

6. Develop a Mixed-Use Commercial/Housing Project

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

A mixed-use rental housing/commercial project could complement the City's ongoing efforts to develop vibrant commercial opportunities. Also, Murdo has the opportunity to attract commercial businesses that cater to the tourists and complement the existing businesses.

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

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

The four to six rental units should be primarily two-bedroom units. Please note that these units are not in addition to the units recommended in the first recommendations of this section. If a mixed use building or buildings were 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 TIF or other local funds and land at a reduced price.

Home Ownership

Findings: Expanding home ownership opportunities is a goal for most cities. High rates of home ownership promote stable communities and strengthen the local tax base. The median owner-occupied home value in Murdo is estimated to be approximately \$42,500 based on 2011 and 2012 sales activity. The home values in Murdo provide an excellent market for first time buyers and households seeking moderately priced homes.

Our analysis of Jones County demographic trends shows an increasing number of households in the traditionally strong home ownership age range between 55 and 74 years old. The other age ranges are projected to lose households or will remain relatively stable. However, some households in these age ranges that have not been able to achieve the goal of home ownership may need the assistance of special programs to help them purchase their first home. To assist in promoting the goal of home ownership, the following activities are recommended:

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

Findings: We believe that affordable home ownership is one of the issues facing Murdo 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 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: Murdo should work with area housing agencies, the South Dakota Housing Development Authority 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 should work with housing agencies to access programs that provide financial assistance for households to purchase a home and to assure the City of Murdo is receiving its share of resources that are available in Jones County and the region.

Funding sources for home ownership programs may include USDA Rural Development, the South Dakota Housing Development Authority, NeighborWorks Dakota Home Resources and the Federal Home Loan Bank.

8. Develop a Purchase/Rehabilitation Program

Findings: Murdo has a large stock of older, lower valued homes, many of which need repairs. Our analysis of recent sales activity indicates that most of the homes in Murdo are valued under \$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 no down payment, no interest and a monthly payment that is affordable for the family.

In many cases, the cost of acquisition and rehab will exceed the house's after-rehab value, and a subsidy may be required to fill this gap. 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 Murdo work with a housing agency to develop and implement a purchase/rehab program. Attitudinal surveys that we have conducted in other cities have found that purchase/rehabilitation programs are appealing to people who are currently renting their housing. In some similar sized communities, a large majority of survey respondents who were renters indicated an interest in buying a home in need of repair if rehabilitation assistance was also available.

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

In some cases, it may be more cost effective 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. Also, USDA Rural Development provides purchase/rehabilitation loans to low and moderate income buyers.

Single Family Housing Development

Findings: Murdo has experienced limited single family housing development since 2000. Over the past 12 years, seven single family homes have been constructed or have been moved into Murdo. Also, several homes have been constructed out of the City limits, but in close proximity to the City. There are also several households that are planning to construct homes in the Murdo area.

Household growth projections for Murdo indicate limited demand for owner-occupied housing construction. Growth is anticipated over the next five years among Jones County households in the 55 and 74 year old age ranges. Households in these age ranges tend to be predominantly home owners, and form a market for higher priced, and trade-up housing or town homes/twin homes.

Our projections expect a relatively stable number of households in the 25 to 44 age ranges. Many households in these age ranges are first-time home buyers and may be in the market for new affordable homes.

It is our opinion that if the City, housing agencies, and builders are proactive, seven to eight homes can be constructed or moved into Murdo over the next five years, from 2013 to 2018.

9. Develop a six to eight-lot subdivision

Findings: As part of this Study, we attempted to identify the inventory of available residential lots for single family housing construction in the City of Murdo. Buildable lots are defined as having sewer and water available to the lots. It appears that the only available lots are several in-fill lots located throughout the community. We do not know the availability of these lots. Also, there are dilapidated houses throughout the City that could be demolished and the lots could be used for new construction.

Recommendation: We use a standard that a 2.5-year supply of lots should be available in the marketplace, based on annual lot usage. Using our projections that one to two houses will be constructed or moved in annually, an adequate supply of lots only exists if the buyer pro-actively seeks to purchase a lot that may not be currently on the market or if the buyer purchases a home for demolition. Although it should be a priority to redevelop neighborhoods by demolishing dilapidated housing, we are recommending that the City of Murdo coordinate with an area housing agency or private developer to plan and develop a six-lot to eight-lot subdivision. The subdivision should also be, if possible, developed on land that has capacity for future phases.

The six-lot to eight-lot subdivision should include the following:

- ▶ The subdivision should be no more than six to eight lots, but the subdivision and infrastructure should be planned and developed to accommodate future phases, if possible.
- ▶ The subdivision must be as aesthetically acceptable as possible.
- ▶ The subdivision should accommodate a variety of home designs and home prices.
- ▶ To be successful, the homes must be available to as wide an income range as possible.
- ▶ A successful subdivision will need the cooperation of local housing agencies, funding agencies, employers and the City of Murdo.

During our interview process, several potential sites for a quality subdivision were identified including the old campground, land adjacent to the golf course and the land adjacent to the lake and city park.

We are recommending that the subdivision is developed within two to three years, in coordination with the improving economy. We are estimating a five-to-six year lot absorption timeframe.

10. Coordinate with 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 for low and moderate income households including NeighborWorks Dakota Home Resources and the Murdo Development Corporation. However, due to the downturn in the housing economy, most housing agencies have cut back on new housing production. Also, the low values of homes in Murdo will continue to be a deterrent to new construction.

Recommendation: We encourage the City of Murdo to actively work with housing agencies or nonprofit groups to develop affordable housing.

As the housing economy improves and home values increase, a housing agency or nonprofit may become involved in new affordable home construction production in Murdo.

Also, the City should work with housing agencies and builders to market Governors Homes.

11. Promote townhouse and twin home development

Findings: From 2000 to 2012, no owner occupied twin homes or town homes have been constructed in Murdo. 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 2010, there were 152 Jones County households in the 55 to 74 year old age ranges and these age ranges are expected to increase by approximately 13 households between 2010 and 2015. Household growth among empty-nester and senior households should result in some demand for attached single family units. It is likely that demand for attached housing units will also be dependent on the product's ability to gain additional market acceptance among the households in the prime target market.

Recommendation: It is our projection that up to four new owner-occupied twin home/townhomes could be constructed in Murdo over the next five years. Our projection is based on the availability of an ideal location for twin home/town home development as well as high quality design and workmanship. Potential sites include the old campground, land adjacent to the golf course and the land adjacent to the lake and city park.

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

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

The City's role could include assuring that adequate land is available for development, that zoning allows for attached housing development, land donations, tax increment financing, etc.

A corporation has been developed in Arlington, MN, that includes 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 local empty-nesters and seniors who are interested in purchasing a twin home to solicit their ideas.

12. Develop a City of Murdo Housing Incentive Program

Findings: Several cities have developed Incentive Programs to encourage new home construction. For example, the City of Herreid has developed the following program. The Incentive Program guidelines are as follows:

- ▶ A loan up to \$1,000 per person not to exceed \$5,000 per family is awarded to a person or family for the construction of a new home located within the city limits
- ▶ 0% interest and no principal due for five years - after five years of residency, the loan is forgiven
- ▶ The loan must be used toward down payment or closing costs - not applicable if financing is not required
- ▶ Homes \$100,000 and higher may qualify for the \$5,000 maximum, homes less than \$100,000 will be prorated based on 5% of the purchase price

Recommendation: We recommend that the City of Murdo develop an Incentive Program to promote new single family housing development. In addition to a cash payment, other incentives can include:

- ▶ Reduced lot prices
- ▶ Free water and sewer for a period of time
- ▶ Permit and water and sewer hookup fees waived or discounted
- ▶ Discounts at area businesses

13. Develop a 'Gap Financing' Mortgage Program

Findings: The home values in the Murdo area are low compared to the cost of constructing a new home. Based on market values for recent residential sales, we estimate that the median priced home in Murdo is valued at approximately \$42,500. This is well below the comparable cost for new housing construction, which will generally be above \$130,000 for a stick built home with commonly expected amenities. This creates a value gap between new construction and existing homes. This value gap makes it difficult for households to obtain financing to construct a new home or to move a new home into the area. Financial institutions have difficulty identifying comparable properties at a value equal to the cost of constructing a new home.

Several households are currently attempting to obtain financing to construct new homes or move new homes into the Murdo area.

Recommendation: We recommend that the City of Murdo, the Murdo Development Corporation, and financial institutions work together to develop a financial mechanism that provides mortgage financing for households seeking to construct a home in the Murdo area.

Potentially, the Murdo Development Corporation could provide a second mortgage or be involved in the underwriting of the mortgages.

Housing Rehabilitation

Findings: Murdo 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. Efforts and investment in housing rehabilitation activities will be critical to offering affordable housing opportunities.

It is our opinion that the City of Murdo 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 most Murdo 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.

14. Promote rental housing rehabilitation

Findings: Murdo has rental properties that need repair. Our condition analysis identified several substandard rental units. The rental units in need of repair are primarily single family homes. It is difficult for rental property owners to rehabilitate and maintain their rental properties while keeping the rents affordable for the tenants. The rehabilitation of older rental units can be one of the most effective ways to produce decent, safe and sanitary affordable housing.

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

15. Promote owner-occupied housing rehabilitation efforts

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

Our 2013 housing condition survey of 194 Murdo homes in two Murdo neighborhoods found 50 homes that need minor repairs and 46 homes that need major repairs. Without rehabilitation assistance, the affordable housing stock will shrink in Murdo.

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

Currently, NeighborWorks Dakota Home Resources and the Rural Office of Community Services, Inc., are implementing owner-occupied housing rehabilitation and weatherization programs in Murdo and Jones County. Households that meet program requirements are eligible for 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 Murdo and Jones County households to utilize these programs.

Other Housing Initiatives

16. Acquire and demolish dilapidated structures

Findings: Our housing condition survey identified 27 single family houses and 10 mobile homes in Murdo that are dilapidated and too deteriorated to rehabilitate. We also identified 46 single family houses and 17 mobile homes as needing major repair and several of these homes may be too dilapidated to rehabilitate. To improve the quality of the City's housing stock and to maintain the appearance of the community, these structures should be demolished. In the past, the City has worked with property owners to demolish several dilapidated structures.

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

Some cities are developing ordinances that give cities more authority to require property owners to demolish vacant, dilapidated homes.

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

Findings: Murdo will need staff resources in addition to existing city personnel and volunteers to plan and implement many of the housing recommendations advanced in this Study. The City has access to the Murdo Housing Authority, the Murdo Development Corporation, South Central RC&D, NeighborWorks Dakota Home Resources, the Rural Office of Community Services, Inc., the Central Enhancement District, the USDA Rural Development Office and the South Dakota Housing Development Authority. These agencies all have experience with housing and community development programs.

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

It will also be important for the City to look for opportunities to work cooperatively with other area cities to address housing issues. With the number of small 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.

18. Promote commercial rehabilitation and development

Findings: The City of Murdo's commercial district is in fair condition, and several commercial buildings have been renovated, however, there are several substandard commercial buildings in Murdo.

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.

Also, the City of Murdo has an ongoing opportunity to continue to expand its commercial base because of its location on I-90 and tourism.

Recommendation: We recommend that the City of Murdo and the Murdo Development Corporation continue to work with commercial property and business owners to rehabilitate their buildings. Also, new businesses should continue to be encouraged to locate in Murdo.

The City of Murdo and the Murdo Development Corporation should be encouraged to seek funding to assist property owners with rehabilitating their commercial buildings. A goal of one commercial rehab project annually in Murdo would be a realistic goal.

19. Develop a Time of Sale/Rent Inspection Program

Findings: There are approximately 45 mobile homes in the City of Murdo, based on the survey that was conducted by Community Partners Research, Inc., in April 2013. This is approximately 19% of the City's total housing stock.

Based on the survey, nine mobile homes need minor repair, 17 mobile homes need major repair and 10 mobile homes are dilapidated and beyond repair. Some of the substandard and dilapidated mobile homes are rentals and others are sold for home ownership.

Time of Sale/Rent Inspection Program: Several cities have developed an inspection program designed to provide safe living conditions through the identification and elimination of basic life/safety hazards in older mobile homes. Mobile homes are subject to inspection prior to rent or sale. All identified safety hazards must be corrected before the unit is sold or rented.

Several cities have also required stick built homes to be inspected prior to being rented.

Agencies and Resources

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

Murdo Housing Authority

HC 74 Box 52
Murdo, SD 57559
(605) 669-2681
Contact: Robin Stoner, Executive Director

NeighborWorks Dakota Home Resources

795 Upper Main Street
Deadwood, SD 57732
(605) 578-1401
Contact: Joy McCracken, Executive Director

South Central RC & D

107 W. 5th St.
PO Box 461
Murdo, SD 57559

USDA Rural Development

1717 North Lincoln Avenue
Pierre, SD 57501
(605)224-8870, Ext. 4
Contact: Clark Guthmiller, Area Specialist

South Dakota Housing Development Authority

3060 East Elizabeth Street
Pierre, SD 57501
(605) 773-3181
Contact: Mark Lauseng, Executive Director

Central South Dakota Enhancement District

3431 Airport Rd.
Pierre, SD 57501
(605) 773-2780
Contact: Marlene Knutson, Executive Director