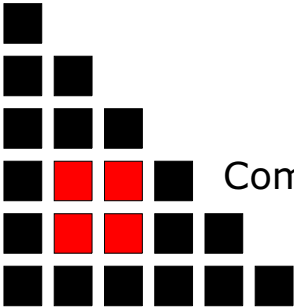


# City of Garretson HOUSING STUDY

October 2022

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



Community Partners Research, Inc.  
Faribault, MN

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## Introduction

Local elected and public officials are often held responsible for conditions and circumstances over which they have limited control. This is particularly true of housing. Most of the housing units in Garretson, Minnehaha County and the Sioux Falls MSA 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 Garretson to conduct a study of the housing needs and conditions in the City.

### Goals

The multiple goals of the study include:

- ▶ Provide demographic data including the 2020 Census
- ▶ Provide an analysis of the current housing stock and inventory
- ▶ Determine gaps or unmet housing needs
- ▶ Examine future housing trends that the area can expect to address in the coming years
- ▶ Provide a market analysis for housing development
- ▶ Provide housing recommendations and findings

### Methodology

A variety of resources were utilized to obtain information for the Housing Study. Community Partners Research, Inc., collected and analyzed data from April to July, 2022. Data sources included:

- U.S. Census Bureau
- American Community Survey
- Applied Geographical Solutions, Inc., a data reporting service
- Esri, Inc., a data reporting service
- Records and data from the City
- Records and data maintained by Minnehaha County
- Interviews with City officials, housing stakeholders, etc.
- Area housing agencies
- State and Federal housing agencies
- Rental property owner surveys
- Single family and mobile home housing condition survey

## **Limitations**

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

During the course of the research for this project, a global pandemic was still occurring. The pandemic had widespread impacts, including on economic and housing conditions. Although possible longer-term impacts of the pandemic cannot be predicted, the analysts have proceeded with the best information available at the time of the research.

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# Demographic Data Overview

## Sources of Data

The following pages contain demographic data obtained from a variety of local, state and national sources.

At the time that research was completed for this Study, the Census Bureau had released initial information from the 2020 decennial Census. However, some of the more detailed tables on demographic and housing characteristics are not scheduled for release until 2023.

The global pandemic had not only impacted the Census release schedule, but it also affected the data collection in 2020. As a result, there are some questions about the accuracy of 2020 Census data, but in the opinion of the analysts it still represents the best demographic information available.

With the absence of some data from the 2020 Census, this Study has proceeded with the best available estimates from secondary sources, including the Census Bureau's American Community Survey, an annual sampling of households. However, because the American Survey is an estimate, based on sampling data, there is a margin of error that exists for each estimate.

The American Community Survey estimates have an effective date in 2020. The estimates were derived from five-year sampling, obtained between 2016 and 2020.

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

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

Garretson is in Minnehaha County, the largest County in the Sioux Falls Metropolitan Statistical Area (MSA). Comparative information has sometimes been provided for Minnehaha County or for the entire MSA. However, it is important to recognize that Garretson represents only 0.6% of the total household count for Minnehaha County, and less than 0.45% of all households in the Sioux Falls MSA.

## Population Data and Trends

| <b>Table 1 Population Trends - 1990 to 2020</b> |             |             |                    |             |                    |             |
|---|-------------|-------------|--------------------|-------------|--------------------|-------------|
|   | 1990 Census | 2000 Census | % Change 1990-2000 | 2010 Census | % Change 2000-2010 | 2020 Census |
| Garretson                                       | 924         | 1,165       | 26.1%              | 1,166       | .01%               | 1,228       |
| Minnehaha Co.                                   | 123,809     | 148,281     | 19.8%              | 169,468     | 14.3%              | 197,214     |

Source: U.S. Census

- ▶ The release of population totals from the 2020 U.S. Census has established a new benchmark for the number of people residing in each jurisdiction. The Census total had an effective date of April 1, 2020.
- ▶ In 2020, the population for the City of Garretson was 1,228 people. When compared back to the 2010 Census, the City had added 62 permanent residents, for a population increase of 5.3%.
- ▶ Although Garretson did add permanent residents between 2010 and 2020, the actual numeric increase was limited. This followed no real population growth between 2000 and 2010. In the 1990s, the City did grow rapidly, but this has slowed significantly over the past two decades.
- ▶ In 2020, the population level for all of Minnehaha County was 197,214, up by 27,746 people from 2010. Minnehaha County and the Metropolitan Statistical Area (MSA) have grown very rapidly in past decades, with most of this growth specifically located in the City of Sioux Falls.
- ▶ There are population estimates available for 2021, although these were issued prior to the release of any 2020 Census data and may not be revised to incorporate the new 2020 benchmark data until sometime later in 2022.
- ▶ Applied Geographic Solutions (AGS), the data source utilized by the Governor’s Office of Economic Development, estimates that the City of Garretson had 1,241 residents in 2021. This estimate was very consistent with the 2020 Census count of 1,228 people, when adjusted for a one-year difference in the effective date.

- ▶ A 2021 estimate from Esri for the City of Garretson showed 1,357 residents, above the 2020 Census count of 1,228 people. Despite the one-year difference in the effective date, it would appear the Esri's estimate may have been slightly high in 2021.

### **Population Characteristics**

- ▶ Garretson's population is primarily White and non-Hispanic/Latino. At the time of the 2020 Census, nearly 92% of the City's residents were identified White for race. The next largest racial group was "two or more races", which represented 5.4% of the City's residents.
- ▶ Approximately 2.5% of Garretson's residents were of Hispanic/Latino ethnic origin in 2020.
- ▶ In 2020, there were 39 people in Garretson living in group quarters housing. All of these people lived in a skilled nursing facility.

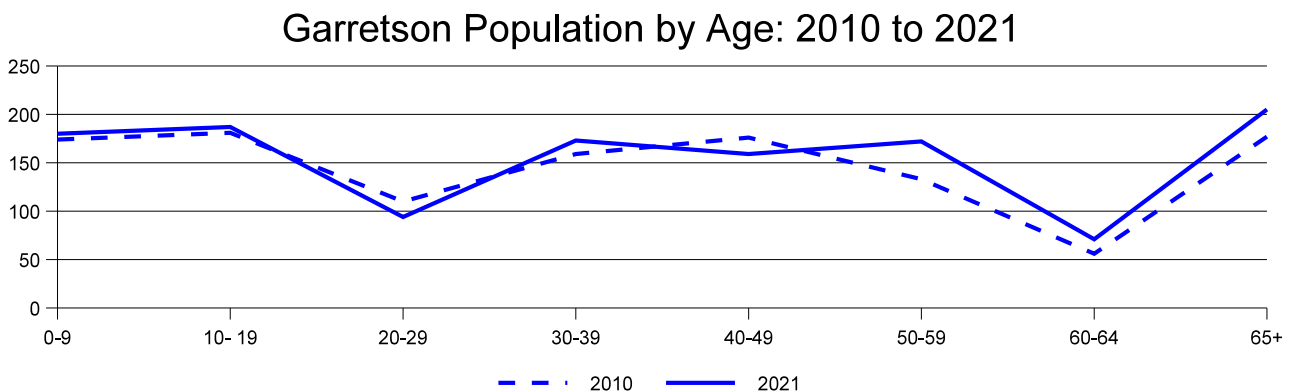


## Population by Age Trends: 2010 to 2021

The 2021 population estimate from Applied Geographic Solutions includes information on the age distribution of residents. This information can be compared to the age patterns present at the time of the 2010 Census. It is important to note that AGS groups all senior citizens age 65 and older into a single age range without any more specific details.

| <b>Table 2 Population by Age - 2010 to 2021</b> |           |       |        |
|---|-----------|-------|--------|
| Age   | Garretson |       |        |
|   | 2010      | 2021  | Change |
| 0-9   | 174       | 180   | 6      |
| 10-19   | 181       | 187   | 6      |
| 20-29   | 110       | 94    | -16    |
| 30-39   | 159       | 173   | 14     |
| 40-49   | 176       | 159   | -17    |
| 50-59   | 133       | 172   | 39     |
| 60-64   | 56        | 71    | 15     |
| 65+   | 177       | 205   | 28     |
| Total   | 1,166     | 1,241 | 75     |

Source: U.S. Census; AGS



- ▶ The age-based estimates from AGS show some population change in each of the defined age groups in the City over the past 11 years. However, for most of the ranges the difference was fewer than 20 people.

- ▶ Most of the positive change was attributed to older adults, age 50 and above, with a gain of more than 80 residents.
- ▶ Many of the younger age ranges experienced a minor reduction in population according to these estimates. However, if all of the age groups 49 years old and younger are combined, the estimated decrease was fewer than 10 people.

## Population Projections

Population projections are available from both Applied Geographic Solutions (AGS) and Esri.

| <b>Table 3 Population Projections Through 2026</b> |             |               |                 |        |
|--|-------------|---------------|-----------------|--------|
|  | 2020 Census | 2021 Estimate | 2026 Projection | Change |
| Garretson - AGS                                    | 1,224       | 1,241         | 1,214           | -27    |
| Garretson - Esri                                   | 1,224       | 1,357         | 1,480           | 123    |
| Minnehaha Co. - AGS                                | 197,214     | 199,743       | 211,534         | 11,791 |

Source: Applied Geographic Solutions; Esri

- ▶ AGS is projecting a minor reduction in the population level for Garretson over the 5-year projection period. The AGS projections for the City are viewed by the analysts as overly conservative.
- ▶ Esri is projecting the addition of 123 people over the 5-year period. On an average basis, this would be an annual increase of nearly 25 residents in a typical year. This projection expects the City to grow at a faster rate than in the past, as the 2020 Census showed the City adding an average of approximately six people per year since 2010. However, the analysts do view this as an achievable forecast for Garretson, given the significant growth potential that exists within the larger Sioux Falls region.
- ▶ Significant population growth would be expected for all of Minnehaha County. The projection from Applied Geographic Solutions anticipates that the County will add nearly 11,800 residents over the five-year projection period, or an annual average of nearly 2,360 people per year.

## Household Data and Trends

| <b>Table 4 Household Trends - 1990 to 2020</b> |             |             |                    |             |                    |             |
|--|-------------|-------------|--------------------|-------------|--------------------|-------------|
|  | 1990 Census | 2000 Census | % Change 1990-2000 | 2010 Census | % Change 2000-2010 | 2020 Census |
| Garretson                                      | 361         | 427         | 18.3%              | 449         | 5.2%               | 482         |
| Minnehaha Co.                                  | 46,805      | 57,996      | 23.9%              | 67,028      | 15.6%              | 78,715      |

Source: U.S. Census

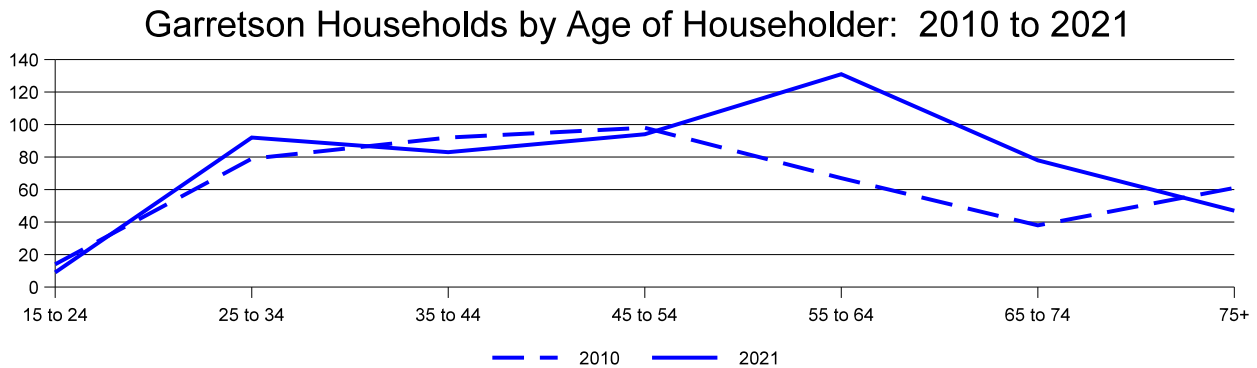
- ▶ According to the 2020 Census, Garretson had 482 permanent resident households in 2020, up by 33 households, or 7.3% from 2010.
- ▶ When viewed over a longer time frame, Garretson has consistently added households in recent decades. In the 1990s the City added 66 households, and then added 22 households between 2000 and 2010. The recent gain of 33 households from 2010 to 2020 continued the modest pace of annual numeric growth that has been present since the year 2000.
- ▶ Minnehaha County has continued to grow at a very rapid rate, adding nearly 11,700 households between 2010 and 2020.
- ▶ Household estimates for 2021 are also available from Applied Geographic Solutions and Esri.
- ▶ According to AGS there were 459 households in Garretson in 2021, below the 2020 Census count of 482 households.
- ▶ According to Esri there were 534 households in the City. Although there is a one-year time difference, it would appear that Esri’s household estimate for Garretson was slightly high in 2021.
- ▶ According to AGS there were 79,752 households in Minnehaha County 2021. This was higher than the 2020 Census count of 78,715, but the County would have added a number of households between 2020 and 2021 and the AGS estimate would be viewed as relatively accurate.

## Household by Age Trends: 2010 to 2021

The following table compares households by age from the 2010 Census and 2021 estimates from Esri. This information is for the City of Garretson. Esri’s estimate of the total household count in 2021 is somewhat higher than the number reported in the 2020 Census and may overstate the level of change.

| <b>Table 5 Garretson Households by Age - 2010 to 2021</b> |            |            |           |
|---|------------|------------|-----------|
| Age   | 2010       | 2021       | Change    |
| 15-24   | 14         | 9          | -5        |
| 25-34   | 79         | 92         | 13        |
| 35-44   | 92         | 83         | -9        |
| 45-54   | 98         | 94         | -4        |
| 55-64   | 67         | 131        | 64        |
| 65-74   | 38         | 78         | 40        |
| 75+   | 61         | 47         | -14       |
| <b>Total</b>  | <b>449</b> | <b>534</b> | <b>85</b> |

Source: U.S. Census; Esri



- ▶ The age-based household estimates provided by Esri show limited changes in some of the defined ranges from 2010 to 2021 in Garretson. However, in general the City has been aging, with especially strong growth among households in the age ranges between 55 and 74 years old.
- ▶ This source showed a small net decrease in the number of households in the City age 54 and younger, and among older seniors, age 75 and above.

## Average Household Size

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

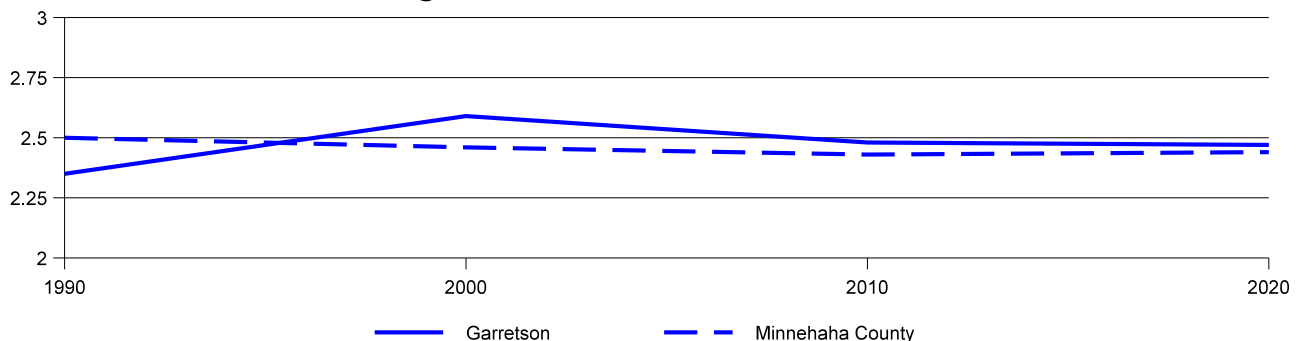
In most jurisdictions there has been a steady decrease in average household size over the past several decades. This has often been caused by household composition changes, such as more single person and single parent families, fewer children per family, and more senior households due to longer life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

| <b>Table 6 Average Number of Persons Per Household: 1990 to 2020</b> |             |             |             |             |
|--|-------------|-------------|-------------|-------------|
|  | 1990 Census | 2000 Census | 2010 Census | 2020 Census |
| Garretson  | 2.35        | 2.59        | 2.48        | 2.47        |
| Minnehaha Co.  | 2.50        | 2.46        | 2.43        | 2.44        |

Source: U.S. Census

- ▶ Although Garretson did see an increase in its average household size in the 1990s, since that time it has gradually been decreasing. However, the City’s average household size of 2.47 persons in 2020 was larger than the average for all of Minnehaha County.
- ▶ For Minnehaha County, the 2020 Census showed 2.44 persons per household. Since the year 2000 there has been very little change in the County’s average household size.

Average Household Size: 1990 to 2020



## Household Projections

Household projections for the five-year time period spanning the years 2021 through 2026 are available from AGS and Esri. Household growth directly impacts the demand for housing.

| <b>Table 7 Household Projections Through 2026</b> |             |               |                 |        |
|---|-------------|---------------|-----------------|--------|
|   | 2020 Census | 2021 Estimate | 2026 Projection | Change |
| Garretson - AGS                                   | 482         | 459           | 482             | 23     |
| Garretson - Esri                                  | 482         | 534           | 587             | 53     |
| Minnehaha Co. - AGS                               | 78,715      | 79,752        | 90,387          | 10,635 |

Source: U.S. Census; AGS; Esri

- ▶ Applied Geographic Solutions underestimated the 2021 household level for Garretson, when compared to the 2020 Census count. This has resulted in an expectation that the City will see only a limited increase of 23 households going forward. In the opinion of the analysts, this is forecast is overly conservative.
- ▶ The 2026 projection from Esri expects an increase of 53 households in Garretson over the 5-year projection period, for an annual average of between 10 and 11 households per year. Annual growth at this level would be greater than in the recent past, as the City added approximately three households per year between 2010 and 2020. However, this is an achievable forecast for the City, in the opinion of the analysts, especially with the large-scale growth potential that exists in the Sioux Falls region.
- ▶ The AGS projection for Minnehaha County expects very significant growth, with the County expected to add more than 10,600 households between 2021 and 2026. This probably overstates the growth potential for just the Minnehaha County portion of the Sioux Falls metropolitan area, but does highlight the large number of households that are expected to live in the larger region.

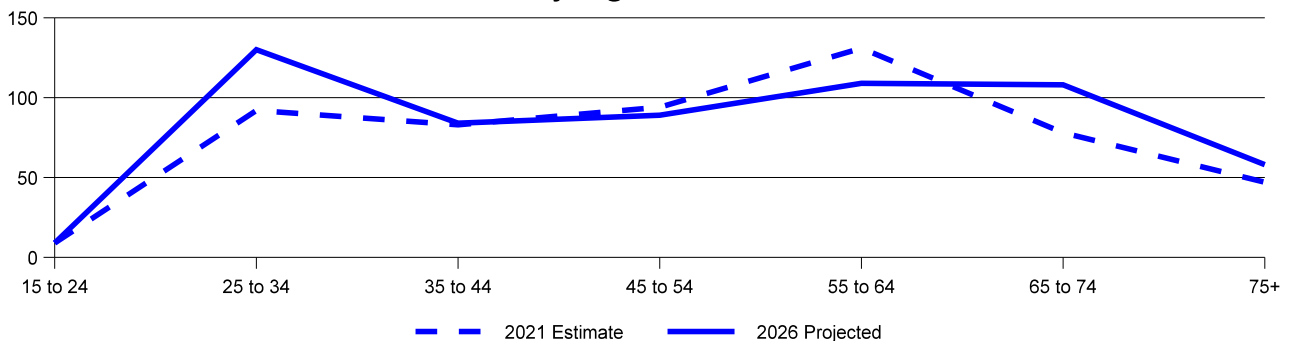
## Garretson Household by Age Projections: 2021 to 2026

Esri has generated age-based projections for households to the year 2026. These projections can be compared to the data contained in the 2021 Esri estimates to examine the change projected over the next five years. Age-based household forecasts are provided for the City of Garretson.

| <b>Table 8 Projected Households by Age - 2021 to 2026</b> |      |      |        |
|---|------|------|--------|
| Age Range   | 2021 | 2026 | Change |
| 15-24   | 9    | 9    | 0      |
| 25-34   | 92   | 130  | 38     |
| 35-44   | 83   | 84   | 1      |
| 45-54   | 94   | 89   | -5     |
| 55-64   | 131  | 109  | -22    |
| 65-74   | 78   | 108  | 30     |
| 75+   | 47   | 58   | 11     |
| Total   | 534  | 587  | 53     |

Source: Esri

Garretson Households by Age of Householder: 2021 to 2026



- ▶ The age-based projections from Esri show limited change in some of the defined age ranges. Overall, Esri is projecting growth of 53 households in Garretson from 2021 to 2026.
- ▶ Esri expects much of the growth within the senior age groups, age 65 and older. Among the younger age groups, the 25 to 34 year old range is also projected to experience solid growth. However, most of the other younger adult age groups are expected to remain relatively stable.



## Housing Tenure

There are no reliable intercensal estimates for housing tenure for the City. The following table presents the owner and renter household distribution from the 2010 Census. The release of the 2020 Census data within the next year will re-benchmark housing tenure distribution.

| <b>Table 9 Household Tenure - 2010</b> |                  |                           |                   |                           |
|--|------------------|---------------------------|-------------------|---------------------------|
|  | Number of Owners | Percent of all Households | Number of Renters | Percent of all Households |
| Garretson                              | 328              | 73.1%                     | 121               | 26.9%                     |

Source: U.S. Census

- ▶ At the time of the 2010 Census, the home ownership rate in the City of Garretson was above 73%. The City primarily offers single family housing options for home ownership. The rental rate of nearly 27% in Garretson was below the Statewide renter rate of nearly 32% in 2010.

## Median Income Data

The American Community Survey provides income estimates for cities and counties. The following table provides 2020 American Community survey data for Garretson along with Minnehaha County and the State of South Dakota for comparison.

Household income represents all independent households, including people living alone and unrelated persons together in a housing unit. Families are two or more related people living in a household. Generally, family household incomes tend to be much higher than the overall household median, as families have at least two household members, and potentially more income-earners.

| <b>Table 10 Median Household Income - 2010 to 2020</b> |             |             |          |
|--|-------------|-------------|----------|
|  | 2010 Median | 2020 Median | % Change |
| Median Household Income                                |             |             |          |
| Garretson  | \$50,000    | \$58,476    | 17.0%    |
| Minnehaha County                                       | \$51,799    | \$61,772    | 19.3%    |
| South Dakota   | \$46,369    | \$58,275    | 25.7%    |
| Median Family Income                                   |             |             |          |
| Garretson  | \$60,938    | \$63,333    | 3.9%     |
| Minnehaha County                                       | \$64,645    | \$80,213    | 24.1%    |
| South Dakota   | \$58,958    | \$75,168    | 27.5%    |

Source: American Community Survey

- ▶ According to the American Community Survey, the median household income in the City of Garretson increased by 17% between 2010 and 2020, and was at nearly \$58,500 in 2020.
- ▶ The median household income in Garretson was lower than the median for all Minnehaha County but was slightly higher than the Statewide median household income of approximately \$58,300.
- ▶ Garretson’s median family income increased by only 3.9% between 2010 and 2020, and was at \$63,333. This was nearly \$17,000 lower than the median family income for all of Minnehaha County and nearly \$12,000 lower than the Statewide median family income in 2020.

- ▶ Median income levels can be used to establish a benchmark for affordable housing thresholds, 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 Garretson could afford approximately \$1,462 per month for ownership or rental housing in 2020. 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.
- ▶ A median income family in Garretson could afford \$1,583 in 2020 for monthly housing costs.

## Garretson Income Distribution

The 2020 American Community Survey provides income data within specific income ranges. Based on other data, it appears that the American Community Survey has significantly overestimated the total number of households in the City, but the percentage distribution is assumed to be accurate.

| <b>Table 11 City of Garretson Income Distribution by Tenure - 2020</b> |                  |                   |                |
|--|------------------|-------------------|----------------|
| Household Income   | Owner Households | Renter Households | All Households |
| \$0 - \$14,999   | 2.7%             | 9.4%              | 5.3%           |
| \$15,000 - \$24,999  | 3.5%             | 10.2%             | 6.1%           |
| \$25,000 - \$34,999  | 4.0%             | 3.3%              | 3.7%           |
| \$35,000 - \$49,999  | 21.7%            | 42.2%             | 29.8%          |
| \$50,000 - \$74,999  | 14.2%            | 28.7%             | 19.9%          |
| \$75,000 - \$99,999  | 23.3%            | 0.4%              | 14.2%          |
| \$100,000+   | 30.7%            | 5.7%              | 20.9%          |
| Total  | 100%             | 100%              | 100%           |

Source: ACS

- ▶ 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 2020, more than 65% of all renter households in Garretson had an annual income below \$50,000.
- ▶ The median income for all renter households was \$41,610 in 2020. At 30% of income, a renter at the median level could afford approximately \$1,040 per month for housing costs.
- ▶ Conversely, most owner households had a substantially higher income level. More than 68% of all owner households had an annual income of \$50,000 or more in 2020.
- ▶ The estimated median household income for owners in 2020 was \$76,974. At 30% of income, an owner at the median level could afford approximately \$1,924 per month for housing costs.

## Estimated Income and Housing Costs - Renters

The American Community Survey collected information on housing costs. The following table provides data on the percentage of renter households that are paying different percentages of their income for housing in Garretson. The American Community Survey appears to have overestimated the number of renter households in Garretson, but the percentage for housing costs are viewed as the best available data on this topic.

| <b>Table 12 Gross Rent as a Percentage of Income - City of Garretson</b> |                              |
|--|------------------------------|
| Percent of Income for Housing  | Percent of Renter Households |
| Less than 20%  | 57.4%                        |
| 20% to 29.9%   | 10.7%                        |
| 30% to 34.9%   | 1.2%                         |
| 35% or more  | 18.4%                        |
| Not Computed   | 12.3%                        |
| Total  | 100%                         |

Source: American Community Survey

- ▶ Federal standards for rent subsidy programs generally identify 30% of household income as the maximum household contribution. When more than 30% of income is required, this is often called a “rent burden”. When more than 35% is required, this can be considered a “severe rent burden”.
- ▶ For renter households in Garretson, a relatively small percentage reported a cost burden in 2020. Overall, fewer than 20% of all renters reported paying 30% or more of their income for gross rent. Most of these households were actually applying 35% or more of income and were in the severe cost burden category.
- ▶ Most of the renter households with a cost burden had an annual income below \$35,000 in 2020.

## Estimated Income and Housing Costs - Owners

The American Community Survey provided housing cost estimates for owner-occupants. The following table examines estimates for the number of households in Garretson that are paying different percentages of their gross household income for housing costs. The American Community Survey may have underestimated the number of home owners in Garretson when compared to other data sources, but the percentage for housing costs are viewed as the best available data on this topic.

| <b>Table 13 Garretson Owner Costs as a Percentage of Income: 2020</b> |                            |                                 |
|---|----------------------------|---------------------------------|
| Percentage of Income for Housing Costs                                | Number of Owner Households | Percent of All Owner Households |
| 0% to 19.9%   | 271                        | 72.5%                           |
| 20% to 29.9%  | 57                         | 15.2%                           |
| 30% or more   | 46                         | 12.3%                           |
| Not Computed  | 0                          | 0%                              |
| Total   | 374                        | 100%                            |

Source: American Community Survey

- ▶ Mortgage lending practices generally attempt to keep monthly payments below 30% of household income.
- ▶ A very large majority of owner-occupants in Garretson, which would include households with and without a mortgage, reported paying less than 30% of their income for housing. Only 12.3% of all home owners reported that they paid more than 30% of their income for housing.
- ▶ The large majority of households with an ownership cost burden had an annual income below \$50,000 in 2020.

## **Building Permit Trends**

Garretson has experienced some new housing construction activity in recent years. Specific annual permit information could not be obtained from either the City or the Census Bureau. However, overall information was obtained as follows:

- ▶ From 2010 through 2012 there were 14 new single family houses permitted in the City as reported to the Census Bureau.
- ▶ From 2013 through 2019 there were 17 houses and a 4-unit rental project constructed in the City according to staff.
- ▶ In 2020 and 2021, there were six new houses and one 6-unit rental structure constructed according to City staff.
- ▶ Over the entire 12-year time period from 2010 through 2021, 37 new single family houses and 10 rental units were constructed in Garretson, or an annual average of approximately four units per year.
- ▶ In addition to the units listed above, a 2-unit rental structure is under construction in 2022.

## 2020 Census Housing Unit Data

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

| <b>Table 14 Housing Units, Occupancy and Vacancy - 2020</b> |                     |      |        |                |      |        |              |      |        |
|---|---------------------|------|--------|----------------|------|--------|--------------|------|--------|
|   | Total Housing Units |      |        | Occupied Units |      |        | Vacant Units |      |        |
|   | 2010                | 2020 | Change | 2010           | 2020 | Change | 2010         | 2020 | Change |
| Garretson   | 476                 | 505  | 29     | 449            | 482  | 33     | 27           | 23   | -4     |

Source: U.S. Census

- ▶ According a reconciliation of decennial Census data, Garretson had 29 more housing units in 2020 than were present at the time of the 2010 Census. The City had an increase of 33 occupied units and a reduction of four unoccupied/vacant units.
- ▶ On the previous page, information was presented on building permit issuance. Between 2010 and 2019 there were 35 new housing units built in the City. This new construction total was slightly higher than the reported growth in the housing stock as tracked by the 2020 Census. Presumably, a small number of older housing units were lost over the decade due to demolition or other causes.



## **American Community Survey Housing Data**

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

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

For owner-occupancy units in Garretson, the estimated median year of construction is 1973. More than 57% of all owner-occupancy houses in the City were constructed prior to 1980.

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

For renter-occupancy units in Garretson, the estimated median year of construction is 1977. More than 60% of all renter-occupancy units in the City were constructed prior to 1980.

### **Units in Structure**

According to the American Community Survey, approximately 74% of all housing units in Garretson are in one unit structures, such as single family houses and mobile homes.

The City has a limited supply of multifamily housing with fewer than 26% of all units in structures that contain three or more housing units.

## Existing Home Sales

This section examines houses that have been sold in Garretson from 2017 through 2021. It is important to note that the number of houses that sell each year can vary and may not be an accurate indicator of overall home values in the City. However, this sample does provide some insight into those units that have turned-over during this time period.

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

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

The County’s sale year differs slightly from a calendar year, and begins on November 1<sup>st</sup> and extends to October 31<sup>st</sup>.

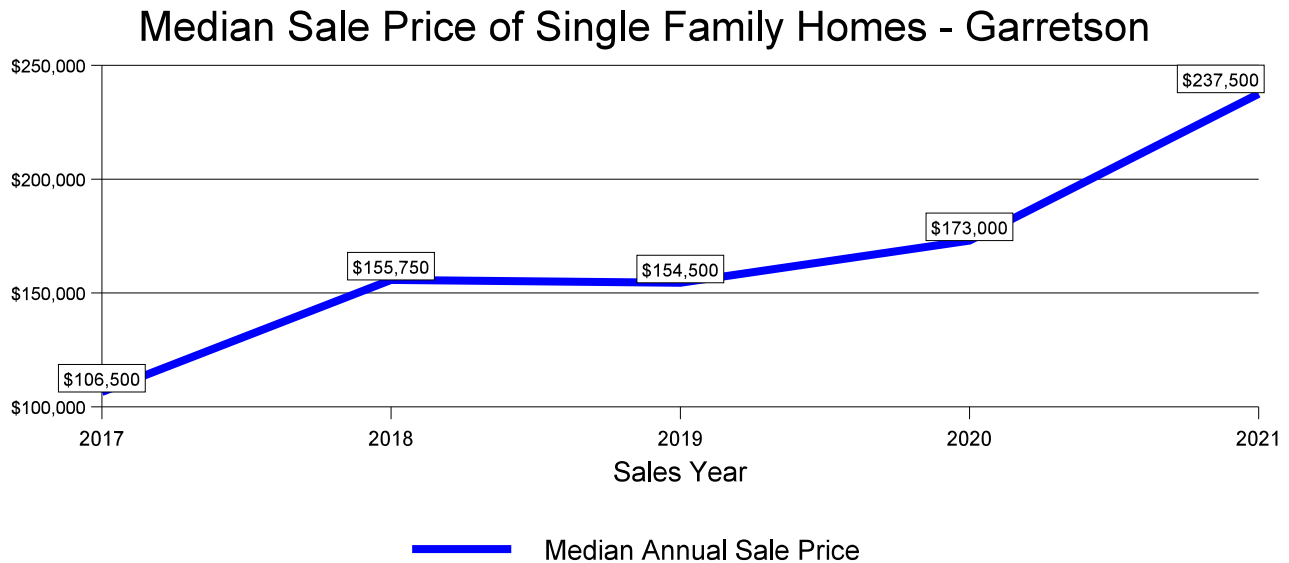
**Table 15 Median Value of Recent Residential Sales - 2017 to 2021**

| Year | Number of Sales | Median Sale Price | Highest Sale | Lowest Sale |
|------|-----------------|-------------------|--------------|-------------|
| 2021 | 22              | \$237,500         | \$650,000    | \$55,000    |
| 2020 | 31              | \$173,000         | \$310,000    | \$34,000    |
| 2019 | 26              | \$154,500         | \$323,000    | \$31,250    |
| 2018 | 20              | \$155,750         | \$290,000    | \$19,250    |
| 2017 | 24              | \$106,500         | \$325,000    | \$40,000    |

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

- ▶ Between 2020 and 2021 there was a large increase in the median sale price in Garretson. The median price of \$237,500 in 2021 was \$64,500 higher than in 2020. This may be a one-time occurrence or be a reflection of rapidly escalating prices in the community.

- ▶ From 2017 to 2020 there had been a general pattern of rising prices in the community, increasing from \$106,500 in 2017 to \$173,000 in 2020.



- ▶ Although overall prices have been increasing, there are also some lower valued home sales in Garretson each year. In each of the years reviewed at least one home was sold for \$55,000 or less.
- ▶ In four of the five years reviewed, at least one house was sold for more than \$300,000.
- ▶ An alternate estimate of home values exists in the American Community Survey. In 2020, the estimated median value for all owner-occupied housing in Garretson was \$154,400. This estimate was well below the median sale price recorded in 2020 of \$173,000.

## Home Sales by Price Range

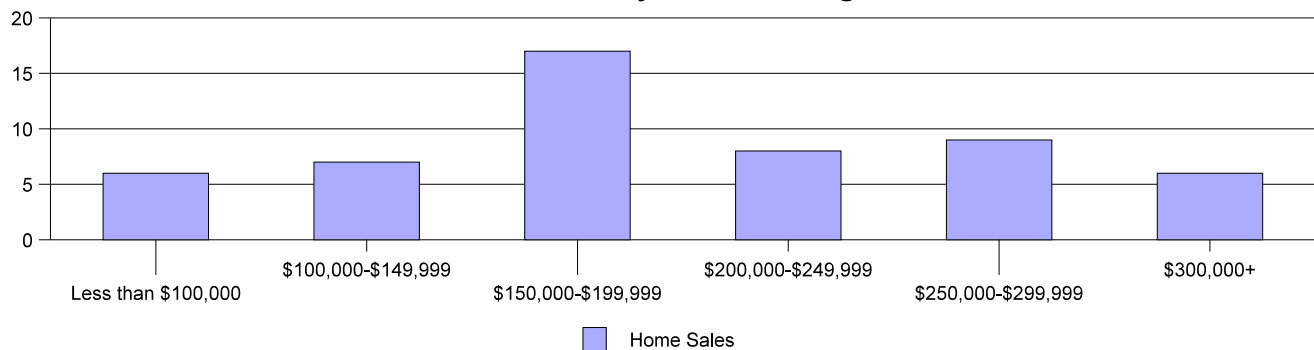
The following table looks at single family houses that sold within defined price ranges over a 24-month period spanning the 2020 and 2021 sales years. There were 53 good “arms length” sales over this period.

| <b>Table 16 Garretson 24-Month Home Sales by Price Range</b> |                 |                  |
|--|-----------------|------------------|
| Sale Price   | Number of Sales | Percent of Sales |
| Less than \$100,000  | 6               | 11.3%            |
| \$100,000 - \$149,999  | 7               | 13.2%            |
| \$150,000 - \$199,999  | 17              | 32.1%            |
| \$200,000 - \$249,999  | 8               | 15.1%            |
| \$250,000 - \$299,999  | 9               | 17.0%            |
| \$300,000+   | 6               | 11.3%            |
| <b>Total</b>   | <b>53</b>       | <b>100%</b>      |

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

- ▶ While recent home sales in Garretson were widely distributed in different price ranges, the large majority of homes were sold for \$150,000 or more. Overall, fewer than 25% of the sales were for less than \$150,000.
- ▶ Approximately 28% of all sales in Garretson were for \$250,000 or more in 2020 and 2021.

Garretson Home Sales by Price Range in 2020/2021



## **Garretson Housing Condition**

Community Partners Research, Inc., representatives conducted a visual 'windshield' survey of 251 single family/duplex houses in Garretson. All of the single family houses and duplexes in the City were included in the survey with the exception of the Valley View Subdivision. The houses in Valley View are primarily newer homes constructed in recent years that are in good condition.

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 17 Windshield Survey Condition Estimate - 2022**

|                      | Sound       | Minor Repair | Major Repair | Dilapidated | Total |
|----------------------|-------------|--------------|--------------|-------------|-------|
| Single Family/Duplex | 117 / 46.6% | 90 / 35.9%   | 38 / 15.1%   | 6 / 2.4%    | 251   |

Source: Community Partners Research, Inc.

- ▶ The existing housing stock in Garretson (excluding Valley View Addition) is in good condition. Approximately 36% of the houses in the City need minor repair and 15% need major repair.
- ▶ Nearly 47% of the houses were rated as sound, with no required improvements. This percentage would be even higher if the newer homes in Valley View Addition are added.
- ▶ Six houses in the City were rated as dilapidated and possibly beyond repair.

### Mobile Home Condition

Community Partners Research, Inc. representatives also viewed and rated 37 mobile homes in a defined mobile home park in the City. The same rating classifications were used as defined on the previous page.

**Table 18 Mobile Home Survey Condition Estimate - 2022**

|              | Sound      | Minor Repair | Major Repair | Dilapidated | Total |
|--------------|------------|--------------|--------------|-------------|-------|
| Mobile homes | 13 / 35.1% | 16 / 43.3%   | 5 / 13.5%    | 3 / 8.1%    | 37    |

Source: Community Partners Research, Inc.

- ▶ Most of the mobile homes in Garretson are generally in good condition. Overall, more than 78% of the mobile homes were rated in one of the two highest condition categories, with 35% rated as Sound and approximately 43% in the Minor Repair category.
- ▶ There were five mobile homes rated as needing Major Repair. Three mobile homes in Garretson are Dilapidated and probably beyond repair.

## **Rental Housing Data**

### **Census Bureau Rental Inventory - Garretson**

The 2020 Census has not yet released any of the more detailed tables on housing occupancy patterns, including owner versus renter status. Estimates for 2020 do exist in the American Community Survey, but these appear to have significantly overestimated the number of renter households in the City and are not viewed as reliable.

In 2010, Garretson had 121 occupied rental units and 13 unoccupied rental units, for a total estimated rental inventory of 134 units. The City's rental rate in 2010 was 26.9%, below the Statewide rental rate in 2021 of 31.9%.

Between 2010 and 2021 there were 10 new rental units constructed in the City. Some additional changes may have occurred from houses that converted to rental use or vice versa.

### **Census Bureau Rental Inventory - Sioux Falls MSA**

Garretson is part of the Sioux Falls Metropolitan Statistical Area (MSA), with the City of Sioux Falls having the large majority of the region's rental units. According to the 2020 American Community Survey, there were more than 35,350 occupied rental units in the MSA. For the entire MSA the rental tenure rate was nearly 34%.

When compared to the totals provided in the 2010 Census, the Sioux Falls MSA had added more than 7,000 total rental units from 2010 to 2020. The rental tenure rate in 2010 was less than 32%, compared to nearly 34% in 2020.

### **Garretson's Share of Rental Housing in the MSA**

At the time of the 2010 Census, the number of renter-occupancy households in Garretson represented 0.4% of all renter households in the entire MSA. From 2010 to 2020, Garretson's overall share of renters decreased, as only four new units were built in the City while the MSA probably added more than 7,000 units.

### **Pending Rental Projects**

Our research identified no proposed rental projects in Garretson that are currently in the planning phase. However, two units are under construction in 2022.

## **Rental Housing Survey**

As part of this housing study, a telephone survey was conducted of multifamily projects in the City of Garretson. The survey was conducted during the month of May 2022.

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 conventional market rate units and subsidized housing.

There were 90 rental units that were contacted in the survey. The 55-bed skilled nursing facility was also surveyed. The units that were contacted include:

- ▶ 79 conventional market rate units
- ▶ 11 general occupancy subsidized units

The findings of the survey by unit type are provided below.



## **Market Rate Summary**

Usable information was obtained on 79 conventional market rate rental units. The rental units were primarily in small rental projects ranging from four-plexes to eight-plexes.

### **Unit Mix**

The following unit mix breakdown of the 79 units surveyed is as follows:

- ▶ One-bedroom - 20 units (25.3%)
- ▶ Two-bedroom - 59 units (74.7%)

There were no efficiency, three-bedroom or four-bedroom units in the rental projects that were surveyed. However, it is probable that there are three and four-bedroom single family home rentals in the City.

### **Occupancy / Vacancy**

Within the market rate multifamily segment, there were no vacancies in the 79 units that were surveyed.

The rental property owners and managers reported a high demand for rental units.

### **Rental Rates**

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

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

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

| <u>Unit Type</u> | <u>Lowest/Highest<br/>Gross Rents</u> |
|------------------|---------------------------------------|
| One-bedroom      | \$550-\$710                           |
| Two-bedroom      | \$600-\$1,200                         |

## **Tax Credit/Moderate Rent Summary**

There are no tax credit projects in Garretson.

## **Subsidized Summary**

The research completed for this Study identified only one subsidized project in Garretson that provides rental opportunities for lower income households. Spirit Canyon Apartments has 11 units available for seniors and is a USDA Rural Development 515 project. The project has nine one-bedroom units and two two-bedroom units.

The units in the Spirit Canyon Apartments have access to project-based rent assistance. These units charge rent based on 30% of the tenant's household income up to the project's market rent. At the time of the survey, the manager reported that the project had no vacancies.

## **Subsidized Housing Gains/Losses**

Federal subsidy sources for low income rental housing have been very limited for the past few decades. Most subsidized projects were constructed in the 1960s, 1970s or early 1980s. Some of these older projects may have completed their compliance requirements and have the opportunity to leave their subsidy program and convert to conventional rental housing. In communities with low vacancy rates, private property owners may have an incentive to convert subsidized units to conventional housing.

Several USDA Rural Development subsidized projects in Garretson have left their subsidy program and have converted to market rate. These projects have a total 32 units and include Canyon Ridge Apartments, TRM Apartments I, II and III, and Northridge Apartments.

There is no evidence that Spirit Canyon Apartments, the only remaining subsidized rental project in Garretson, will leave the subsidy program. A nonprofit group owns the project.

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

There are also tenant-based Housing Choice Vouchers available for Garretson and Minnehaha County. The Voucher Program is administered by the Sioux Falls Housing Authority.

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

Currently, there is an extensive waiting list for a Voucher.

## **Senior Housing with Services Summary**

There is one senior housing with services project in Garretson. The Palisade Health Care Center is a 55-bed skilled nursing facility.

Also, Sioux Falls and neighboring communities have senior with services housing options.

**Table 19 Garretson Multifamily Rental Housing Inventory**

| Name                                | Number of Units /Bedroom Mix                    | Rent                           | Vacancy/ Wait List | Tenant Mix        | Comments   |
|-------------------------------------|---|--------------------------------|--------------------|-------------------|--|
| <b>Market Rate</b>                  |   |                                |                    |                   |  |
| The Lofts                           | 3 - 1 bedroom<br>4 - 2 bedroom<br>7 total units | Range of \$700 to \$1,000      | No vacancies       | General occupancy | The Lofts is a market rate downtown building that has been converted into seven rental units, which includes three one-bedroom and four two-bedroom units. Rents range from \$700 to \$1,000. The owner reported no vacancies at the time of the survey.   |
| DeWit Properties<br>4-plex & 7-plex | 11 - 2 bedroom<br>11 total units                | Range from \$655 to \$700      | No vacancies       | General occupancy | The DeWit properties include a 4-plex and a 7-plex. All of the units are two-bedroom. Rents range from \$655 to \$700. Tenants also pay electricity. The owner reported no vacancies at the time of the survey.  |
| 301 & 303<br>S West Ave             | 2 - 3 bedroom<br>2 total units                  | \$1150-\$1300<br>+ utilities   | No vacancies       | General occupancy | The units at 301 and 303 S. West Ave. are each one half of separate twinhomes. The other unit in each of the units is owner-occupied. The units were constructed in 2003. The units are three-bedroom. The owners report no vacancies and a high occupancy rate. Rent is \$1,150 and \$1,300 plus utilities.   |
| Conrad Rentals                      | 15 - 2 bedroom<br>15 total units                | Average rent is \$900 to \$950 | No vacancies       | General occupancy | Conrad Rentals include 15 two-bedroom/one-bath units. The units are in several locations and range from twinhomes to larger townhome projects. The units have been constructed from 2009 to 2022. Currently, two of the units are under construction. The units are approximately 1,180 sq. ft. and include laundry facilities and a single car garage. The rents vary with an average of \$900 to \$950. Tenants also pay utilities. The owner reported no vacancies at the time of the survey. He also reported a high demand for the units. |
| 6-plex<br>(Center & 1st)            | 1 -1 bedroom<br>5 - 2 bedroom<br>6 total units  | \$475<br>\$500-\$550           | No vacancies       | General occupancy | This is a market rate general occupancy 6-plex. There is one one-bedroom unit and five two-bedroom units. The rent is \$475 for a one-bedroom unit and \$500 to \$550 for a two-bedroom unit. Tenants also pay electricity. The owner reported no vacancies at the time of the survey.   |

**Table 19 Garretson Multifamily Rental Housing Inventory**

| Name                       | Number of Units /Bedroom Mix                             | Rent           | Vacancy/ Wait List | Tenant Mix        | Comments  |
|----------------------------|--|----------------|--------------------|-------------------|---|
| <b>Market Rate</b>         |  |                |                    |                   |   |
| Palisade Heights           | <u>8 - 2 bedroom</u><br>6 total units                    | \$700          | No vacancies       | General occupancy | Palisade Heights is an 8-unit market rate general occupancy project. All of the units are two-bedroom. The rent is \$700. Tenants also pay electricity. The manager reported no vacancies at the time of the survey.  |
| Canyon Ridge Apartments    | 1 - 1 bedroom<br><u>7 - 2 bedroom</u><br>8 total units   | \$550<br>\$625 | No vacancies       | General occupancy | Canyon Ridge Apartments is an 8-unit market rate general occupancy project. The project was a USDA Rural Development project, but recently converted to market rate. There is one one-bedroom unit and seven two-bedroom units. Rent is \$550 for the one-bedroom unit and \$625 for the two-bedroom units. Tenants also pay heat and electricity. The owner reported no vacancies at the time of the survey. |
| TRM Apartments I, II & III | 10 - 1 bedroom<br><u>6 - 2 bedroom</u><br>16 total units | \$610<br>\$685 | No vacancies       | General occupancy | TRM Apartments I, II & III is a general occupancy market rate project. There are 16 total apartments at three locations. There are 10 one-bedroom units and six two-bedroom units. Rent is \$610 for a one-bedroom unit and \$685 for a two-bedroom unit. Tenants also pay heat and electricity. The manager reported no vacancies at the time of the survey.   |
| Northridge Apartments      | 5 - 1 bedroom<br><u>3 - 2 bedroom</u><br>8 total units   | \$550<br>\$595 | No vacancies       | General occupancy | Northridge Apartments is an 8-unit market rate general occupancy project. The project was a USDA Rural Development project, but has converted to market rate. There are five one-bedroom and three two-bedroom units. Rent is \$550 for a one-bedroom unit and \$595 for a two-bedroom unit. Tenants also pay heat and electricity. The manager reported no vacancies at the time of the survey.              |

| <b>Table 19 Garretson Multifamily Rental Housing Inventory</b> |   |                                 |                                    |                                  |   |
|--|---|---------------------------------|------------------------------------|----------------------------------|---|
| <b>Name</b>  | <b>Number of Units /Bedroom Mix</b>                     | <b>Rent</b>                     | <b>Vacancy/ Wait List</b>          | <b>Tenant Mix</b>                | <b>Comments</b>   |
| <b>Subsidized</b>  |   |                                 |                                    |                                  |   |
| Spirit Canyon Apartments                                       | 9 - 1 bedroom<br><u>2 - 2 bedroom</u><br>11 total units | \$495<br>\$520<br>30% of income | No vacancies                       | Senior/<br>disabled<br>occupancy | Spirit Canyon Apartments is a USDA Rural Development 515 senior project. There are nine one-bedroom units and two two-bedroom units. Tenants pay 30% of their income up to the market rent of \$495 for a one-bedroom unit and \$520 for a two-bedroom unit. The manager reported no vacancies at the time of the survey. |
| <b>Senior with Services</b>                                    |   |                                 |                                    |                                  |   |
| Palisade Health Care Center                                    | <u>Licensed for 55 beds</u><br>55 total                 | Based on level of services      | Average occupancy is 42 to 46 beds | Skilled Nursing Home             | The Palisade Health Center is a 55-bed skilled nursing facility. The average occupancy in the facility is 42 to 46 beds.  |

Source: Community Partners Research, Inc.

## Net Household Growth in the Sioux Falls MSA

Over the last few decades, the Sioux Falls MSA has grown at a rapid rate. Between the 2010 Census and the 2020 Census there were a substantial number of households that were added in Sioux Falls and in many of the smaller cities in Minnehaha and Lincoln Counties. The following table examines growth in numeric and percentage terms. The listed cities have been ordered by the numeric household growth that occurred over the period.

| <b>Table 20 Household Growth by Jurisdiction: 2010 to 2020</b> |             |             |                |                   |
|--|-------------|-------------|----------------|-------------------|
| City   | 2010 Census | 2020 Census | Numeric Growth | Percentage Growth |
| Sioux Falls  | 61,707      | 78,405      | 16,698         | 27.1%             |
| Harrisburg   | 1,423       | 2,268       | 845            | 59.4%             |
| Brandon  | 3,118       | 3,888       | 770            | 24.7%             |
| Tea  | 1,254       | 1,897       | 643            | 51.3%             |
| Hartford   | 913         | 1,218       | 305            | 33.4%             |
| Dell Rapids  | 1,388       | 1,551       | 163            | 11.7%             |
| Baltic   | 389         | 458         | 69             | 17.7%             |
| Crooks   | 431         | 476         | 45             | 10.4%             |
| Garretson  | 449         | 482         | 33             | 7.3%              |
| MSA  | 83,677      | 109,218     | 25,541         | 30.5%             |

Source: US Census

Between in 2010 and 2020, the MSA added more than 25,500 households, for an increase of 30.5%. More than 65% of this household growth occurred within the City of Sioux Falls.

The remainder of the regions household growth was shared between multiple jurisdictions within the 4-County MSA, but Harrisburg, Brandon, Tea and Hartford captured the largest numeric share of household growth outside of Sioux Falls. Together, these four jurisdictions, along with Sioux Falls, accounted for more than 75% of all household growth in the MSA.

The City of Garretson added 33 households over the decade, representing less than 0.13% of the MSA's net household gain during this time.



## **MSA Housing Unit Construction Activity: 2010 to 2021**

The U.S. Census Bureau collects building permit issuance information from individual cities, towns and townships. Annual housing construction summary information is available for the combined jurisdictions that form the Sioux Falls MSA. This represents a four-county area of Minnehaha, Lincoln, McCook and Turner Counties.

It is important to note that the Census Bureau's annual totals may differ from other information in this Housing Study, which may be collected directly from individual jurisdictions. However, the Census Bureau reports do provide some perspective on housing construction within the larger MSA. Census Bureau annual totals for the City of Garretson are also provided for comparison.

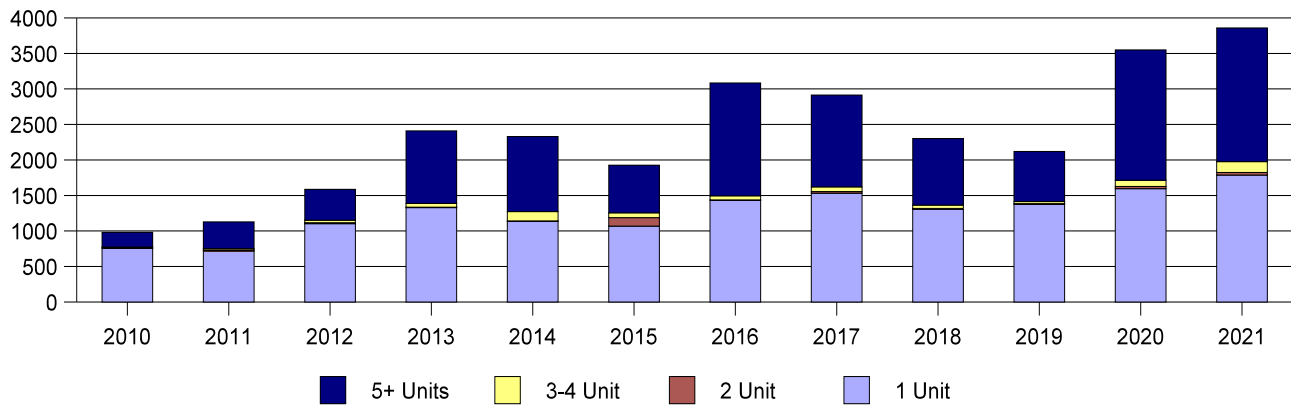
Housing construction activity in Garretson has represented a very small share of all activity in the Sioux Falls MSA in recent years. From 2010 through 2021 the City reported that 47 new housing units were built in Garretson which represented approximately 0.17% of all MSA activity.

| <b>Table 21 Garretson and MSA Housing Unit Construction Activity - 2010 to 2021</b> |                   |            |               |             |       |                 |            |               |             |        |
|---|-------------------|------------|---------------|-------------|-------|-----------------|------------|---------------|-------------|--------|
| Year  | City of Garretson |            |               |             |       | Sioux Falls MSA |            |               |             |        |
|   | Single Family     | Two Family | 3 to 4 Family | Multifamily | Total | Single Family   | Two Family | 3 to 4 Family | Multifamily | Total  |
| 2021  | 6*                | 0          | 6             | 0           | 12*   | 1,788           | 36         | 153           | 1,882       | 3,859  |
| 2020  | -                 | -          | -             | -           | -     | 1,597           | 30         | 89            | 1,834       | 3,550  |
| 2019  | 17*               | -          | 4*            | -           | 21*   | 1,376           | 10         | 28            | 705         | 2,119  |
| 2018  | -                 | -          | -             | -           | -     | 1,306           | 12         | 46            | 938         | 2,302  |
| 2017  | -                 | -          | -             | -           | -     | 1,533           | 22         | 67            | 1,292       | 2,914  |
| 2016  | -                 | -          | -             | -           | -     | 1,431           | 6          | 58            | 1,589       | 3,084  |
| 2015  | -                 | -          | -             | -           | -     | 1,069           | 120        | 67            | 670         | 1,926  |
| 2014  | -                 | -          | -             | -           | -     | 1,134           | 8          | 131           | 1,057       | 2,330  |
| 2013  | -                 | -          | -             | -           | -     | 1,330           | 6          | 52            | 1,021       | 2,409  |
| 2012  | 1                 | 0          | 0             | 0           | 1     | 1,104           | 12         | 36            | 435         | 1,587  |
| 2011  | 6                 | 0          | 0             | 0           | 6     | 716             | 16         | 19            | 378         | 1,129  |
| 2010  | 7                 | 0          | 0             | 0           | 7     | 755             | 8          | 111           | 207         | 1,081  |
| Total   | 37                | 0          | 10            | 0           | 47    | 15,139          | 286        | 860           | 12,008      | 28,290 |

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

\* The exact years of construction were not available for houses built after 2012, but 17 and four rental units were built between 2013 and 2019, and six houses and four rental units were constructed in 2020/21.

### MSA Annual Housing Unit Construction: 2010 to 2021

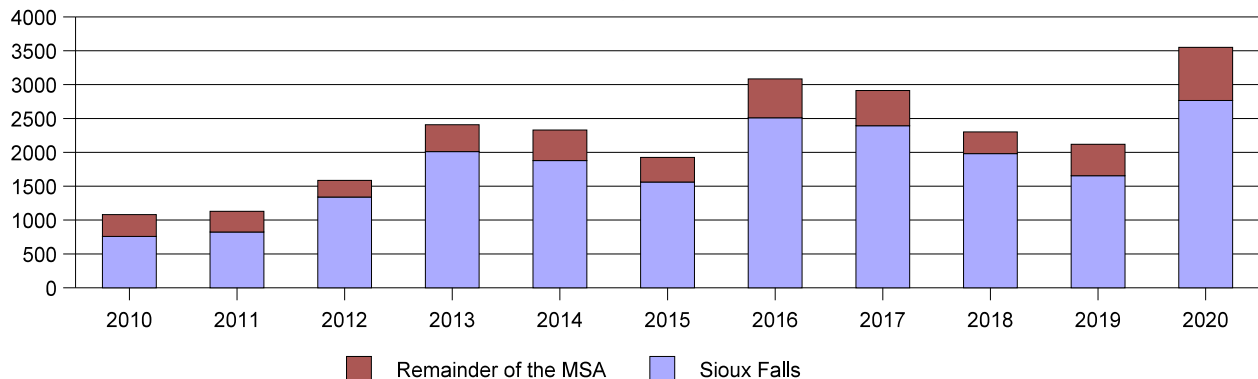


According to Census Bureau reports, the years 2021 and 2020 represented the highest years for new housing unit production in the MSA over the 12-year period reviewed. In 2021, more than 3,850 total housing units were permitted.

The permitting in 2021 was distributed in all structure types. Approximately 46% of all permitted units were in one unit structures and nearly 49% were in multifamily projects with five or more units per structure. The remaining units were in structures with between two and four residential units.

As the primary jurisdiction in the MSA, the City of Sioux Falls accounts for a large majority of the units constructed annually. In recent decades, Sioux Falls has typically represented between 70% or more 86% of the annual MSA construction activity, and in most recent years, the City’s share has generally been 78% or higher, according to the Census Bureau.

### Sioux Falls/MSA Annual Housing Unit Construction: 2010 to 2020



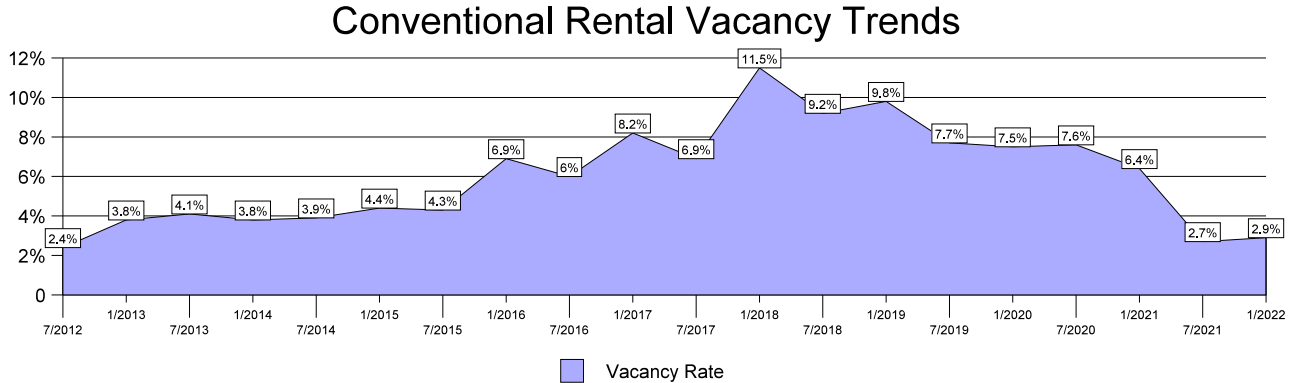
## Regional Rental Vacancy Rates

The South Dakota Multi-Housing Association has tracked rental housing vacancy information for the Sioux Falls area for many years through a semiannual survey. This is an excellent source of information that not only provides a current picture of rental housing occupancy, but also a perspective on longer-term trends.

### Conventional Market Rate Housing

The most recently completed vacancy survey is from January 2022. This survey found a 2.9% vacancy rate in conventional market rate housing. The survey included nearly 15,900 conventional units and found just 458 vacancies. Although this was an area-wide survey, including communities that are within a 20-mile radius of Sioux Falls, a very large majority of the reporting units were located within the Sioux Falls zip codes.

The following chart presents the Multi-Housing Association vacancy calculations dating back to the July 2012 to provide a 10-year history for conventional rental housing.



While the most recent survey does show a slight increase in the conventional rental vacancy rate when compared to the prior survey, the reported vacancy rate of 2.9% is very low by historic standards. Over the past 20 surveys there have only been three times that the vacancy rate has been below 3% in this market segment.

A big drop in the vacancy rate occurred in 2021, with a 6.4% in January which then moved to only 2.7% by July.

A general standard for rental housing vacancy is that a rate up to 5% is considered acceptable. A modest level of vacancy is desirable to allow tenant movement in the market by providing choices for prospective renters. It also allows a community the chance to grow, as new households moving into the area can locate a living unit. In Sioux Falls, a vacancy rate above 5% would not be surprising for individual surveys, as large-scale unit construction can occur which can temporarily cause an oversupply of units.

As evident in the previous chart, past history shows that the Sioux Falls market has had the ability to “self-correct”. People interviewed in past studies in the area have cited the cyclical nature of rental production in Sioux Falls. As the vacancy rate has risen, construction activity in subsequent years tends to diminish. As vacancy rates begin to fall, it has been typical to see an above-average level of construction.

Based on the building permit reporting presented previously from the Census Bureau, the number of multifamily units permitted in the MSA was below average in 2018 and 2019, probably in response to very high vacancy rates during those years. Although multifamily production in 2020 and 2021 then increased substantially in 2020 and 2021, vacancy rates have tended to drop, but it is possible that much of the unit construction from 2021 was still in the process of entering the market in early 2022.

### **Income-Based Housing Vacancy Rates**

The large majority of the units in the Multi-Housing survey are conventional rentals. However, different types of income-restricted housing are also included. These units include moderate rent properties constructed through the federal low income housing tax credit program and federally subsidized low income housing referred to as “HUD units” in the reports.

Since the start of 2018, the vacancy rate in tax credit housing has stayed above 5%, and in many surveys has been above 7%. In the most recent survey, tax credit units had a vacancy rate of 5.1%, compared to the conventional housing vacancy rate of 2.9%.

HUD units have tended to maintain a low rate of vacancy over time. In the most recent report, the vacancy rate for HUD units was only 1.4%. With the exception of one survey in January 2020, when the HUD vacancy rate was at 6.6%, this very affordable segment has maintained a vacancy rate below 5%.

While the Sioux Falls MSA has generally performed well during the global health pandemic, presumably the impact has resulted in decreased incomes for some MSA households. This has potentially increased demand for income-restricted tax credit and deep subsidy rental housing.

### **Vacancy Rates Outside of Sioux Falls**

The Multi-Housing Survey does collect some rental data from units that are outside of the City of Sioux Falls, but within a 20-mile radius. Information is provided by zip code for communities in the Sioux Falls region, including Garretson. However, in the January 2022 survey, only 24 conventional rental units were reported in Garretson and all were occupied.

There were no tax credit or HUD units reported for Garretson. The City does have one subsidized project but this was not included in the Multi-Housing survey.

## **Employment and Local Economic Trends**

While many factors influence the need for housing, employment opportunities represent a predominant demand generator. Without jobs and corresponding wages, the means to afford housing is severely limited. Much of the household growth that has occurred in the Sioux Falls MSA in the past decade was the direct result of job opportunities that were available, especially in the City of Sioux Falls. 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.

Major employers in Sioux Falls with more than 1,000 employees include:

- ▶ Sanford Health
- ▶ Avera
- ▶ John Morrell & Company
- ▶ Wells Fargo
- ▶ Sioux Falls School District
- ▶ Citibank
- ▶ Hy-Vee Food Stores
- ▶ Sioux Valley Clinic
- ▶ Evangelical Lutheran Good Samaritan Society
- ▶ Midwest Coast Transport
- ▶ WalMart/Sam's Club
- ▶ First PREMIER Bank/PREMIER Finance Bankcard
- ▶ City of Sioux Falls

## Work Force and Unemployment Rates

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

| <b>Table 22 Sioux Falls MSA Annual Labor Statistics: 2010 to 2021</b> |             |          |            |                         |                        |                        |
|---|-------------|----------|------------|-------------------------|------------------------|------------------------|
| Year  | Labor Force | Employed | Unemployed | Unemployment Rate - MSA | Unemployment Rate - SD | Unemployment Rate - US |
| 2010  | 133,585     | 127,238  | 6,347      | 4.8%                    | 5.0%                   | 9.6%                   |
| 2011  | 134,281     | 128,513  | 5,768      | 4.3%                    | 4.7%                   | 8.9%                   |
| 2012  | 136,615     | 131,430  | 5,185      | 3.8%                    | 4.3%                   | 8.1%                   |
| 2013  | 138,817     | 134,408  | 4,409      | 3.2%                    | 3.8%                   | 7.4%                   |
| 2014  | 141,705     | 137,621  | 4,084      | 2.9%                    | 3.4%                   | 6.2%                   |
| 2015  | 144,400     | 140,650  | 3,750      | 2.6%                    | 3.1%                   | 5.3%                   |
| 2016  | 146,949     | 143,305  | 3,644      | 2.5%                    | 3.0%                   | 4.9%                   |
| 2017  | 150,020     | 145,981  | 4,039      | 2.7%                    | 3.2%                   | 4.4%                   |
| 2018  | 152,316     | 148,354  | 3,962      | 2.6%                    | 3.0%                   | 3.9%                   |
| 2019  | 155,468     | 151,110  | 4,358      | 2.8%                    | 3.0%                   | 3.7%                   |
| 2020  | 156,605     | 149,880  | 6,275      | 4.3%                    | 4.6%                   | 8.1%                   |
| 2021  | 159,995     | 156,025  | 3,970      | 2.5%                    | 2.8%                   | 5.3%                   |

Source: South Dakota Department of Labor

The Sioux Falls MSA continues to be strong for labor force and job growth. Over the time period from 2010 through 2021, the size of the resident labor force increased by more than 26,500 people, or an increase of more than 17%. The employed resident work force increased by nearly 21,600 people during this same time, for an increase of 19.8%.

The MSA’s unemployment rate has generally decreased over this longer time period and pre-pandemic in 2019 was at only 2.8%. The global pandemic then impacted statistics for 2020, although the annual employment rate was still only 4.3%. But by 2021 the MSA’s unemployment rate had dropped to only 2.5%.



## **Employment and Wages by Industry**

The following table shows the annual employment and average annual wages in 2020. This information is for all of the MSA.

| <b>Table 23 MSA Average Annual Wages - 2020</b> |                  |                     |
|---|------------------|---------------------|
| Industry  | Total Employment | Average Weekly Wage |
| Total All Industry                              | 152,263          | \$1,059             |

Source: South Dakota Department of Labor

The average weekly wage for all industry in 2020 was \$1,059 for the Sioux Falls MSA. At full-time employment this would yield an annual average wage of more than \$55,000.

## Commuting Patterns of Garretson Residents

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

| <b>Table 24 Commuting Times for Garretson Residents - 2020</b> |        |         |
|--|--------|---------|
| Travel Time  | Number | Percent |
| Less than 10 minutes   | 168    | 25.0%   |
| 10 to 19 minutes   | 93     | 13.8%   |
| 20 to 29 minutes   | 178    | 26.5%   |
| 30 minutes +   | 233    | 34.7%   |
| Total  | 672    | 100%    |

Source: American Community Survey

A majority of Garretson’s residents were driving 20 minutes or more for their primary employment in 2020. Fewer than 39% of residents were traveling less than 19 minutes, while more than 61% were traveling 20 minutes or more, generally consistent with employment in Sioux Falls.

The American Community Survey also identifies travel time by location of the job. For people that worked in Garretson, the following travel times were identified. This would include people that both lived and worked in the City.

| <b>Table 25 Commuting Times for Garretson-based Employees - 2020</b> |        |         |
|--|--------|---------|
| Travel Time  | Number | Percent |
| Less than 10 minutes   | 174    | 41.0%   |
| 10 to 19 minutes   | 90     | 21.2%   |
| 20 to 29 minutes   | 44     | 10.4%   |
| 30 minutes +   | 116    | 27.4%   |
| Total  | 424    | 100%    |

Source: American Community Survey

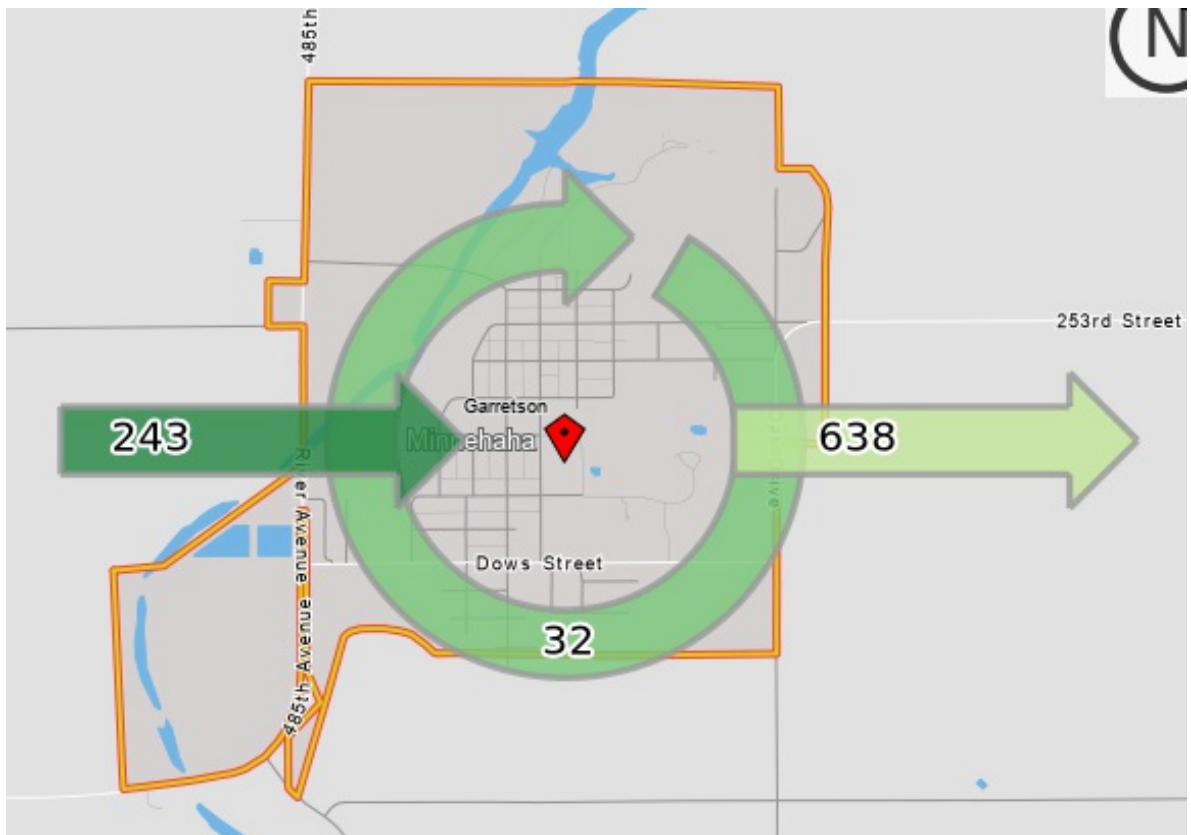
Overall, more than 62% of the people that were employed within the City of Garretson had a travel time of 19 minutes or less. This would include people that both live and work in the City. However, there were an estimated 116 people that traveled to Garretson from greater distances and had a drive time of 30 minutes or more.

## Census On the Map

The Census Bureau also produces commuter reports through its Center for Economic Studies division. This information is based on reports for the year 2019 but provides a further breakdown of worker movement.

According to the report for Garretson, there were 275 people that were employed within the City in 2019. Fewer than 12% of these city-based employees also lived in Garretson, with 243 people commuting in for their job. The primary jurisdiction supplying workers to Garretson were Sioux Falls, Brandon, Baltic and Dell Rapids.

On the Map can also be used to track worker outflow patterns from the City. Overall, there were 670 employed Garretson residents, but 638 of these people worked outside the community. The primary identified destination for employment was Sioux Falls. Overall, nearly 57% of Garretson's residents that left the City were commuting to Sioux Falls. Other identified locations included Brandon, Sverdrup Township, Baltic, Lyons Township and Dell Rapids.



## **Findings on Growth Trends**

As part of this Study, Community Partners Research, Inc., has examined growth patterns for the City of Garretson, as well as Minnehaha County and the entire Sioux Falls MSA. Although Garretson is a small community with limited growth over the past few decades, the City's location near a fast-growing metropolitan area gives it significant potential for adding population and households in the future.

Based on the 2020 Census, Garretson added 62 residents and 33 households between 2010 and 2020. For households, the increase of 7.3% in the most recent decade was greater than the growth rate of 5.2% achieved between 2000 and 2010, but well below the increase of 18.3% reached in the 1990s.

In numeric terms, the City added an average of between three and four households per year between 2010 and 2020. Longer-term, the City has average just over four households per year between 1990 and 2020.

Garretson is located in Minnehaha County, the largest of the four counties that form the Sioux Falls Metropolitan Statistical Area (MSA). Minnehaha County has had a pattern of very rapid growth, adding nearly 11,700 households between 2010 and 2020. The entire MSA added more than 25,500 households between 2010 and 2020.

While the MSA did add a large number of households over the prior decade, most of the household growth since 2010 was directly attributable to the City of Sioux Falls. More than 65% of the MSA's household increase was within Sioux Falls. More than 75% of the MSA's household growth was due to the five cities of Sioux Falls, Harrisburg, Brandon, Tea and Hartford. Garretson represented approximately 0.1% of the growth in MSA households between 2010 and 2020.

## **Findings on Projected Growth**

This Study has examined projections from established national sources, including both Applied Geographic Solutions (AGS) and Esri. In the opinion of the analysts, the household projection from Esri represents the best indicator of expected household growth in Garretson. This source is projecting that the City will add 53 households over the 5-year projection period, or an annual average of between 10 and 11 households in a typical year.

While this growth forecast could prove to be conservative, if achieved it would be more than double the level of numeric growth that the City has achieved over the past two decades.

Projections for Minnehaha County point to an average annual growth of more than 2,100 households per year going forward. If accurate, the County would grow at a faster numeric rate than in the past, and would continue to represent a large share of the household increase for the entire Sioux Falls MSA.

## Summary of Growth Projections by Age

The Demographic section of this Study presented projection information on anticipated changes by age group from 2021 to 2026 in Garretson.

In general, the movement of the “baby boom” generation through the aging cycle will generate many of the changes within age distribution patterns through the year 2026. If grouped into larger aggregations, these projections expect Garretson to have an increasing number of households in the age ranges 65 and older. By the year 2026 nearly all of the large baby boom generation will be age 65 or older, and especially strong growth is being projected within the 65 to 74 year old range.

While some of the younger adult age ranges may remain stable or decrease slightly in size, the City is also projected to see a significant increase of households in the 25 to 34 year old age group. If accurate, this may indicate that younger households will look to smaller communities within the Sioux Falls region as an attractive and more affordable place to live.

These projections represent an informed prediction of changes in the near-future for Garretson. However, as a single jurisdiction within a large MSA, the actual growth patterns in the City will also be impacted by the larger trends within the MSA.

| <u>Age Range</u> | <u>Projected Change in MSA Households</u> |
|------------------|---|
|                  | <u>2021 to 2026</u>                       |
| 15 to 24         | 0   |
| 25 to 34         | 38  |
| 35 to 44         | 1   |
| 45 to 54         | -5  |
| 55 to 64         | -22                                       |
| 65 to 74         | 30  |
| 75 and older     | <u>11</u>                                 |
| Total            | 53  |

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

Based on the household by age projections presented earlier, the changing age composition of Garretson'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 expects the 15 to 24 age range to remain unchanged through the year 2026. Past tenure patterns indicate that a majority of the younger households in Garretson will rent their housing. No change in the number of households in this age range should mean that rental demand from younger households will remain stable during the projection period.

**25 to 34 Years Old** - The projections show a 38-household increase in this age cohort by 2026. Within this age range households often move from rental to ownership housing. A significant increase in the number of households within this age range will mean increased demand for both first-time home buyer and rental opportunities.

**35 to 44 Years Old** - This 10-year age cohort has a projected gain of one household between 2021 and 2026 in Garretson. Households within this range often represent both first-time buyers and households looking for trade-up housing, selling their starter home for a more expensive house.

**45 to 54 Years Old** - The projections for this age range show a 5-household loss in this age range. This age group historically has had a high rate of home ownership, and will often look for trade-up housing opportunities. With the projected reduction of five households in this age group, the demand for trade-up housing from this age range will decrease slightly.

**55 to 64 Years Old** - The projections show an expected decrease of 22 additional households in this 10-year age range by the year 2026. This age range has traditionally had a high rate of home ownership in Garretson. 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. Some households in this age range are also seeking trade-up housing.

**65 to 74 Years Old** - Strong household growth is expected in Garretson within this age range, with the projections showing an increase of 30 households by the year 2026. While this group will begin moving to life-cycle housing options as they age, the younger seniors are still predominantly home owners. Once again, preferences for age-appropriate units should increase from household growth within this age cohort.

**75 Years and Older** - A gain of 11 households is projected among seniors. Seniors in this age range often seek high quality rental housing or senior housing with services options.

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



## **Strengths for Housing Development**

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

- ▶ **Garretson is located near Sioux Falls, which is a regional center for the area** - Garretson is in close proximity to Sioux Falls. Sioux Falls provides employment opportunities, retail/service options, government services, health and professional services, and cultural amenities to a large surrounding trade area. Many households prefer to live near, but not in a regional center.
- ▶ **Median home price** - Garretson's median priced home, based on 2021 sales activity, is approximately \$237,500. This matches well with new homes, which is an incentive for new home construction.
- ▶ **Adequate land for development** - The City has adequate land available for residential development. However, some of the land needs to be serviced with infrastructure improvements.
- ▶ **Population and household growth for the City** - Over the past three decades, the City has sustained population and household growth and the City is projected to continue to grow in the future.
- ▶ **Sioux Falls MSA Market** - The MSA has had substantial population growth, household growth and new housing construction for several decades. Garretson will continue to capture a portion of this market.
- ▶ **Active housing developers in the City** - Garretson has housing developers and builders that are willing to invest in housing projects in the community. Developers and builders have been active in subdivision development and single family housing development.
- ▶ **School system** - The City of Garretson has a pre-school-12 school system.
- ▶ **Infrastructure** - The City's public utilities and infrastructure are in good condition and can facilitate future expansion.
- ▶ **Garretson Industrial Corporation** - The Garretson Industrial Corporation is active in promoting industrial and commercial development.

- ▶ **Grow Garretson** - Grow Garretson has five committees that promote economic development, business development, housing, the physical appearance of Garretson, the City's amenities, etc.
- ▶ **Subdivision and lot development** - New subdivision and lot development are ongoing in Garretson.
- ▶ **Housing and Economic Development Agencies** - The City of Garretson has access to regional housing and economic development agencies that can assist with housing development, housing projects and housing programs.
- ▶ **Commuters** - Approximately 243 people are commuting into Garretson daily for employment. These commuters are a potential market for future housing construction.
- ▶ **Commercial development** - Garretson's commercial district is adequate to meet daily needs and new commercial development is ongoing.
- ▶ **Recreation and tourism opportunities** - The City of Garretson has recreational opportunities, including parks, a pool, a museum, historic buildings, etc. Also, Palisades State Park is located in close proximity to Garretson.
- ▶ **Desirable location for families** - Garretson is an attractive community for families. The City has many amenities. Also, there are residential lots available for new housing construction.
- ▶ **Small town atmosphere** - Garretson has the real and perceived amenities of a small community. This small town living is attractive to some households.
- ▶ **Health facilities** - The City of Garretson has a clinic, a senior rental housing project and a skilled nursing home.
- ▶ **New housing construction** - Over the past several years, Garretson has had new housing construction, including new single family homes and rental construction.

## **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 Garretson.

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

## **Recommendations, Strategies and Housing Market Opportunities**

Based on the research contained in this Study and the housing strengths and barriers identified above, we believe that the following recommendations are realistic options for Garretson. They are based on the following strategies:

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

## Summary of Findings/Recommendations

The findings/recommendations for the City of Garretson have been formulated through the analysis of the information provided in the previous sections and includes a total of 19 recommendations divided into the following five categories:

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

The findings/recommendations for each category are as follows:

| <b>Findings and Recommendations for the City of Garretson</b> |  |
|---|--|
| <b>Rental Housing Development</b>                             |  |
| 1.  | Develop 20 to 24 general occupancy market rate rental units                                    |
| 2.  | Promote the development/conversion of four to six affordable market rate housing units         |
| 3.  | Develop 16 to 20 additional subsidized rental housing units                                    |
| 4.  | Develop 16 to 20 senior independent/light services market rate units                           |
| 5.  | Develop a mixed-use commercial/housing project   |
| 6.  | Continue to utilize the Housing Choice Voucher Program   |
| <b>Home Ownership</b>   |  |
| 7.  | Utilize and promote all programs that assist with home ownership                               |
| <b>New Construction</b>                                       |  |
| 8.  | Lot availability and development   |
| 9.  | Strategies to encourage continued residential lot sales and new home construction in Garretson |
| 10.   | Promote townhouse and twin home development  |
| 11.   | Coordinate with agencies/nonprofits that develop affordable housing                            |

| <b>Findings and Recommendations for the City of Garretson</b> |  |
|---|--|
| <b>Housing Rehabilitation</b>                                 |  |
| 12.   | Promote rental housing rehabilitation programs                   |
| 13.   | Promote owner-occupied housing rehabilitation programs           |
| <b>Other Housing Initiatives</b>                              |  |
| 14.   | Acquire and demolish dilapidated structures                      |
| 15.   | Encourage employer involvement in housing                        |
| 17.   | Strategies for downtown redevelopment and commercial development |
| 18.   | Develop mobile home park improvement programs                    |
| 19.   | Develop home ownership and new construction marketing programs   |

# **Garretson - Recommendations Rental Housing Development**

# Rental Housing Development

## Overview

The City of Garretson has had limited new rental housing construction activity from 2009 to 2022.

From 2009 to 2021, 13 rental units were constructed and two units in a duplex are currently under construction. All 15 units are market rate rentals.

Demand for new rental housing in Garretson is generated from three factors:

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

Household projections for Garretson expect significant household growth, although a majority of this growth will result in demand for owner-occupancy housing. From 2022 to 2026, Esri projects that there will be a gain of approximately 53 households in Garretson. Since projections for all of Minnehaha County expect a gain of more than 10,000 households, it is very probable that Garretson will add more than 53 households over this time period. The unit recommendations contained in this Study do anticipate a greater level of household growth.

We are projecting that with new housing construction of all types that are being planned, Garretson will gain a greater share of the household growth in Minnehaha County over the next five years. Therefore, we are projecting that there will be growth-generated demand for 30 to 35 rental units over the next five years. Additional growth-generated demand for owner-occupancy housing will be discussed later in this section.

Demand created by replacement of lost units is more difficult to determine, but the best available evidence suggests that the City will lose approximately four to five total rental units from 2022 to 2026. In some cases, this unit replacement will be necessary as existing units are removed from the inventory through demolition or conversion. However, in some cases, the unit replacement will be due to single family rental houses converting to owner-occupancy.

Pent-up demand also exists. As part of this study, a rental survey was conducted. There were 90 rental units that were contacted and surveyed. The survey found no vacancies in the general occupancy market rate units and no vacancies in the City's only subsidized project.



Based on no vacancies in existing rental projects and the lack of certain rental unit types, we identified pent-up demand for market rate units, moderate rent units, subsidized units and senior independent/light services units in Garretson.

These three demand generators, after factoring current occupancy rates, show a need for 56 to 70 rental units in Garretson over the next five years. Based on the factors stated above, we recommend the development of the following new rental units from 2022 to 2026.

|                                       |                    |
|---------------------------------------|--------------------|
| ▶ General Occupancy Market Rate       | 20-24 units        |
| ▶ Affordable Conversions              | 4-6 units          |
| ▶ Subsidized/Moderate Rent            | 16-20 units        |
| ▶ Senior (Independent/Light Services) | <u>16-20 units</u> |
|                                       | Total              |
|                                       | 56-70 units        |

The 56 to 70 rental units are projected to be approximately 0.43% to 0.54% of the total rental units that will potentially be constructed in the Sioux Falls MSA from 2022 to 2026.

For 56 to 70 additional rental units to be developed over the next five years, affordable land and infrastructure must be available for multi-family construction. Additionally, the City of Garretson must continue to develop amenities that make Garretson an attractive residential option for households.

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

**Findings:** Approximately 93% of the rental housing in the City of Garretson can be classified as general occupancy market rate housing. These units are free of any specific occupancy restrictions such as financial status, age, or student enrollment. Market rate housing does not have any form of rent controls, other than those imposed by the competitive marketplace. Compared to other similar sized cities, Garretson’s percentage of market rate rental housing versus income-restricted housing is high.

The entire rental inventory in the City included approximately 147 total units in 2022. We believe that approximately 136 of these units are best described as market rate rental housing.

Of the 79 market rate rental units we surveyed, we found no vacancies. The rental property owners and managers reported high ongoing occupancy rates and strong demand for market rate housing.

The gross rent range for the one unit that were surveyed is \$550 to \$710 and \$600 to \$1,200 for a two-bedroom unit.

From 2009 to the present, we are aware of approximately 15 market rate rental units that have been constructed in Garretson. Also, several subsidized rental projects, with a total of 32 units, have converted to market rate. Additionally, some owner-occupied single family homes have converted to rentals and vice versa.

**Recommendation:** As stated earlier in this section, rental housing demand is based on household growth, pent-up demand and replacement of housing units that have been demolished or converted. Based on this combination of demand generators, we believe that it is reasonable to plan for the production of 20 to 24 market rate rental units over the next five years from 2022 to 2026.

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

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

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

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

There are developers that may have an interest in developing market rate rental housing in Garretson.

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

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

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

Note: The recommended rents are gross rents including all utilities. The rents are quoted in 2022 dollars.

If possible, it would be advantageous to keep the rent structure at or below the rent limits for the Housing Choice Voucher Program. This would allow renter households to participate in the Housing Voucher Program and expand the number of households that could afford the proposed rents. In 2022, the rent limits that apply to the Voucher Program are:

- ▶ 1 bedroom - \$927
- ▶ 2 bedroom - \$1,076
- ▶ 3 bedroom - \$1,426

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

**Findings:** The previous recommendation had addressed the market potential to develop high quality rental units in Garretson. Unfortunately, these units would tend to be beyond the financial capability of many area renters. Some of Garretson’s renter households have an annual income below \$25,000. These households would need a rental unit at \$650 per month or less.

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

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

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

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

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

### **3. Develop 16 to 20 additional subsidized rental housing units**

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

The research completed for this Study found only one project in Garretson, Spirit Canyon Apartments, that offers subsidized housing with rent based on income. Spirit Canyon Apartments is an 11-unit USDA Rural Development 515 project. This project reported full occupancy at the time of the rental survey. Spirit Canyon Apartments is a senior project. There are no subsidized general occupancy projects in Garretson.

In addition to Spirit Canyon Apartments, there were 32 additional subsidized rental units in Garretson. All of these units were general occupancy. These units were in Canyon Ridge Apartments, TRM Apartments I, II and II, and Northridge Apartments. However, these projects have opted out of their subsidy contracts and converted to market rate.

There are additional “deep subsidy” resources available to Garretson residents through the tenant-based Housing Choice Voucher Program, however, the Voucher Program has a long waiting list. The Vouchers allow tenants to pay approximately 30% of income for housing in suitable private-market rental units. The Voucher Program for the Sioux Falls MSA is administered by the Sioux Falls Housing and Redevelopment Commission.

Approximately 20% of the City of Garretson’s renters were paying more than 30% of their income for rent in 2020, which is considered a rent burden.

**Recommendation:** Based on the projected growth of renter households in Garretson, the minimal number of subsidized rental units in the City and the loss of 32 subsidized units due to conversion, we recommend that the City expand the supply of deep subsidy rental housing for lower income renters. Over the next five years, we recommend that the City attempt to construct 16 to 20 units that achieve a rent level that would be affordable to very low income households earning less than \$30,000 per year.

This recommendation represents a modest goal, however, over the past few decades, very few federal subsidy sources have been available for the construction of “deep subsidy” rental housing. The actual number of units that can be developed will be dependent upon access to financial resources.

In the opinion of the analysts, the highest priority would be to create general occupancy units for families and younger households.

Another important community strategy will be to prevent the future loss of the only remaining project-based subsidized housing, Spirit Canyon Apartments. It does not appear that Spirit Canyon Apartments is a risk of converting to market rate at this time, as the project has a nonprofit owner.

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

**4. Develop 16 to 20 senior independent/light services market rate units/Monitor the need for assisted living beds**

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

Currently, there is one senior with services housing project in Garretson. The Palisade Health Care Center is a 55-bed skilled nursing facility.

In 2021, there were approximately 125 households age 65 or older in Garretson. It is projected that there will be an additional 41 households age 65 and older in Garretson by the year 2026.

We are estimating that 5% to 6% of senior households age 65 and older in Garretson would move into a senior independent/light services rental project. Also, the project will attract tenants from the area surrounding Garretson and from other Minnehaha County jurisdictions.

**Recommendation:** It is our opinion that currently Garretson does not have an adequate senior population or services to support an assisted living project that offers a high level of services at this time. However, we are recommending a 16 to 20-unit independent/light services senior project in Garretson. As Garretson's population continues to grow and after a senior independent/light services project is developed, the need may exist for assisted living beds in the future.

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

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

Unit features should include:

- ▶ 16 to 20 units
  - ▶ 4 to 6 one-bedroom
  - ▶ 12 to 14 two-bedroom
- ▶ Floor plans that promote accessibility
- ▶ Fully equipped kitchen
- ▶ Large storage area
- ▶ Ample closet space
- ▶ Laundry hookups
- ▶ Open floor plan
- ▶ Private patio
- ▶ Individually controlled heat and AC
- ▶ Raised outlets, lever door handles, lowered kitchen cabinets
- ▶ Expansive windows

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

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

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

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

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

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

**Findings:** A mixed-use rental housing/commercial project in Garretson would complement the City’s ongoing efforts to maintain a vibrant downtown. New mixed-use projects have been developed in several cities comparable to the size of Garretson. Some of these projects were developed because of market demand while others were developed to enhance the downtown, to introduce a new product to the market or to serve as a catalyst for downtown redevelopment.

**Recommendation:** We recommend the development of a mixed-use building in Garretson. There are several potential sites for a mixed-use commercial/housing project.

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

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

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

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

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



Although the federal government provides a very limited funding for subsidized housing construction, it has provided new Housing Choice Voucher allocations over the past several decades.

Because of the flexibility offered through the program, eligible households often prefer the portable rent assistance to other forms of subsidized housing that are project-based, and can only be accessed by living in a specific rental development.

The Housing Choice Voucher Program is administered in Garretson by the Sioux Falls Housing and Redevelopment Commission. Currently, there is a lengthy waiting list for a Housing Choice Voucher.

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

# **Garretson - Home Ownership Recommendations**

## **Home Ownership Recommendations**

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

The median owner-occupied home value of existing homes in Garretson based on 2021 sales is estimated to be \$237,500. With approximately 50% of the homes in Garretson valued less than \$237,500, Garretson has a limited market for first-time home buyers and households seeking moderately priced homes.

The number of Garretson households in the 25 to 44 age ranges are expected to increase by 39 households from 2021 to 2026. While many of these households already own their housing, those households that have not been able to achieve the goal of home ownership, may need the assistance of special programs to help them purchase their first home. Many households in these age ranges are first time home buyers or are looking for trade-up housing.

Our analysis of Garretson demographic trends also shows projected strong household growth from 2021 to 2026 in the 65 and older age ranges with a gain of approximately 41 households. While most households in these age ranges already own their housing, this group represents a strong potential market for lower maintenance housing options, such as twin homes or town house developments.

Some households in all age ranges have not been able to achieve the goal of home ownership and may need the assistance of programs to help them purchase a home. Additionally, there are a significant number of households in Minnehaha County and the Sioux Falls MSA that are seeking home ownership opportunities.

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 Garretson in the future. Home ownership is generally the preferred housing option for most households. There are a number of strategies and programs that can be used to promote home ownership.

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

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

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

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

# **Garretson - New Housing Construction**

## **New Housing Construction**

**Findings:** The City of Garretson has experienced significant single family owner-occupied housing construction. Based on city records, from 2010 to 2021, approximately 37 owner-occupancy single family units have been constructed in the City of Garretson, which is an average of three housing units per year.

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

Overall household projections for Garretson indicate good demand for owner-occupied housing construction. Garretson is projected to gain 41 households in the 65 and older age ranges from 2022 to 2026, and this projection may be conservative. Households in these age ranges tend to be predominantly home owners, and form a market for higher priced, trade-up housing and also low maintenance housing such as town homes, twin homes and villas.

The 25 to 44 and younger age ranges are expected to gain 39 households through 2026. Many of the households in these age ranges are first-time home buyers, trade-up buyers and new home buyers. Also, the Sioux Falls MSA is projected to gain a significant number of households. The City of Garretson has the opportunity to capture a greater number of the MSA's household growth than projected.

It is our opinion that if the City, local housing and economic development agencies, developers and home builders are proactive, 25 to 30 owner-occupied housing units should be constructed in Garretson over the next five years from 2022 to 2026 to address demand. This is an average of five to six units per year. Our projection for single family housing starts includes homes built in new subdivisions and on infill lots, and includes single family owner-occupied attached housing units, such as twin homes and town houses. For this number of new houses to be constructed, new subdivisions and residential lots must be developed.

The breakdown of our projection of 25 to 30 new owner-occupied housing units over the next five years is as follows:

|                               |                   |
|-------------------------------|-------------------|
| ▶ Higher & medium price homes | 9-10 homes        |
| ▶ Affordable homes            | 12-14 homes       |
| ▶ Twin homes/town homes       | <u>4-6 units</u>  |
| Total                         | 25-30 homes/units |

In addition to the demand for new owner-occupancy housing construction from projected household growth in Garretson, new housing will be generated from housing construction demand in the Sioux Falls MSA.

In the past few years, the Sioux Falls MSA has been producing approximately 1,700 single family housing units per year, and production at or above this level is expected to continue. The projected construction of five to six units annually in Garretson would be approximately .3% to .35% of the annual MSA total.

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

**Findings:** As part of this Study, we attempted to identify the inventory of available residential lots for single family housing construction in the City of Garretson. Currently, the Valley View Addition has approximately six remaining residential lots designated for spec home construction and 13 lots that are for sale. There is also land available for the development of additional lots.

In addition to the Valley View lots, there are also several miscellaneous infill lots scattered around the City that we did not attempt to count. We also do not know the availability of some of these infill lots.

**Recommendation:** We use a standard that a three-year supply of lots should be available in the marketplace based on annual lot usage. With projections that five to six new owner-occupancy housing units will be constructed per year, the City should have approximately 15 to 18 residential lots available to meet the expected demand over the next three years. Part of this demand would be for attached unit construction.

With approximately 19 lots available in the Valley View Addition, plus a few infill lots, the City currently does have an adequate number of lots to meet projected near-term construction demand. However, additional lots will be needed to address expected demand after three years.

The City of Garretson, Grow Garretson and private developers should continue to plan for the development of additional residential lots. This will assure that lots are available on an ongoing basis. Also, lots should be available for all types, sizes and prices of housing, including affordable homes, medium and high-priced homes and twinhomes/townhomes.

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

**Findings:** Over the past 12 years, Garretson has averaged approximately 37 new single family housing units have been constructed. To construct new single family owner-occupied housing units at an increased rate, we recommend several strategies.

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

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

- ▶ **Continue the momentum** - The City has a working formula for new home construction and the City should maintain its momentum by assuring that there are an adequate number of developers, builders, lots, etc. in the City.
- ▶ **Competitive pricing** - There are lots available in communities throughout the region. To continue to attract new home construction in Garretson, lots should remain competitively priced in comparison to other options in the area.
- ▶ **User-Friendly** - The lot purchase and home building process must be 'user friendly.' This includes the construction of spec homes, builders that are readily available to build custom homes and city regulations that are fair and reasonable. The entire process must be as 'user friendly' as possible to encourage home construction.
- ▶ **Long-term planning** - The City of Garretson, Grow Garretson and private developers should continue long-term development planning to assure lots are available to meet demand for all types and pricing of new housing on an ongoing basis.



- ▶ ***Promote spec home construction*** - Spec houses attract a buyer that is not interested in going through the home building process, but instead wants a turnkey unit. A spec home can also serve as a model, allowing potential home buyers to examine specific floor plans and features in the home before committing to buy.
- ▶ ***Lot availability for twin home/town home development*** - It is our opinion that there will be a demand for twin homes/town homes over the next five years. Lots should be available for a twin home/town home development.
- ▶ ***Range of house prices*** - Lots should be available to as wide a range of home sizes and prices as possible, without compromising the subdivisions. This broadens the lot buyer market. Also, smaller infill lots with fewer amenities could be marketed for affordable homes.
- ▶ ***Marketing*** - The City of Garretson will need to continue a comprehensive marketing strategy to sell available lots. All stakeholders including developers, realtors, financial institutions, builders, employers, etc. should to be included in marketing strategies. In addition to marketing the lots, the City of Garretson and its amenities should be marketed.
- ▶ ***Covenants*** - New subdivisions in Garretson may establish covenants that assure quality development. The covenants should assure that they protect the integrity of the subdivision, but are not a barrier to new construction and do not prevent the target markets from constructing homes.
- ▶ ***Lot Availability for affordable homes*** - Lots should be available for affordable homes including modular homes and Governor's Homes that provide affordable ownership options for moderate income households.
- ▶ ***Incentives*** - Many cities throughout South Dakota are offering incentives to construct new homes, including reduced lot prices, reduced water and sewer hookup fees, tax abatements, cash incentives, etc. It does not appear that incentives are needed in Garretson to promote new construction at this time. However, incentives may be needed if new construction slows in the future.
- ▶ ***Infill lot Home Development*** - Infill lots in existing neighborhoods are often affordable and have existing City services.
- ▶ ***Housing Programs*** - The South Dakota Housing Development Authority, USDA Rural Development and other housing agencies may have housing programs available to assist developers, builders and home buyers.

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

**Findings:** Based on building permit records, 37 new owner-occupied housing units have been constructed in Garretson from 2010 to 2021. Many communities over the past decade have seen attached housing take an increasingly large share of new construction. In cities the size of Garretson, 20% to 25% of the housing starts are typically owner-occupancy twin homes/town houses. We are aware of no twin homes/town homes that have been constructed in Garretson since 2010 for owner-occupancy.

Attached housing provides desirable alternatives for empty nesters and seniors to move out of their single family homes, thus, making traditional single family homes available for families. It is estimated that in the 65 and older age ranges there were 125 households in Garretson in 2020. These age ranges are projected to increase by 41 households from 2022 to 2026, which is viewed as a conservative estimate. The Sioux Falls MSA is also projected to have large increases in these age ranges. It is important for the City to offer a range of life-cycle housing options as many of these households will be seeking to downsize into low maintenance housing options. There are also young families seeking affordable twin homes/town homes.

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

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

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

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

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

**11. Coordinate with agencies/nonprofits that develop affordable housing**

**Findings:** With the difficulty of producing new housing units that are affordable to lower income people, it is important to take advantage of opportunities presented by housing agencies, nonprofit groups and organizations. Inter-Lakes Community Action Partnership has a Mutual Self Help Program. Households that participate in this program assist each other with constructing affordable new homes.

Also, Sioux Falls Habitat for Humanity is willing to work with community groups to construct homes. Other local and regional housing agencies and nonprofits may also have the capacity to construct affordable housing in Garretson. These sources can help generate new homes for moderate income families in Garretson.

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

# **Garretson - Housing Rehabilitation**

## **Housing Rehabilitation**

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

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

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

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

**Findings:** Based on the U.S. Census and building permit data, the City of Garretson had approximately 134 rental units in 2021. This represents approximately 27% of the total housing units in Garretson. This is a slightly smaller percentage of rental housing than is typically in a city the size of Garretson. These rental units are in multi-family projects, small rental buildings, duplexes, single family homes and mobile homes. Although many of the rental units are in good condition, approximately 60% of the rental structures and units are more than 40 years old and need improvements.

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

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

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

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

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

Community Partners Research, Inc., conducted a housing condition survey and rated 251 single family homes in the City of Garretson. All of the homes in the City were surveyed with the exception of the homes in the Valley View Subdivision. The survey found that 90 homes needed minor repairs and 38 homes needed major repairs. Without rehabilitation assistance, there is the potential that the affordable housing stock will shrink in Garretson.

Inter-Lakes Community Action Partnership currently has several housing programs to assist area households with the rehabilitation of their homes, including the Weatherization Program, the Self Help Rehabilitation Program and programs utilizing HOME and other funds.

**Recommendation:** We recommend that Garretson and area housing agencies to 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. Garretson should coordinate with the Inter-Lake's Community Action Partnership to assure Garretson households have access to housing rehabilitation funds.

# **Garretson - Other Housing Initiatives**

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

**Findings:** The housing condition survey of the City's 251 single family homes identified there were six dilapidated and too deteriorated to rehabilitate. The survey also identified 38 homes as needing major repair. Several of these homes may be too dilapidated to rehabilitate upon a more detailed inspection.

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

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

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

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

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

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

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



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

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

**Findings:** Garretson needs staff resources to plan and implement many of the housing recommendations advanced in this Study. Garretson has access to the Inter-Lakes Community Action Partnership, the South Eastern Council of Governments, Sioux Falls Habitat for Humanity, the South Eastern Development Foundation, the Sioux Falls Housing and Redevelopment Commission, USDA Rural Development, the South Dakota Housing Development Authority, the Sioux Metro Growth Alliance and Dakota Resources. These agencies all have experience with housing and community development programs.

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

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

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

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

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

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

- ▶ Interview downtown property owners to develop a database and to determine their future plans (expanding, selling, renovations, etc.)
- ▶ Develop an overall plan for the downtown (potential new businesses, address parking needs, develop an overall theme, art and cultural opportunities, etc.)
- ▶ Develop a mini-plan for each downtown property and each downtown block. This may include:
  - ▶ Commercial building rehab and renovations
  - ▶ Facade work
  - ▶ Building demolition
  - ▶ New construction
  - ▶ Recruiting new businesses
- ▶ Identify funding sources
  - ▶ Property owner funds
  - ▶ City of Garretson
  - ▶ Federal Home Loan Bank
  - ▶ Special tax districts
  - ▶ Tax increment financing
  - ▶ Tax abatement
  - ▶ Funds from South Dakota State Agencies
  - ▶ Garretson Industrial Development Corporation
  - ▶ Grow Garretson

- ▶ Work with stakeholders to identify roles, secure funding, develop and implement programs and projects
  - ▶ Property owners
  - ▶ City of Garretson
  - ▶ South Eastern Council of Governments
  - ▶ Garretson Industrial Development Corporation
  - ▶ Grow Garretson

## **18. Develop mobile home park improvement programs**

**Findings:** The mobile home park in the City of Garretson has approximately 37 mobile homes. In December 2021, Community Partners Research, Inc., conducted a condition survey of the mobile homes in the park.

The condition survey identified 16 mobile homes that need minor repair, five mobile homes that need major repair and three mobile homes that are dilapidated and beyond repair. Thirteen mobile homes are sound and require no repairs.

**Recommendation:** Addressing the issues created by substandard mobile homes is not easily solved. Some communities have rehabilitated older units, but this is difficult to accomplish because of the type of construction of mobile homes, and it is rarely cost effective.

Some communities have established programs that provide for the purchase and removal of substandard mobile home units, provided a newer unit is purchased to replace the acquired dwelling. While this approach can work well in upgrading the stock, it can be expensive, especially if there are a large number of homes in poor condition.

It may be appropriate for the City to initiate programs to improve the quality of mobile homes, even if these programs can only address a few units per year. Some of the innovative programs that have been used in other communities to address mobile home conditions and mobile home park issues include:

- ▶ **Operation Safe Mobile Home Park** - Owners of substandard mobile homes are given the option of voluntarily selling their substandard mobile home to the City or a local housing agency for a fixed minimum price. The mobile homes are then removed from the park and demolished/salvaged. The owner can then use the funds from the sale to help purchase a new home. Mobile home dealerships have sometimes participated by buying the salvaged homes.

- ▶ ***Time of Sale Inspection Program*** - This inspection program is 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 their sale or rental. All identified safety hazards must be corrected before the unit is sold and/or rented.
- ▶ ***Age of mobile/manufactured homes*** - Some cities have adopted regulations that mobile/manufactured homes older than a designated age cannot be moved into the City and mobile/manufactured homes that are not new must be inspected prior to being moved into the City.

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

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

**Recommendation:** The City of Garretson has been active in promoting and marketing housing and we recommend the initiation or continuation of the following:

- ▶ Determine the City's strengths and competitive advantages and heavily promote them
- ▶ Continue to create marketing materials that can be distributed regionally (including internet, TV, radio, etc.)
- ▶ Work closely with employers (Garretson and the Sioux Falls MSA) to provide employees (especially new employees) with housing opportunities in Garretson
- ▶ Work with housing agencies to provide down payment assistance, low interest loans, gap financing, home owner education and home owner counseling programs
- ▶ Consider an annual Housing Fair that provides information on lots, builders, finance programs, etc. Developers, builders, lenders, realtors, public agencies and local businesses could participate
- ▶ Work with developers and builders to make lot development and the construction of new homes as user-friendly as possible

- ▶ Continue to work on the creation of jobs and the development of retail, service and recreational opportunities that make the City a “full service” community
- ▶ Continue to provide attractive lots at an affordable price for a variety of home sizes, styles and price ranges
- ▶ Preserve the quality of existing neighborhoods through the rehabilitation of substandard housing and the demolition of dilapidated structures that are beyond repair
- ▶ Continue to develop new housing choices that serve life-cycle housing needs, such as new rental housing, twin homes, senior housing, etc.
- ▶ Review the City’s policies and fees to assure that they are user-friendly, fair and receptive for developers, builders and households
- ▶ Develop a coordinated housing plan with the private sector and area housing agencies

## **Housing Agencies and Resources**

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

### **InterLakes Community Action Partnership**

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

### **South Eastern Development Foundation**

500 North Western Avenue, Suite 100  
Sioux Falls, SD 57104  
(605) 367-5390  
Contact: Lynne Keller Forbes, Executive Director

### **South Eastern Council of Governments**

500 North Western Avenue, Suite 100  
Sioux Falls, SD 57104  
(605) 367-5390  
Contact: Lynne Keller Forbes, Executive Director

### **Habitat for Humanity Greater Sioux Falls**

721 East Amidon Street  
Sioux Falls, SD 57117  
(605) 274-6280  
Contact: Rocky Welker, Director

### **Sioux Metro Growth Alliance**

200 N. Phillips Ave., Ste 101  
Sioux Falls, SD 57104  
(605) 339-0103  
Contact: Jesse Fonkert

### **Sioux Falls Housing and Redevelopment Commission**

630 South Minnesota Avenue  
Sioux Falls, SD 57117  
(605) 332-0704  
Contact: Karl Fulmer, Executive Director

**South Dakota Housing Development Authority**

P.O. Box 1237

3060 E. Elizabeth Street

Pierre, SD 57501

(605) 773-3181