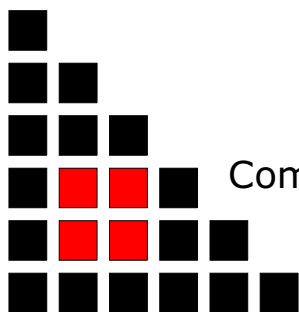


# Deadwood/Lead HOUSING STUDY UPDATE

May 2022

An updated analysis of the overall housing needs  
of the Cities of Lead and Deadwood



Community Partners Research, Inc.

Faribault, MN 55021

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# Introduction

Community Partners Research, Inc., was hired by the Deadwood-Lead Economic Development Corporation in 2016 to conduct a study of the housing needs and conditions in the Cities of Deadwood and Lead. In 2022, an update to this Housing Study was initiated.

## Goals

The multiple goals of the study include:

- ▶ Provide updated demographic data
- ▶ Provide an analysis of the existing 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 updated housing recommendations and findings based on the research in 2022

## Methodology

A variety of resources were utilized to obtain information for the Housing Study. Community Partners Research, Inc., collected and analyzed data from December 2021 to April 2022. Data sources included:

- U.S. Census Bureau
- American Community Survey
- Applied Geographic Solutions, a private demographic data service
- Esri, a private demographic data service
- Records and data from the Cities
- Records and data maintained by Lawrence County
- Multiple Listing Service
- Interviews with City officials, community leaders, housing stakeholders, etc.
- Area housing agencies
- State and Federal housing agencies
- Rental property owner 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 underway, which has had widespread impacts, including on economic, housing and educational conditions. The longer-term impacts of the pandemic cannot be predicted, and the analysts have proceeded with the best information available at the time of the research.

This study was prepared by:

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# Demographic Data Overview

## Sources of Data

The following pages contain demographic data obtained from a variety of local, state and national sources for the Cities Lead and Deadwood, a surrounding Market Area, and Lawrence County. The Deadwood/Lead Market Area includes the Cities of Deadwood, Lead and Central City, and the South Lawrence Unincorporated Area.

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 some undefined time in 2022.

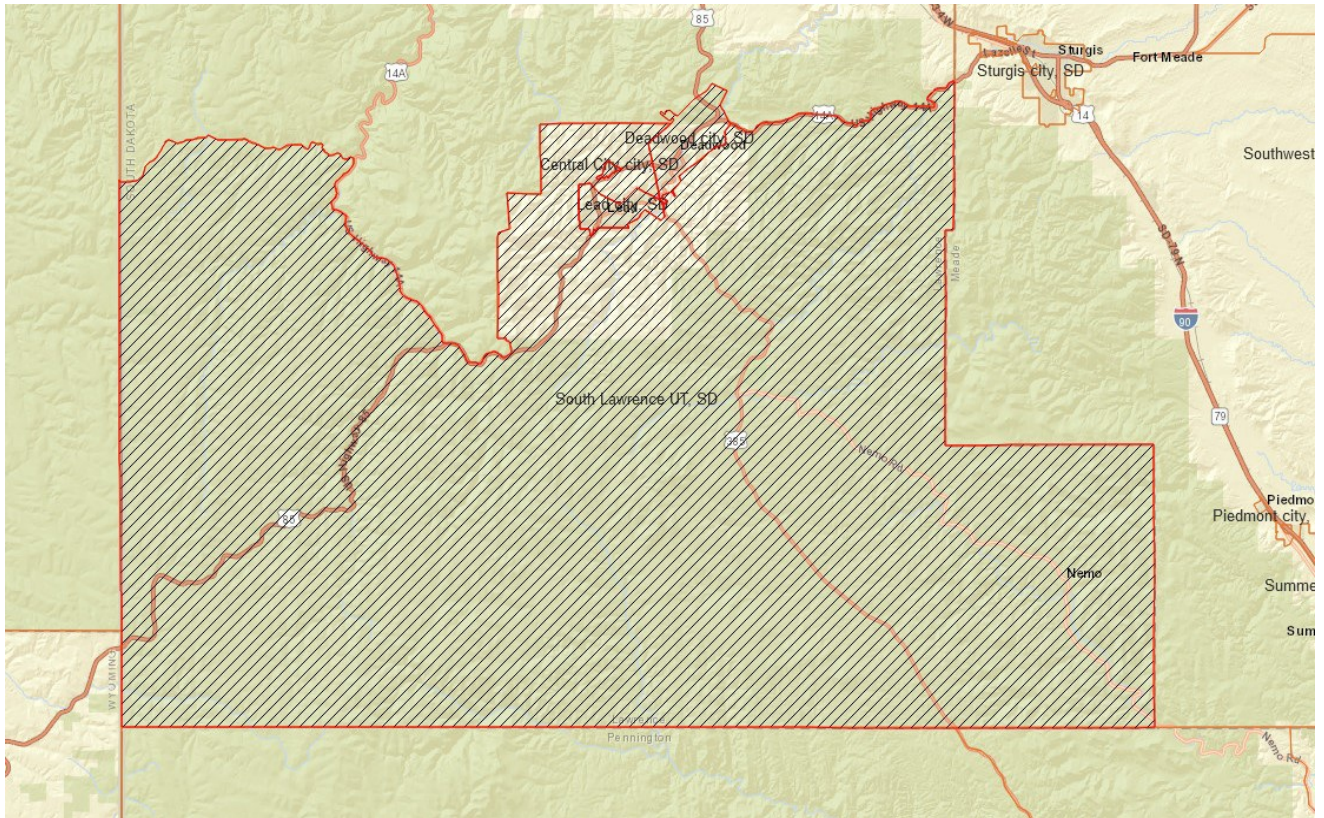
The global pandemic had not only impacted the Census release schedule, but it also affected the data collection in 2020. As a result, there are some questions about the accuracy of 2020 Census data, but in the opinion of the analysts it still represents the best demographic information available.

With the absence of some data from the 2020 Census, this Update 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 2019, so a significant data-lag exists. The estimates were derived from five-year sampling, obtained between 2015 and 2019. Due to the global pandemic, the American Community Survey estimates for 2020 also have a delayed release schedule.

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

It is important to note that the demographic estimates and projections from AGS and Esri were generated before any of the 2020 Census data were released. These companies will probably be modifying their data based on the new Census benchmark, but this will not occur until the next set of information is released later in 2022.





## 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
Lead	3,632	3,027	-16.7%	3,124	3.2%	2,983
Deadwood	1,830	1,380	-24.6%	1,270	-8.0%	1,156
Market Area	7,740	6,702	-13.4%	6,545	-2.3%	6,254
Lawrence County	20,655	21,802	5.6%	24,097	10.5%	25,768

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.
- ▶ The Census records people and households based on their place of permanent residence. In Black Hills communities such as Lead and Deadwood, there is also a large group of people that may live in the community on a seasonal/recreational basis. These residents would not be counted by the Census unless they identify themselves as permanent residents of the city.
- ▶ In 2020, the population for the **City of Lead** was 2,983 people. When compared back to the 2010 Census, the City had lost 141 permanent residents, for a population decrease of 4.5%.
- ▶ There has been some upward and downward movement in the number of people living in **Lead** in recent decades. The City experienced a fairly large population decrease in the 1990s, but then recovered some of this loss between 2000 and 2010. However, based on the 2020 Census, the City’s population has been decreasing after 2010.
- ▶ In 2020, the population for the **City of Deadwood** was 1,156 people. When compared back to the 2010 Census, the City had lost 114 permanent residents, for a population decrease of nearly 9%.
- ▶ Longer-term patterns for **Deadwood** show the City’s population growing consistently smaller over the past three decades. However, the rate of loss in the 1990s was much larger than in the past two decades.



- ▶ Consistent with the patterns in Lead and Deadwood, the population level for the entire **Market Area** also decreased between 2010 and 2020. The combined area jurisdictions experienced a loss of 291 permanent residents, for a decrease of 4.4%.
- ▶ In 2020, the population level for all of **Lawrence County** was 25,768, up by 1,671 people since 2010. Although some other jurisdictions in the County may have added residents over the decade, most of the countywide growth would be attributed to the City of Spearfish.
- ▶ There are 2021 population estimates available, although these were issued prior to the release of any 2020 Census data. These estimates will not be revised to incorporate the new 2020 benchmark data until sometime in 2022.
- ▶ Applied Geographic Solutions (AGS), the data source utilized by the Governor’s Office of Economic Development, estimates that the **City of Lead** had 2,881 permanent residents in 2021. This estimate was below the 2020 Census count of 2,983 people, but had a one-year difference in the effective date.
- ▶ The 2021 estimate from Esri for the **City of Lead** showed 3,224 residents, well above the 2020 Census count of 2,983 people, although there was a one-year difference in the effective date.
- ▶ The AGS estimate for **Deadwood** showed 1,283 permanent residents in 2021, well above the 2020 Census count of 1,156 residents.
- ▶ The 2021 estimate from Esri for the **City of Deadwood** showed 1,350 residents, also well above the 2020 Census count of 1,156 people, although there was a one-year difference in the effective date.
- ▶ AGS does not provide estimates for townships or unorganized territories, so no **Market Area** information is available from this source.
- ▶ Esri’s 2021 estimate for the **Market Area** showed 6,858 people, well above the 2020 Census count of 6,254 permanent residents.
- ▶ The AGS estimate for **Lawrence County** showed 25,889 residents in 2021, compared to 25,768 counted by the 2020 Census. With an adjustment for the one-year time difference, the AGS estimate is very similar to the Census total.

### **Population by Race/Ethnicity**

- ▶ In 2020, nearly 89% of **Lead's** residents were identified as White for race. The next largest racial designation was for people listing "Two or more races", at nearly 7% of the City's population. Native Americans represented less than 2.5% of the City's population. Nearly 5% of residents were identified as Hispanic/Latino for ethnicity.
- ▶ In 2020, nearly 89% of **Deadwood's** residents were identified as White for race. The next largest racial designation was for people listing "Two or more races", at nearly 8% of the City's population. Native Americans represented less than 2.2% of the City's population. Approximately 4.2% of residents were identified as Hispanic/Latino for ethnicity.
- ▶ Due to the limited diversity within each City, no further demographic details are provided in this document based on race or ethnic origin.

### **Group Quarters**

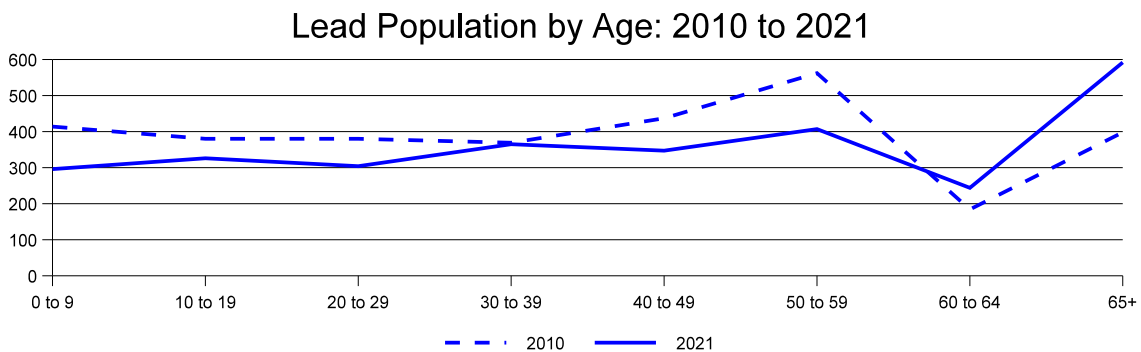
- ▶ The 2020 Census did not record any people living in group quarters housing in **Lead**.
- ▶ In 2020, there were 40 people in **Deadwood** living in group quarters housing.

## Lead Population by Age Trends: 2010 to 2021

The 2020 Census has not yet released population by age details, but estimates for 2021 exist from Applied Geographic Solutions. Although AGS has overstated the population loss in the community between 2010 and 2021, the City did lose some people according to the most recent Census, and these estimates represent the best current information. The following table compares population by age in 2010 and 2021.

<b>Table 2 Lead Population by Age - 2010 to 2021</b>			
Age	2010	2021	Change
0-9	414	296	-118
10-19	380	326	-54
20-29	380	304	-76
30-39	369	365	-4
40-49	437	347	-90
50-59	562	407	-155
60-64	184	244	60
65+	398	592	194
<b>Total</b>	<b>3,124</b>	<b>2,881</b>	<b>-243</b>

Source: U.S. Census; Applied Geographic Solutions



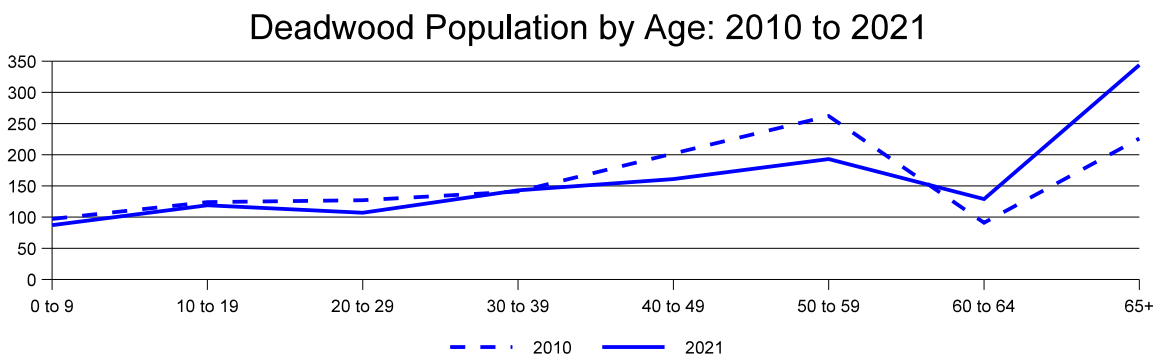
The age-based estimates from AGS show an aging population in Lead in 2021 as the City had growth in the number of residents age 60 and older. Most of this increase was in the senior citizen age groups, age 65 and older. In general, Lead saw a decreasing number of residents in all of the defined age ranges below 60 years old, including large losses in the 20-year range between 40 and 59 years old, and among children and young adults under the age of 20.

## Deadwood Population by Age Trends: 2010 to 2021

The 2020 Census has not yet released population by age details, but estimates for 2021 exist from Applied Geographic Solutions. AGS appears to have overestimated the total population level in Deadwood in 2021, as the City lost population according to the most recent Census. However, these estimates represent the best current information. The following table compares population by age in 2010 and 2021.

<b>Table 3 Deadwood Population by Age - 2010 to 2021</b>			
Age	2010	2021	Change
0-9	97	87	-10
10-19	124	119	-5
20-29	127	107	-20
30-39	141	143	2
40-49	202	161	-41
50-59	262	193	-69
60-64	91	129	38
65+	226	344	118
<b>Total</b>	<b>1,270</b>	<b>1,283</b>	<b>13</b>

Source: U.S. Census; Applied Geographic Solutions



AGS is also showing an aging pattern in Deadwood, with a reduction of residents in all of the defined age ranges below 60 years old between 2010 and 2021. In Deadwood, the largest reduction was in the 20-year range between 40 and 59 years old. Some growth was estimated among residents age 60 and older, with a large increase in senior citizens age 65 and older.

## Population Projections

The following table presents population projections from Applied Geographic Solutions and Esri. The projections extend to the year 2026 and are based on each company’s 2021 estimates. 2020 Census totals are provided for comparison.

<b>Table 4 Population Projections Through 2026</b>				
	2020 Census	2021 Estimate	2026 Projection	Change
Lead - Esri	2,983	3,224	3,298	74
Deadwood - Esri	1,156	1,350	1,400	50
Market Area - Esri	6,254	6,858	7,065	207
Lawrence Co. - AGS	25,768	25,889	26,542	653

Source: AGS; Esri

- ▶ Based on the 2020 Census, Esri has overestimated the population level for the **Lead** in 2021. Esri expects the City to add 74 residents over the 5-year projection period, for an annual average of 15 additional people per year.
- ▶ While Esri’s population projection for **Lead** may appear to be somewhat high, growth of 15 residents per year is viewed by the analysts as an achievable forecast for the City.
- ▶ Based on the 2020 Census, Esri has also overestimated the population level for **Deadwood** in 2021. Esri expects the City to add 50 residents over the 5-year projection period, for an annual average of 10 additional people per year.
- ▶ Esri’s population projection for **Deadwood** may appear to be somewhat high based on past patterns, but the City does have significant growth potential based on recent housing development activity, and may actually grow at a greater level than indicated by these projections.
- ▶ When compared to the 2020 Census, Esri has significantly overestimated to population for the **Market Area**. Esri is then projecting future growth of more than 200 people by the year 2026. As tracked by the 2020 Census, the Market Area lost population between 2010 and 2020.
- ▶ AGS is projecting that **Lawrence County** will add 653 people between 2021 and 2026. However, most of this growth would be attributed to the City of Spearfish.

## Household Data and Trends

Table 5 Household Trends - 1990 to 2020						
	1990 Census	2000 Census	% Change 1990-2000	2010 Census	% Change 2000-2010	2020 Census
Lead	1,477	1,279	-13.4%	1,420	11.0%	1,403
Deadwood	800	669	-16.4%	661	-1.2%	627
Market Area	3,047	2,806	-7.9%	3,001	6.9%	2,996
Lawrence Co.	7,926	8,881	12.0%	10,536	18.6%	11,444

Source: U.S. Census

- ▶ According to the 2020 Census, **Lead** had 1,403 permanent resident households in 2020, down by 17 households, or -1.2% from 2010.
- ▶ **Lead** had lost a significant number of households in the 1990s, before recovering many of these households between 2000 and 2010. While the 2020 Census showed a minor loss of households in the most recent decade, longer-term patterns show a more stable household count, with only 74 were household in 2020 than were present in 1990.
- ▶ **Deadwood** had 627 households in 2020, down by 34 households from 2010, or -5.1%.
- ▶ Longer-term, **Deadwood** has experienced an ongoing reduction in the number of households over the past three decades. However, the rate of loss has been relatively low since 2000, and the City had only 42 fewer household in 2020 than were counted in the year 2000.
- ▶ The **Market Area** had 2,996 households in 2020, down by only five households from 2010.
- ▶ While the entire **Market Area** has had some limited change from decade to decade, longer-term patterns show only a minor loss over time, with only 51 fewer households in 2020 than were counted in 1990.
- ▶ **Lawrence County** had 11,444 permanent resident households in 2020. This was a significant increase of 908 households from 2010, for an increase of 8.6%. However, more than 700 of the added households over the decade were attributed to growth in Spearfish.

- ▶ Household estimates for 2021 exist from both Applied Geographic Solutions and Esri. These were released prior to the 2020 Census counts.
- ▶ For **Lead**, AGS estimated that there were 1,380 households in 2021, lower than the 1,403 households counted in the 2020 Census.
- ▶ The 2021 Esri estimate for **Lead** showed 1,498 households, well above the 2020 Census total of 1,403 households.
- ▶ For **Deadwood**, AGS estimated that there were 687 households in 2021, well above the 627 households counted in the 2020 Census.
- ▶ The 2021 Esri estimate for **Deadwood** showed 718 households, also well above the 2020 Census total of 627 households.
- ▶ The Esri household estimate for the entire **Market Area** showed 3,220 households in 2021, compared to 2,996 counted by the 2020 Census. Part of the difficulty in making estimates for the Market Area may be the number of seasonal residents in this part of the Black Hills that do not list the Lead-Deadwood area as their permanent place of residence.
- ▶ The AGS estimate for **Lawrence County** in 2021 showed 12,021 households, compared to 11,444 counted by the 2020 Census. Once again, most of the countywide growth would be attributed to Spearfish.

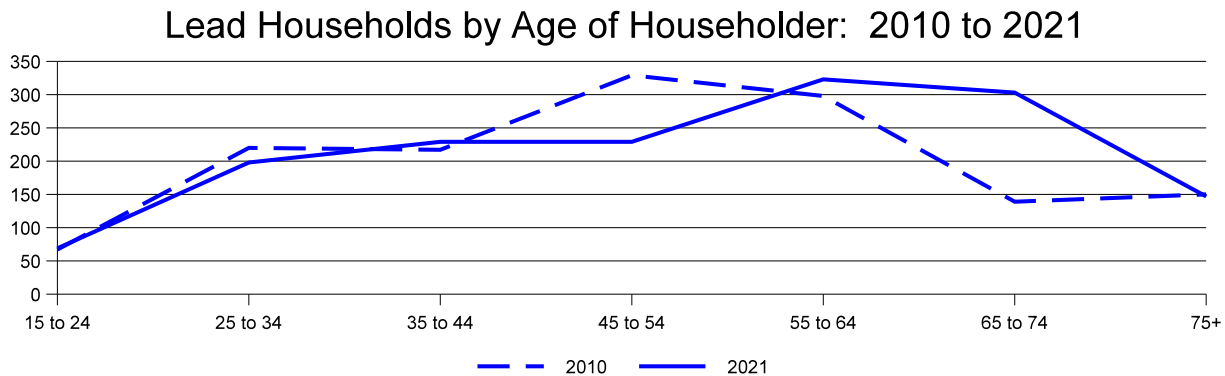


## Household by Age Trends in Lead: 2010 to 2021

The following table compares households in Lead by age of householder using the 2010 Census and 2021 estimates from Esri. It does appear that Esri has overestimated the total number of households in Lead, but the age distribution patterns are the best available information on age-based changes.

Table 6 Households by Age - 2010 to 2021			
Age	Lead		
	2010	2021	Change
15-24	67	69	2
25-34	220	198	-22
35-44	217	229	12
45-54	329	229	-100
55-64	298	323	25
65-74	139	303	164
75+	150	147	-3
Total	1,420	1,498	78

Source: U.S. Census; Esri



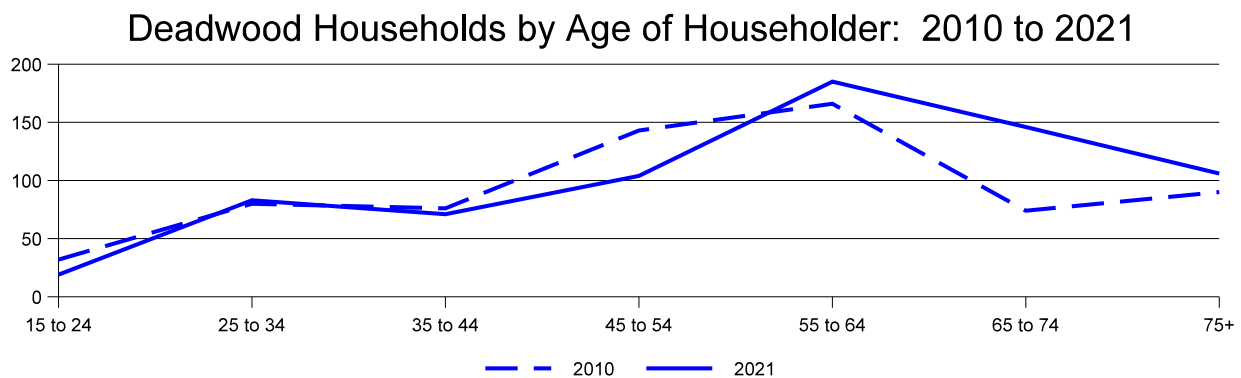
The age-based estimates from Esri show limited changes in many of the defined age ranges in **Lead** between 2010 and 2021. The largest growth came from senior citizen households in the 65 to 74 year old range, which increased by an estimated 164 households. The largest decrease was in the 45 to 54 year old group, which had an estimated decrease of 64 households.

## Household by Age Trends in Deadwood: 2010 to 2021

The following table compares households in Deadwood by age of householder using the 2010 Census and 2021 estimates from Esri. It does appear that Esri has overestimated the total number of households in Lead, but the age distribution patterns are the best available information on age-based changes.

Table 7 Households by Age - 2010 to 2021			
Age	Deadwood		
	2010	2021	Change
15-24	32	19	-13
25-34	80	83	3
35-44	76	71	-5
45-54	143	104	-39
55-64	166	185	19
65-74	74	146	72
75+	90	106	16
Total	661	714	53

Source: U.S. Census; Esri



The age-based estimates from Esri show limited changes in some of the defined age ranges in **Deadwood** between 2010 and 2021. The largest growth came from senior citizen households in the 65 to 74 year old range. For all seniors age 65 and older, Esri estimated an increase of 88 households.

The largest estimated decrease between 2010 and 2021 was in the 45 to 54 year old range, with an estimated reduction of 39 households.

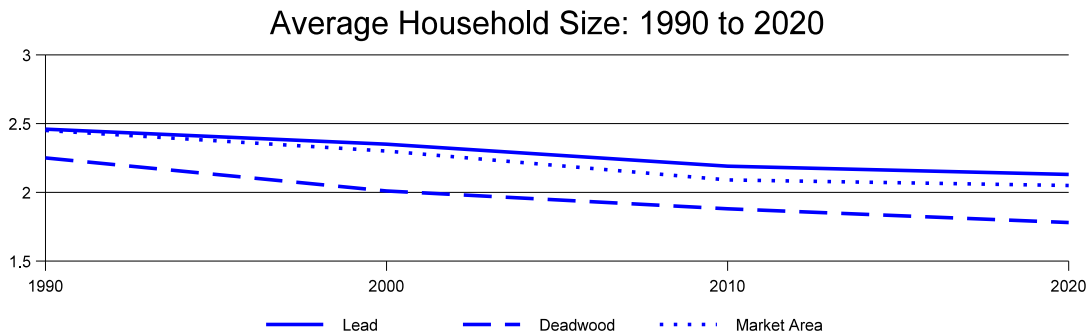
## Average Household Size

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

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

<b>Table 8 Average Number of Persons Per Household: 1990 to 2020</b>				
	1990 Census	2000 Census	2010 Census	2020 Estimate
Lead	2.46	2.35	2.19	2.13
Deadwood	2.25	2.01	1.88	1.78
Market Area	2.45	2.30	2.09	2.05
Lawrence County	2.48	2.33	2.19	2.16

Source: U.S. Census



- ▶ All of the jurisdictions have followed the trend of a declining average household size in recent decades, and in 2020 the average sizes are relatively small when compared to other communities. For comparison, the average household size for the **State of South Dakota** in 2020 was 2.44 persons per household.
- ▶ The average household size in **Lead** in 2020 was 2.13 people, down from 2.19 in 2010. In 1990, the City’s average household had 2.46 people.
- ▶ **Deadwood’s** average household size was very small in 2020, with only 1.78 people. The City’s average household size was also below two people per household in 2010.

- ▶ For the ***Market Area***, the 2020 Census recorded an average household size of 2.05 people, down from 2.09 persons in 2010. In 1990, the average household size for the Market Area was 2.45 persons.
- ▶ The average household size for ***Lawrence County*** has continued to decrease over the past three decades, and was down to 2.16 persons at the time of the 2020 Census.

## Household Projections

The following table presents household projections from Applied Geographic Solutions and Esri. These projections extend to the year 2026, and are based off of each company’s 2021 estimates. The 2020 Census totals are provided for comparison.

<b>Table 9 Household Projections Through 2020</b>				
	2010 Census	2021 Estimate	2026 Projection	Change
Lead - Esri	1,403	1,498	1,545	47
Deadwood - Esri	627	718	749	31
Market Area - Esri	2,996	3,220	3,343	123
Lawrence Co. - AGS	11,444	12,021	12,349	328

Source: U.S. Census; AGS; Esri

- ▶ Esri’s 2021 household estimate for **Lead** was probably too high, based on the 2020 Census. Esri does project that the City will continue to grow through the year 2026, with an expected increase of between 9 and 10 households per year over the 5-year projection period.
- ▶ Esri’s 2021 household estimate for **Deadwood** was also too high, based on the 2020 Census. Esri is projecting that the City will continue to grow through the year 2026, with an expected increase of approximately 6 households per year over the 5-year projection period.
- ▶ In the opinion of the analysts, **Deadwood** has greater growth potential than indicated in these projections. The City has housing development activities underway that should add a greater number of households going forward.
- ▶ Esri’s projection for the entire **Market Area** expects the addition of 123 households between 2021 and 2026, for an average annual increase of nearly 25 households per year, including the growth projected for both Lead and Deadwood. If the Market Area projection is achieved, in the opinion of the analysts most of the added households will be in Deadwood and Lead.
- ▶ For all of **Lawrence County**, a projection from Applied Geographic Solutions was examined. This source showed the expected addition of 328 households countywide between 2021 and 2026, for an annual average of nearly 67 households per year.

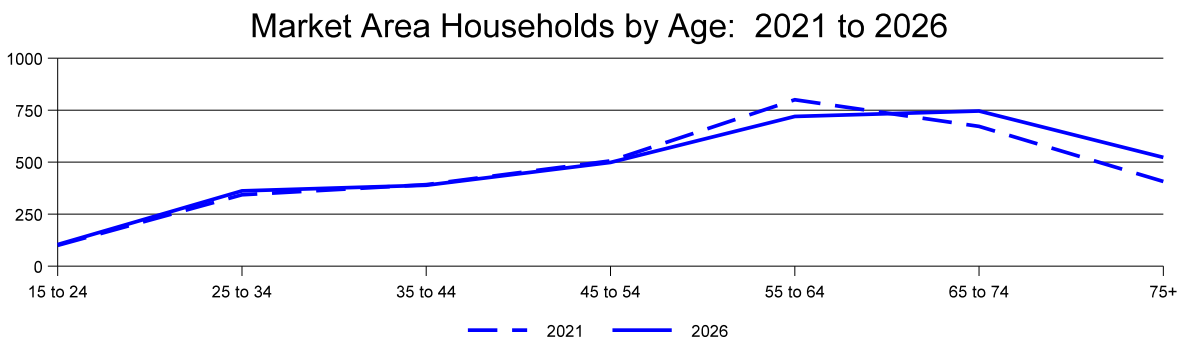
## Household by Age Projections: 2021 to 2026

Esri has generated household by age projections to the year 2026. The following tables present Esri’s 2021 estimates and 2026 projections to examine potential age-based changes in the area. This information is for the entire Market Area.

<b>Table 10 Market Area Projected Households by Age - 2021 to 2026</b>			
Age	2021 Estimate	2026 Projection	Change
15-24	100	104	4
25-34	343	362	19
35-44	392	389	-3
45-54	506	499	-7
55-64	800	720	-80
65-74	672	746	74
75+	407	523	116
Total	3,220	3,343	123

Source: Esri

- ▶ Esri’s household by age projections show only limited changes in many of the younger adult age ranges. However, some limited growth is projected in the 25 to 34 year old range, and fairly large losses are expected in the 55 to 64 year old age group.
- ▶ The largest net growth will be due to senior-headed households, especially older seniors age 75 and above. Solid growth is also projected in the 65 to 74 year old group. Overall, these projections expect an increase of 190 Market Area households age 65 or older by 2026.



## Housing Tenure

The 2020 Census has not yet released any information on home owner and renter status. The 2019 American Community Survey does provide an estimate of the tenure distribution patterns. In the following table, the 2019 estimates have been presented, along with the 2010 Census data for comparison.

<b>Table 11 Households by Tenure - 2010 and 2019</b>				
	2010 Census		2019 ACS	
	Percent Owned	Percent Rented	Percent Owned	Percent Rented
Lead	62.4%	37.6%	62.5%	37.5%
Deadwood	53.6%	46.4%	54.2%	45.8%
Market Area	69.0%	31.0%	69.6%	30.4%
Lawrence County	64.3%	35.7%	64.7%	35.3%

Source: U.S. Census; ACS

- ▶ According to the American Community Survey, the home ownership tenure rate in **Lead** largely remained unchanged between 2010 and 2019, with an estimated 62.5% of all households owning their housing and 37.5% renting.
- ▶ The home ownership tenure rate in **Deadwood** increased slightly from 2010 and 2019. However, the City’s home ownership rate, at 54.2%, was low when compared to the surrounding area.
- ▶ For the entire **Market Area**, the estimated home ownership rate was at 69.6% in 2019, up from 69% in 2010. The Market Area is impacted by a very high home ownership rate in South Lawrence UT.
- ▶ The estimated home ownership rate for all of **Lawrence County** had increased slightly between 2010 and 2019, and was at 64.7%.



## Median Income Data

Information on median income levels is available at the city and county level through the American Community Survey. These estimates are for 2019. Since the Market Area is a collection of individual jurisdictions, no median estimate exists, but an approximate median can be extrapolated from the distribution data.

Household income represents all independent households, including people living alone and unrelated individuals together in a housing unit. Families are two or more related individuals living in a household. 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 12 Median Household Income - 2010 to 2019</b>			
	2010 Median	2019 Median	% Change
Lead	\$38,847	\$47,500	22.3%
Deadwood	\$34,904	\$44,871	28.6%
Market Area*	\$40,530	\$51,002	25.8%
Lawrence County	\$42,356	\$52,641	24.3%
South Dakota	\$46,369	\$58,275	25.7%

Source: ACS \*Extrapolated Median

- ▶ The median household income in **Lead** was at \$47,500 in 2019, and had increased by more than 22% from the median in 2010. Despite the recent increase, the City’s median was lower than the comparable medians for the County and the State.
- ▶ The median household income in **Deadwood** was at \$44,871 in 2019, and had increased by nearly 29% from the median in 2010. Despite the recent increase, the City’s median was lower than the comparable medians for the County and the State.
- ▶ An extrapolated median for the **Market Area** in 2019 showed an approximate median of just above \$51,000. The Market Area median was higher than in either Lead or Deadwood, and was only slightly below the median household income for **Lawrence County** of \$52,641.

<b>Table 13 Median Family Income - 2010 to 2019</b>			
	2010 Median	2019 Median	% Change
Lead	\$46,744	\$62,482	33.7%
Deadwood	\$54,405	\$65,550	20.5%
Market Area	\$50,253	\$66,332	32.0%
Lawrence County	\$60,209	\$71,699	19.1%
South Dakota	\$58,958	\$75,168	27.5%

Source: ACS \*Extrapolated Median

- ▶ The median family income in **Lead** was at \$62,482 in 2019, and had increased by nearly 34% from the median in 2010. Despite the recent increase, the City’s median was lower than the comparable medians for the County and the State.
- ▶ The median family income in **Deadwood** was at \$65,550 in 2019, and had increased by more than 20% from the median in 2010. The City’s median was lower than the comparable medians for the County and the State.
- ▶ The estimated median family income for the **Market Area** was \$66,332, higher than the medians in Deadwood or Lead. However, the median family income for the Market Area was more than \$5,000 lower than the median for all of **Lawrence County** of nearly \$71,700.

Using the commonly accepted standard that up to 30% of gross income can be applied to housing expenses without experiencing a cost burden, the median income household can be converted to a monthly amount that is available for housing costs.

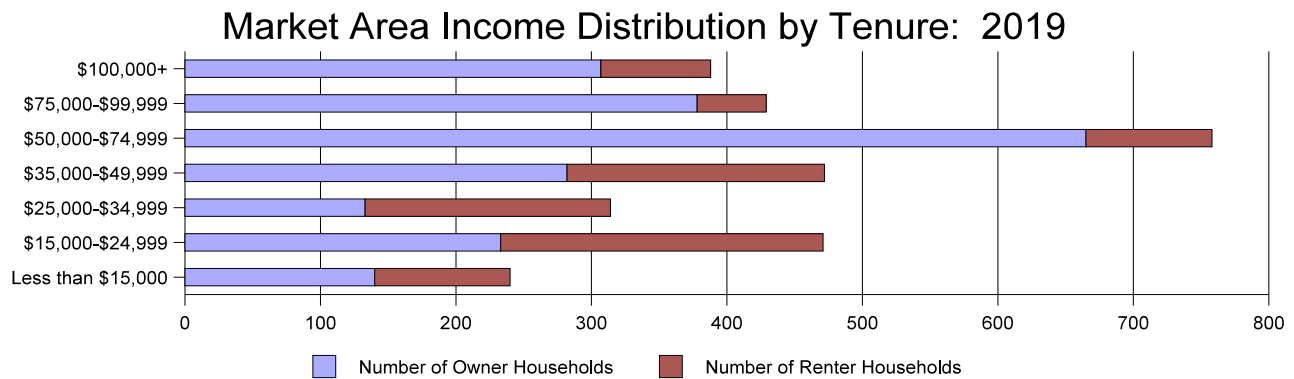
- ▶ A median income household in **Lead** in 2019 could afford approximately \$1,188 for monthly housing costs.
- ▶ A median income household in **Deadwood** in 2019 could afford approximately \$1,122 for monthly housing costs.
- ▶ A median income household in **Market Area** in 2019 could afford approximately \$1,275 for monthly housing costs.

## Household Income Distribution by Housing Tenure

The American Community Survey household income estimates for the Lead/Deadwood Market Area allow for an examination of the income distribution patterns by housing unit tenure in 2019. Based on the 2020 Census, the American Community Survey did overestimate the number of households in the Market Area but this is the best available information on income distribution by tenure.

<b>Table 14 Market Area Income Distribution by Tenure - 2019</b>			
Household Income	Owner Households	Renter Households	Total
\$0 - \$14,999	140	100	240
\$15,000 - \$24,999	233	238	471
\$25,000 - \$34,999	133	181	314
\$35,000 - \$49,999	282	190	472
\$50,000 - \$74,999	665	93	758
\$75,000 - \$99,999	378	51	429
\$100,000+	307	81	388
<b>Total</b>	<b>2,138</b>	<b>934</b>	<b>3,072</b>

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 2019, approximately 56% of all renter households in the Market Area had an annual income below \$35,000. At 30% of income, these households would have \$875, or less, that could be applied to monthly housing costs.
- ▶ The approximate median income for all renter households was approximately \$32,125. At 30% of income, a renter at the median level could afford approximately \$803 per month or less for housing costs.
- ▶ Most owner households had a higher income level than rental households. Approximately 63% of all owner households had an annual income of \$50,000 or more. At 30% of income, these owner households could afford \$1,250 or more each month for housing.
- ▶ The estimated median household income for owners in 2019 was approximately \$60,565. At 30% of income, an owner at the median income level could afford approximately \$1,515 per month for housing costs.

## Estimated Income and Housing Costs - Renters

The American Community Survey also collected information on housing costs. The following table provides data on the number of renter households that are paying different percentages of their gross household income for housing. No information is available for South Lawrence UT but the following table presents information for renter households in Lead, Deadwood and Central City.

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”.

<b>Table 15 Gross Rent as a Percentage of Household Income in 2019</b>				
City	Percent of Income for Housing			
	Less than 30%	30% to 35%	35% or more	Not Computed
Lead	63.1%	0%	36.9%	0%
Deadwood	61.6%	8.2%	13.8%	19.0%
Central City	85.7%	0%	14.3%	0%

Source: American Community Survey

- ▶ According to the American Community Survey, nearly 37% of all renters in the **City of Lead** were paying 35% or more of their income for rent and had a severe housing cost burden.
- ▶ In **Deadwood**, 22% of renter households had a cost burden in 2019, but some of these were applying between 30% and 35% of income. Fewer than 14% of the reporting renter households had a severe cost burden. In Deadwood, a large percentage of renters were not computed for housing costs.
- ▶ In **Central City**, 14.3% of all renter households had a severe housing cost burden in 2019. Central City has only a small share of the renter households in the Market Area.
- ▶ Although a housing cost burden could be caused by either high housing costs or low household income, it was primarily due to low income levels for renters. A large majority of the renter households with a housing cost burden had an annual household income below \$35,000.

## Estimated Income and Housing Costs - Owners

The American Community Survey also provided housing cost estimates for owner-occupants. The following table provides estimates of the percentage of households that were paying different percentages of their gross household income for housing costs in 2019.

<b>Table 16 Ownership Costs as a Percentage of Income in Lead</b>			
City	Percentage of Household Income for Housing Costs		
	Less than 30%	30% or more	Not Computed
Lead	65.2%	31.2%	3.6%
Deadwood	77.6%	22.4%	0%
Central City	92.2%	7.8%	0%
South Lawrence UT	70.5%	29.5%	0%

Source: ACS

- ▶ Most owner-occupants in **Lead**, which would include households with and without a mortgage, reported paying less than 30% of their income for housing. However, more than 31% of all home owners reported that they paid more than 30% of their income for housing.
- ▶ Nearly 78% of owner-occupants in **Deadwood**, reported paying less than 30% of their income for housing in 2019, although more than 22% did apply 30% or more to housing.
- ▶ More than 92% of home owners in **Central City** were applying less than 30% of their income for ownership costs in 2019.
- ▶ In **South Lawrence UT** more than 70% of home owners did not have a cost burden in 2019, but more than 29% were applying 30% or more of their income for housing.

## Lead Building Permit Trends

Lead has experienced some new housing construction activity in recent years. The following table identifies the units that have been permitted from 2010 through 2021.

<b>Table 17 Lead Housing Unit Construction Activity: 2010 to 2021</b>				
Year	Single Family	Two Units	Three+ Units	Total Units
2021	2	0	0	2
2020	4	0	0	4
2019	2	0	0	2
2018	3	0	0	3
2017	2	0	0	2
2016	1	2	0	3
2015	0	0	0	0
2014	1	0	0	1
2013	3	0	0	3
2012	0	0	0	0
2011	2	0	0	2
2010	1	0	0	1
Total	21	2	0	23

Source: City of Lead; Census Bureau

Over the 12-year period from 2010 through 2021, there were 23 new housing units that were issued a building permit in Lead. Two of the units were in a duplex/twin home structure and the remaining 21 units were in traditional single family homes.

Based on annual permit reporting, there were no multifamily structures with three or more units constructed since 2010. The last identified new construction multifamily rental project in Lead was a 32-unit senior housing development in the year 2000.



## Deadwood Building Permit Trends

Deadwood has experienced some new housing construction activity in recent years. The following table identifies the units that have been constructed from 2010 through 2021.

<b>Table 18 Deadwood Housing Unit Construction Activity: 2010 to 2021</b>				
Year	Single Family	Two Units	Three+ Units	Total Units
2021	9	10	0	19
2020	6	38	0	44
2019	1	0	0	1
2018	2	0	0	2
2017	3	0	0	3
2016	4	20	0	24
2015	2	0	0	2
2014	6	0	0	6
2013	5	0	0	5
2012	10	0	0	10
2011	1	0	0	1
2010	3	0	0	3
<b>TOTAL</b>	<b>52</b>	<b>68</b>	<b>0</b>	<b>120</b>

Source: City of Deadwood; Census Bureau

Over the 12-year time period from 2010 through 2021, there were 120 new housing units in Deadwood that were issued a building permit. This included 52 traditional single family houses and 68 units constructed in duplex/twin home structures. Most of the duplex/twin home units provide rental housing in the Stage Run Road project.

Based on annual permit reporting, there were no multifamily structures with three or more units constructed since 2010. No multifamily rental projects can be identified in Deadwood in the past 21 years.

## 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.

	Total Housing Units			Occupied Units			Vacant Units		
	2010	2020	Change	2010	2020	Change	2010	2020	Change
Lead	1,694	1,727	33	1,420	1,403	-17	274	324	50
Deadwood	803	849	46	661	627	-34	142	222	80
Market Area	4,235	4,426	191	3,001	2,996	-5	1,234	1,430	196
Lawrence Co.	12,756	14,163	1,407	10,536	11,444	908	2,220	2,719	499

Source: U.S. Census

- ▶ According a reconciliation of decennial Census data, **Lead** added 33 housing units between 2010 and 2020. This increase is greater than the number of units that can be tracked through building permit issuance between 2010 and 2019, as reported on a previous page.
- ▶ Although **Lead** added housing units over the decade, there was a decrease in units occupied by permanent residents. However, the City did add 50 units of unoccupied housing. The Census details from 2020 have not yet been released, but presumably some of the increase in unoccupied units would reflect some ongoing conversion of housing to seasonal/recreational use. In 2010 there were 81 seasonal/recreational housing units in Lead, and this number probably has increased since then.
- ▶ According to Census data, **Deadwood** added 46 housing units between 2010 and 2020. Between 2010 and 2019 the City added 57 new units based on building permit reporting, more than the net housing growth as reported by the Census. However, it is very possible that 11 older housing units were removed during the decade, or converted to non-residential use,
- ▶ Although **Deadwood** added housing units over the decade, there was a decrease in units occupied by permanent residents. However, the City did add 80 units of unoccupied housing. The Census details from 2020 have not yet been released, but presumably some of the increase in unoccupied units would reflect some ongoing conversion of housing to seasonal/recreational use. In 2010 there were 68 seasonal/recreational housing units in Lead, and this number probably has increased since then.

- ▶ For the entire **Market Area**, including Lead and Deadwood, the Census reconciliation showed a net gain of 191 total housing units, despite the fact that five fewer units were occupied by permanent resident households by 2020. The Market Area added 196 unoccupied units, again it is assumed that many of these were being used as seasonal/recreational housing. In 2010, there were 872 seasonal/recreational units within the Market Area, with most of these in South Lawrence UT.
- ▶ For all of **Lawrence County**, more than 1,400 housing units were added between 2010 and 2020. The County had an increase of more than 900 units occupied by permanent residents, and nearly 500 units of unoccupied housing. Most of the increase in occupied units was due to Spearfish. The growth in unoccupied housing probably reflects units that were added for seasonal/recreational use. In 2010, all of Lawrence County had nearly 1,400 seasonal/recreational units.

## **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 can result in a margin of error within the individual data being presented.

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

For owner-occupancy units an estimated median year of construction is provided. For both **Lead** and **Deadwood**, the estimated median year of construction was 1939, which is the oldest date that is used by this source. Both of these communities have an older housing stock

In **Lead**, nearly 59% of the owner-occupied houses were constructed before 1960.

In **Deadwood**, more than 69% of the owner-occupied houses were constructed before 1960.

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

For renter-occupancy units in **Lead**, the estimated median year of construction was 1950, and 1945 in **Deadwood**.

In **Lead**, more than 73% of all renter-occupancy units in the City were constructed prior to 1980.

In **Deadwood**, nearly 80% of all renter-occupancy units in the City were constructed prior to 1980.

## Existing Home Sales - Lead

This section examines houses that have been sold since 2016 in Lead. The information was obtained from the South Dakota Department of Revenue website, using information compiled by the Lawrence County Equalization Office.

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

The County sorts the residential sales into different groupings, primarily based on whether or not the house was actively listed for sale in the open market. In the following table, only open market transactions have been reported.

The time period for analyzing annual sales differs slightly from the calendar year. It begins on November 1<sup>st</sup> and ends on October 31<sup>st</sup> of each year.

<b>Table 20 Lead Residential Sales Activity - 2016 through 2021</b>				
Sales Year	Number of Sales	Median Sale Price	Highest Sale	Lowest Sale
2021	110	\$160,500	\$950,000	\$16,500
2020	80	\$119,250	\$601,000	\$24,000
2019	75	\$115,000	\$332,000	\$22,100
2018	79	\$100,000	\$300,000	\$22,000
2017	88	\$85,500	\$460,000	\$20,000
2016	74	\$88,000	\$285,000	\$15,000

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

Between 2020 and 2021 there was a large increase in the median sale price in Lead. The median price of \$160,500 in 2021 was more than \$41,000 higher than in 2020. This may be a one-time occurrence or be a reflection of rapidly escalating prices in the community. From 2016 to 2020 there had been a general pattern of rising prices in the community, increasing from \$88,000 in 2016 to \$119,250 in 2020, before the rapid price increase between 2020 and 2021.

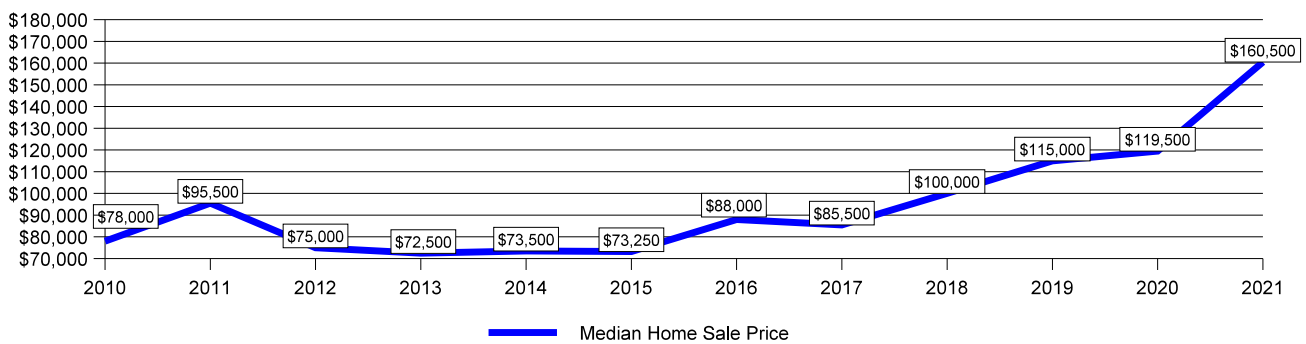
Although overall prices have been increasing, there are still a number of lower valued home sales in Lead each year. In 2021 there were 12 houses that sold for \$70,000 or less. In each of the years reviewed at least one house has been sold for less than \$25,000.

Since 2017, at least one house each year has been sold for \$300,000 or more.

An alternate estimate of home values exists in the American Community Survey. In 2019, the estimated median value for all owner-occupied housing in Deadwood was \$123,200. This estimate was slightly higher than the median sale price recorded in 2019 of \$115,000.

Using information from the previous Housing Study, it is possible to examine longer-term patterns in the City's annual median sale price.

**Median Home Sale Price in Lead: 2010 to 2021**



After remaining in a fairly stable range from 2010 to 2017, the City's median home sale price increased by nearly \$15,000 between 2017 and 2018, and then increased by \$15,000 between 2018 and 2019. After limited change between 2019 and 2020, there was the a very large increase between 2020 and 2021.

## Existing Home Sales - Deadwood

This section examines houses that have been sold since 2016 in Deadwood. The information was obtained from the South Dakota Department of Revenue website, using information compiled by the Lawrence County Equalization Office.

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

The County sorts the residential sales into different groupings, primarily based on whether or not the house was actively listed for sale in the open market. In the following table, only open market transactions have been reported.

The time period for analyzing annual sales differs slightly from the calendar year. It begins on November 1<sup>st</sup> and ends on October 31<sup>st</sup> of each year.

<b>Table 21 Deadwood Residential Sales Activity - 2016 to 2021</b>				
Sales Year	Number of Sales	Median Sale Price	Highest Sale	Lowest Sale
2021	49	\$259,000	\$1,019,000	\$75,000
2020	41	\$175,000	\$641,326	\$65,000
2019	25	\$159,000	\$390,000	\$73,000
2018	31	\$148,000	\$315,000	\$45,000
2017	33	\$140,000	\$500,000	\$40,000
2016	21	\$150,000	\$315,000	\$65,000

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

Between 2020 and 2021 there was a very large increase in the median sale price in Deadwood. The median price of \$259,000 in 2021 was \$74,000 higher than in 2020. This may be a one-time occurrence or be a reflection of rapidly escalating prices in the community.

From 2016 to 2018 there had been a general pattern of relative price stability, but after 2018 the median annual price began a steady increase.



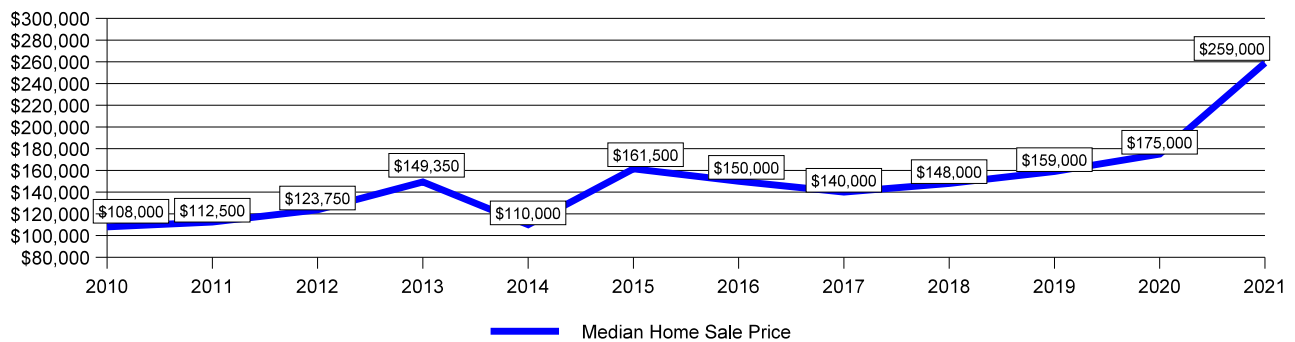
In addition to the rapid increase in the median price in 2021, few lower valued sales also occurred. In the 2021 sales year only two homes in Deadwood were sold for less than \$100,000. Since 2019, no homes have sold in the City for less than \$65,000.

In each of the years reviewed at least one sale has been recorded for \$315,000 or more.

An alternate estimate of home values exists in the American Community Survey. In 2019, the estimated median value for all owner-occupied housing in Deadwood was \$160,700. This estimate was very similar to the median sale price recorded in 2019 of \$159,000.

Using information from the previous Housing Study, it is possible to examine longer-term patterns in the City’s annual median sale price.

**Deadwood Median Home Sale Price: 2010 to 2021**



With the exception of a price drop in 2014, there had been a pattern of gradually increasing home prices in Deadwood. In 2019, the annual increase began to accelerate, and the large median price increase was then recorded between 2020 and 2021.

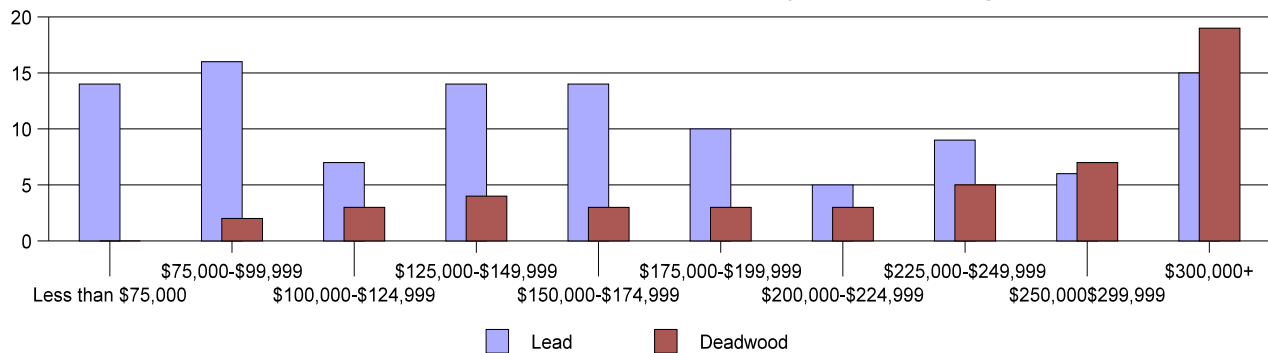
## Home Sales by Price Range: 2021

The following table looks at single family houses that sold in Lead and Deadwood within the 2021 sales year, starting November 1, 2020 and ending October 31, 2021. This represents the County's sales ratio year, and is the most recent 12-month sales sample available to the analysts.

Table 22 12-Month Home Sales by Price Range: 2021		
Sale Price	Number/Percent of Sales in Lead	Number/Percent of Sales in Deadwood
Less than \$75,000	14 / 12.7%	0 / 0%
\$75,000 - \$99,999	16 / 14.5%	2 / 4.1%
\$100,000 - \$124,999	7 / 6.4%	3 / 6.1%
\$125,000 - \$149,999	14 / 12.7%	4 / 8.2%
\$150,000 - \$174,999	14 / 12.7%	3 / 6.1%
\$175,000 - \$199,999	10 / 9.1%	3 / 6.1%
\$200,000 - \$224,999	5 / 4.5%	3 / 6.1%
\$225,000-\$249,999	9 / 8.2%	5 / 10.2%
\$250,000 - \$299,999	6 / 5.5%	7 / 14.3%
\$300,000+	15 / 13.6%	19 / 38.8%
Total	110	49

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

### Home Sales in Lead and Deadwood by Price Range: 2021



In general, home sales in Lead are in a more affordable price range. In 2021, 59% of home sold for less than \$175,000. In Deadwood, 63% of the sales were for \$225,000 or more.

## **Rental Housing Data**

### **Census Bureau Rental Inventory**

The 2020 Census has not yet released the more detailed tables on housing occupancy patterns, including owner versus renter status.

At the time of the 2010 U.S. Census, there were 337 rental units in Deadwood and 613 rental units in Lead for a total 950 units in the two cities. The City of Deadwood's rental tenure rate in 2010 was 46.4% and Lead's rental tenure rate was 37.6%, both significantly above the Statewide rental rate of 31.9%.

### **Rental Unit Construction**

From 2010 to 2021, approximately 90 rental units have been added in Deadwood and 15 units have been added in Lead. These units include:

- ▶ Stage Run Road - 66 units
- ▶ Thunder Cove Hotel conversion to rental units - 24 units
- ▶ The Lofts - 15 units

Additionally, in each City some rental units may have converted from home ownership to rental use, or vice versa. Also, some long-term rental houses may have converted to short-term rentals/vacation homes, or may have been sold.

With the rental units that have been constructed from 2010 to 2021, it is estimated that Deadwood/Lead have approximately 1,050 rental units.

### **Pending Rental Projects**

More Stage Run Road units are being planned in Deadwood. Also, the School House Condominium Project in Lead is planning to add units. Additionally, several developers and rental property owners have stated that they will construct a significant number of rental units in the future.

Also, some level of tenure conversion would also be expected in the future.

## Rental Housing Survey

As part of this housing study, a telephone survey of multifamily projects was conducted in Lead and Deadwood. Emphasis was placed on contacting properties that have eight or more units. For the purposes of planning additional projects in the future, multifamily properties represent the best comparison of market potential. However, we also obtained some information on some small rental projects and single family homes.

Information was tallied separately for different types of rental housing, including market rate units, subsidized units and senior housing with services units. There were 354 housing units of all types that were contacted in the survey.

The units that were successfully contacted include:

- ▶ 231 market rate units
- ▶ 127 federally subsidized units
- ▶ 32 senior with services units

## Market Rate Summary

Information was obtained on 231 market rate rental units in Lead and Deadwood, including approximately 186 units in seven multifamily projects, and 45 units in single family homes.

### Unit Mix

We obtained the bedroom mix on 162 market rate units in the multi-family projects. The bedroom mix of the units is:

- ▶ efficiency/studio - 17 (10.5%)
- ▶ one-bedroom - 60 (37.0%)
- ▶ two-bedroom - 85 (52.5%)
- ▶ three-bedroom - 0 (0%)

There were no three-bedroom units or four-bedroom units in the multi-family rental units we surveyed. However, there are a significant number of three and four-bedroom single family homes being rented in Lead and Deadwood.

## **Occupancy / Vacancy**

At the time of the survey, there were two vacancies in the 162 market rate units that provided vacancy rate information. This is a vacancy rate of 1.2%. The two vacancies were in single family homes and the manager reported that these would be occupied in the near future. All of the multi-family rental projects reported no vacancies and many had waiting lists. All of the rental managers and property owners reported high occupancy rates and a very strong demand for market rate rental units.

The vacancy rate at the time of the 2016 Housing Study was 4.1%.

## **Rental Rates**

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

In the following summary, Community Partners Research, Inc., has attempted to estimate the gross rents being charged in the multi-family projects, inclusive of an estimate for tenant-paid utilities. The lowest and highest gross rents have been identified, as reported in the telephone survey.

<u>Unit Type</u>	<u>Lowest/Highest Gross Rents</u>
Studio	\$700-\$800
One-bedroom	\$625-\$1,575
Two-bedroom	\$850-\$1,700

The rents for single family rental homes range from \$650 to \$2,250, including utilities. The rent varies based on the size and quality of the homes.

## **Tax Credit Summary**

Kopper Key (1991) and Gilmore Apartments (1992) in Deadwood both received tax credit awards. However, both projects met their tax credit affordable housing contract obligations and were converted to market rate housing after 15 years. Therefore, there are no tax credit rental units in Lead or Deadwood.

## **Subsidized Summary**

The research completed for this Study identified six subsidized projects in Deadwood and Lead that provide rental opportunities for lower income households. These projects have a combined 127 units. Four projects, with a total 70 units, are located in Lead. Three projects, with 51 units, are general occupancy projects and one project, with 20 units, is a senior/disabled project. Two subsidized projects, with a total of 57 units, are located in Deadwood. Both of these projects are general occupancy.

The six subsidized rental projects in Lead and Deadwood include:

- ▶ **Gold Mountain Apartments** - Gold Mountain Apartments is a 20-unit Section 8 senior/disabled project located in Lead. All apartments in this project are one-bedroom.
- ▶ **Timberland Apartments** - Timberland Apartments is a 24-unit HUD Section 8 general occupancy project located in Lead. The units include 16 two-bedroom and eight three-bedroom units.
- ▶ **Bender Park Apartments** - Bender Park Apartments is a 13-unit USDA Rural Development general occupancy project located in Lead. There are four one-bedroom and nine two-bedroom units.
- ▶ **Mile High Apartments** - Mile High Apartments is a 13-unit general occupancy USDA Rural Development project located in Lead. There are four one-bedroom units and nine two-bedroom units. The project was constructed in the early 1970s.
- ▶ **Hills Apartments** - Hills Apartments is a 27-unit general occupancy Home Project located in Deadwood. Home funds were utilized to assist with financing the project, thus, there are income limits and reduced rents. Therefore, we have included Hills Apartments in the subsidized section. The 27 units include two one-bedroom, 19 two-bedroom and six three-bedroom units.
- ▶ **McKinley Street Apartments** - McKinley Street Apartments is a 30-unit General Occupancy USDA Rural Development Project constructed in 1991 and located in Deadwood. The project has nine one-bedroom and 21 two-bedroom units.

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

### **Unit Mix**

The bedroom mix breakdown for the 127 subsidized housing units in Lead and Deadwood is as follows:

- ▶ 39 one-bedroom (30.7%)
- ▶ 74 two-bedroom (58.3%)
- ▶ 14 three-bedroom (11.0%)

### **Occupancy / Vacancy**

No vacancies were identified in the 127 subsidized units and several projects have waiting lists. The managers all reported a strong demand for the units. At the time of the 2016 Housing Study, there were four vacancies.

### **Subsidized Housing Gains/Losses**

Federal subsidy sources for low income rental housing have been very limited for the past few decades. Many subsidized projects in South Dakota were constructed in the 1960s, 1970s and 1980s. Some of these older projects have completed their compliance requirements and have the opportunity to leave their subsidy program and convert to conventional rental housing.

In Deadwood, the Kopper Key and Gilmore projects, with a total 34 units, converted from subsidized to market rate many years ago due to completing the compliance period for USDA Rural Development and/or tax credit requirements. Therefore, the City of Deadwood's subsidized inventory has decreased over the years by 34 units due to the conversions.



## **Senior Housing with Services**

### **Unit Inventory**

There is one senior with services project in Lead. There are no senior with services projects in Deadwood. However, there are many senior with services projects in Spearfish and Sturgis, with a capacity for more than 425 residents.

The senior with services project in Lead is Golden Ridge Regional Senior Care. The facility has 22 assisted living and 10 independent living units. The independent units include efficiency, one and two-bedroom units. The assisted living units include meals, laundry service, medication management, 24-hour staffing, bathing, etc. Tenants in the independent living units can buy a meal package and housekeeping services. The staff reported that the assisted living units were fully occupied on the date of the survey, but four independent/light services units were vacant.

<b>Table 23 Lead/Deadwood Area Multifamily Rental Housing Inventory</b>					
<b>Name</b>	<b>Number of Units /Bedroom Mix</b>	<b>Rent</b>	<b>Vacancy/ Wait List</b>	<b>Tenant Mix</b>	<b>Comments</b>
<b>Market Rate - Lead</b>					
School House Condominiums Lead	2 - 1 bedroom <u>9 - 2 bedroom</u> 11 total units	\$825-\$875 \$900-\$1,250	No vacancies	General Occupancy	School House Condominiums includes nine rental units. There are two one-bedroom and nine two-bedroom units. The rental units were fully occupied at the time of the survey. Rent ranges from \$825 to \$1,250 plus electricity.
Mother-lode Apartments Lead	24 studio, 1 bedroom & <u>2 bedroom units</u> 24 total units	Range from \$800 to \$1,700	No vacancies	General Occupancy	Mother-lode Apartments is located in a downtown Lead building that was constructed in 1926. There are 24 studio, one-bedroom and two-bedroom units. The units are being renovated and approximately 50% of the units are completed. Rents range from \$800 to \$1,700. All of the units will be furnished. The rent includes all utilities.
Sheets Rentals Deadwood/Lead Area	35 single family homes <u>1 to 5 bedroom</u> 35 total	Range from \$500 to \$2,000 plus utilities	2 vacant houses	General Occupancy	Sheets Property Management manages approximately 35 single rental family homes in the Deadwood/Lead Area. At the time of the survey, there were two vacancies. The manager reports very high ongoing occupancy rates. Rents vary based on the size and quality of the homes. Renters typically pay utilities in addition to rent.
TRL Properties Lead	10 units ranging from studio to <u>4 bedroom</u> 10 total units	Rents range from \$600-\$1,000 plus utilities	No vacancies	General Occupancy	The 10 TRL Properties units include units in mixed-use buildings and single family homes. Rent on the 10 units ranges from \$600 to \$1,000 plus utilities. The owner reported no vacancies at the time of the survey.
The Lofts Lead	<u>15 - 1 bedroom</u> 15 total units	\$1,500	No vacancies	General occupancy	The Lofts Apartments are located in downtown Lead and include 15 one-bedroom units. All of the units are furnished. Rent is \$1,500 and includes utilities except electricity. The owner reported no vacancies at the time of the survey.

<b>Table 23 Lead/Deadwood Area Multifamily Rental Housing Inventory</b>					
<b>Name</b>	<b>Number of Units /Bedroom Mix</b>	<b>Rent</b>	<b>Vacancy/ Wait List</b>	<b>Tenant Mix</b>	<b>Comments</b>
<b>Market Rate - Deadwood</b>					
Smith Apartments Deadwood	6 - 1 bedroom <u>16 - 2 bedroom</u> 22 total units	\$550 \$750	No vacancies	General Occupancy	Smith Apartments is a 22-unit market rate project. There are six one-bedroom and 16 two-bedroom units. The project is approximately 100 years old. The tenants pay electricity in addition to rent. The owner reported no vacancies at the time of the survey.
Gilmore Apartments Deadwood	10 - 1 bedroom <u>4 - 2 bedroom</u> 14 total units	Not available	Not available	General Occupancy	Gilmore Apartments is a 14-unit market rate project. There are 10 one-bedroom and four two-bedroom units. Tenants pay electricity in addition to rent.
Kopper Key Apartments Deadwood	<u>20 - 1 bedroom</u> 20 total units	\$550	No vacancies	General Occupancy	Kopper Key Apartments was constructed in 1980 as a senior Rural Development Project. The project met its contractual obligations and converted to a market rate project. There are 20 one-bedroom units. Rent is \$550 and includes heat, water, sewer, garbage and two garage stalls. The owner reported no vacancies at the time of the survey.
Thunder Cove Hotel conversion Deadwood	17 - studio <u>7 - 1 bedroom</u> 24 total units	\$700 \$800	No vacancies	General Occupancy	This project was previously the Thunder Cove Hotel which was converted to 24 rental units. There are 17 studio and seven one-bedroom units. Rents are \$700 for a studio and \$800 for a one-bedroom. The manager reported no vacancies at the time of the survey.
Stage Run Road	<u>56 - 2 bedroom</u> 56 total units	Rent starts at \$950	No vacancies	General occupancy	Stage Run Road includes 56 two-bedroom units. The units are primarily in duplexes. These units have been constructed on an ongoing basis since 2016. Rent starts at \$950. An additional 10 units are currently under construction. There are no vacant units and there is a waiting list.

<b>Table 23 Lead/Deadwood Area 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 - Lead</b>					
Timberland Apartments Lead	16 - 2 bedroom <u>8 - 3 bedroom</u> 24 total units	30% of income up to a max. rent	No vacancies	General Occupancy	Timberland Apartments is a HUD Section 8 general occupancy project. There are 16 two-bedroom and eight three-bedroom units in the project. Tenants pay 30% of their income up to a maximum rent. The manager reported no vacancies and a waiting list at the time of the survey.
Gold Mountain Apartments Lead	<u>20 - 1 bedroom</u> 20 total units	\$644 max. 30% of income up to the max. rent	No vacancies	Seniors age 62+/people with disabilities	Gold Mountain Apartments is a HUD Section 8 Senior/Disabled project with 20 one-bedroom units. Tenants pay 30% of their income up to the maximum rent. The manager reported no vacancies and a waiting list at the time of the survey.
Bender Park Apartments Lead	4 - 1 bedroom <u>9 - 2 bedroom</u> 13 total units	\$717 max. \$738 max. 30% of income	No vacant units	General Occupancy	Bender Park Apartments is a 13-unit USDA Rural Development General Occupancy Project with four one-bedroom units and nine two-bedroom units. Nine units have rent assistance, thus, tenants pay 30% of their income up to the maximum rent. Four units do not have rent assistance and tenants pay 30% of their income up to the maximum rent. The manager reports no vacancies at the time of the survey.
Mile High Apartments Lead	4 - 1 bedroom <u>9 - 2 bedroom</u> 13 total units	\$963 max. \$983 max. 30% of income up to the max. rent	No vacancies	General Occupancy	Mile High Apartments is a 13-unit USDA Rural Development General Occupancy Project constructed in the early 1970s. The project includes four one-bedroom and nine two-bedroom units. Tenants pay 30% of their income up to a maximum rent. The manager reported no vacancies and a waiting list at the time of the survey.

<b>Table 23 Lead/Deadwood Area 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 - Deadwood</b>					
Hills Apartments Deadwood	2 - 1 bedroom 19 - 2 bedroom <u>6 - 3 bedroom</u> 27 total units	\$384 \$499 \$632	No vacancies, waiting list	General Occupancy	Hills Apartments includes 27 units constructed in 1997. Home funds assisted with financing the construction of the project, thus, there are income limits and the rents are affordable. The manager reported no vacancies at the time of the survey and a waiting list.
McKinley Street Apartments Deadwood	9 - 1 bedroom <u>21 - 2 bedroom</u> 30 total units	\$500 \$535 30% of income	No vacancies waiting list	General Occupancy	McKinley Street Apartments is a 30-unit general occupancy USDA Rural Development project constructed in 1991. There are nine 1-bedroom and 21 2-bedroom units. Twenty-three units have rent assistance, with tenants paying rent based on 30% of their income. The remaining tenants pay 30% of income but not less than basic or more than the project's market rent listed. There were no vacancies and a waiting list at the time of the survey.

<b>Table 23 Lead/Deadwood Area 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 - Deadwood/Lead</b>					
Housing Choice Vouchers	88 - Lead <u>28 - Deadwood</u> 116 total units	30% of income	4 to 6-month waiting list	General Occupancy	The Housing Choice Voucher Program is administered by the Meade/Butte/Lawrence County Housing and Redevelopment Commission. The Housing Choice Voucher Program provides portable, tenant-based assistance to lower income households. Tenants lease a suitable rental unit in the community. The Housing Commission has approximately 245 Vouchers available for Lawrence County. Currently, 88 Lead households and 28 Deadwood households are utilizing a Voucher. Currently, there is a 4 to 6-month waiting list for a Voucher.

<b>Table 23 Lead/Deadwood Area 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>Senior Housing with Services - Lead</b>					
Golden Ridge Regional Senior Care Lead	22 Assisted Living <u>10 Independent</u> 32 total units	Based on level of services	4 vacant independent/light services units	Senior housing with services	Golden Ridge Regional Senior Care includes 22 assisted living and 10 independent living units. The independent units include studio, one and two-bedroom units. The assisted living units include meals, laundry, medication management, 24-hour staffing, bathing, etc. Tenants in the independent living units can buy a meal package and housekeeping services. Staff reported full occupancy in the assisted living units, but 4 vacancies in the independent/light services units.

Source: Community Partners Research, Inc.

## **Employment and Local Economic Trends**

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

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



## Labor Force and Unemployment

Employment information is available at the County level. This table presents information based on place of residence, not by the location of employment.

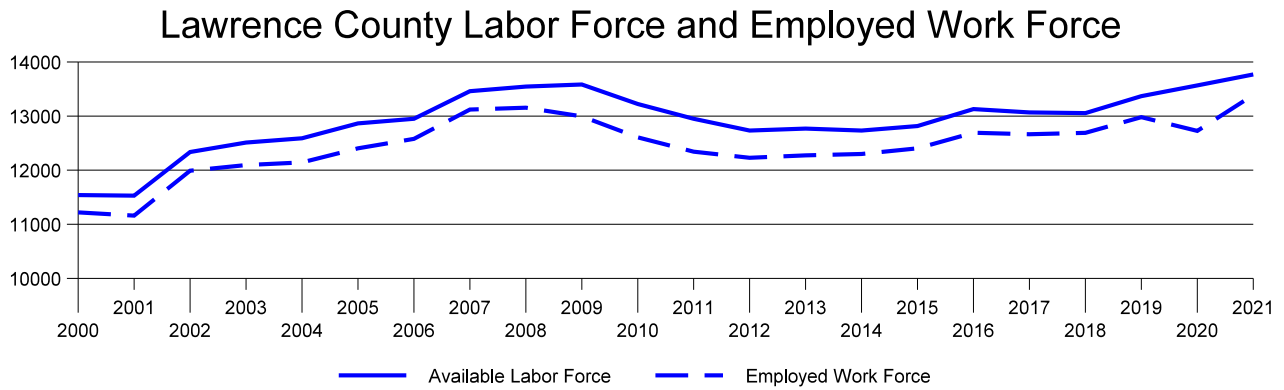
Year	Labor Force	Employed	Unemployed	Unemployment Rate - County	Unemployment Rate - SD	Unemployment Rate - US
2010	13,224	12,607	617	4.7%	5.0%	9.6%
2011	12,950	12,342	608	4.7%	4.6%	8.9%
2012	12,733	12,230	543	4.3%	4.1%	8.1%
2013	12,768	12,274	494	3.9%	3.7%	7.4%
2014	12,733	12,300	433	3.4%	3.3%	6.2%
2015	12,816	12,404	412	3.2%	3.0%	5.3%
2016	13,129	12,692	437	3.3%	3.0%	4.9%
2017	13,067	12,665	402	3.1%	3.1%	4.4%
2018	13,055	12,691	364	2.8%	2.9%	3.9%
2019	13,369	12,981	388	2.9%	3.0%	3.7%
2020	13,567	12,726	841	6.2%	4.6%	8.1%
2021	13,770	13,390	380	2.8%	2.8%	5.3%

Source: South Dakota Department of Labor

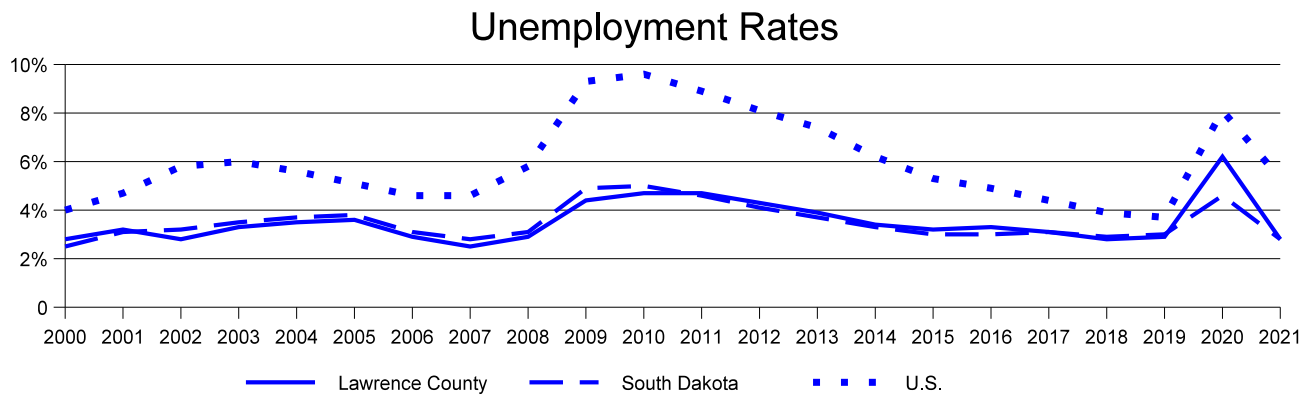
The labor force statistics for Lawrence County show some up and down movement since 2010 in the size of the County’s available resident labor force. After decreasing somewhat between 2010 and 2014, the labor force then began to increase, and reached its highest level in 2021, despite the global health pandemic.

The County’s employed resident work force has generally followed a similar pattern. After reaching a recent low in 2012, the number of employed residents then began to increase through 2019. There was some reduction between 2019 and 2020, presumably due to Covid, but 2021 then recorded the highest employment level of the time period reviewed.

Using information from the previous Housing Study, long-term patterns in the County’s labor statistics can be examined.



Throughout the entire time period reviewed, the unemployment rate in Lawrence County has stayed well below the national rate. The County’s unemployment rate has remained generally similar to the Statewide rate over the past few decades.



The Covid pandemic in 2020 did cause a spike in the County’s unemployment rate, but by 2021, the rate had dropped again to only 2.8%.

## Average Annual Wages by Industry Sector

The following table shows the annual employment and average annual wages by major employment sector in 2020, the last full year of data. Covered employment and wages are based on the location of the job, not the residency of the worker. This information is for all of Lawrence County. It is important to note that the major employment sectors listed do not represent all employment in the County. Except for the total employment, all of the individual sectors only show private employment.

<b>Table 25 Lawrence County Average Wages by Industry Detail: 2020</b>		
Industry	Employment	Average Weekly Wage
Total All Industry	11,543	\$806
Natural Resources, Mining	331	\$1,325
Construction	870	\$1,063
Manufacturing	433	\$1,040
Trade, Transportation, Utilities	1,971	\$677
Information	83	\$739
Financial Activities	449	\$1,051
Professional and Business Services	868	\$1,085
Education and Health Services	1,629	\$1,019
Leisure and Hospitality	3,037	\$467
Other Services	288	\$620
Government	1,704	\$38,327

Source: South Dakota Department of Labor

The average weekly wage for all industry in 2020 was \$806. At full-time employment, this would equate to an annual wage of approximately \$41,900.

The highest paying wage sector was Natural Resources and Mining, with an annual wage of 68,900. However, this sector was relatively small, with only 331 covered workers. The lowest paying wage sector was Leisure and Hospitality, with an average annual wage of approximately \$24,300. Leisure and Hospitality was also the largest industry sector for total employment.

## Annual Covered Employment

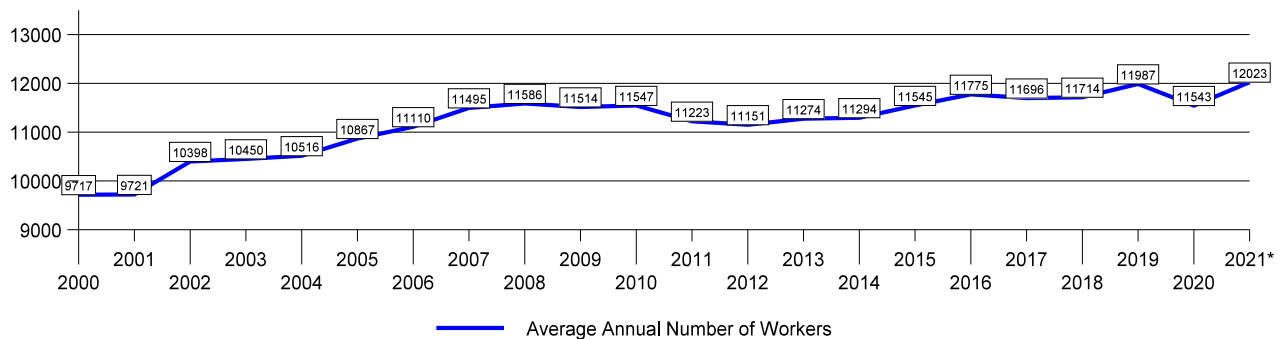
Using the Quarterly Census of Covered Workers (QCEW) it is possible to examine longer-term patterns in the local employment level. The following table displays the total number of workers reported in the County from 2010.

<b>Table 26 Lawrence County Average Annual Employment</b>			
Year	Total Covered Employment	Year	Total Covered Employment
2010	11,547	2016	11,775
2011	11,223	2017	11,696
2012	11,151	2018	11,714
2013	11,274	2019	11,987
2014	11,294	2020	11,543
2015	11,545	2021*	12,023

Source: QCEW - SD Department of Labor

\*2021 is through June

**Number of Covered Workers in the Lawrence County**



The information contained in the previous Housing Study allows for a long-term examination of employment patterns. When viewed back to the year 2000 there had been a general pattern of growth in the number of covered employees working in Lawrence County.

Despite some reduction between 2019 and 2020, presumably due to the Covid pandemic, the County has been seeing an increase in employment, with partial-year information showing the largest number of workers covered by unemployment insurance dating back over more than two decades.

## Commuting Patterns of Area Workers

Information is available on area workers that commute for employment from the 2019 American Community Survey. The first table examines employed residents of each City that traveled to work, and excludes people that worked at home.

<b>Table 27 Commuting Times for Residents - 2019</b>				
	Lead		Deadwood	
Travel Time	Number	Percent	Number	Percent
Less than 10 minutes	421	29.5%	501	52.7%
10 to 19 minutes	752	52.7%	305	32.1%
20 to 29 minutes	124	8.7%	46	4.8%
30 minutes +	129	9.0%	99	10.4%
Total	1426	100%	951	100%

Source: American Community Survey

The large majority of **Lead's** employed residents were working locally in 2019, with more than 82% having a travel time of 19 minutes or less. Only 9% of Lead's residents were traveling 30 minutes or more for employment.

A large majority of **Deadwood's** residents were also working close to their home, as nearly 85% had a travel time that was less than 20 minutes. More than 10% of Deadwood's residents were traveling 30 minutes or more.

The American Community Survey also identifies travel time by location of employment. The 2019 estimates did not provide this information for people employed in Lead, but did identify the following travel times for people working in Deadwood.

<b>Table 28 Commuting Times for Deadwood-based Employees - 2019</b>		
	Deadwood	
Travel Time	Number	Percent
Less than 10 minutes	617	24.3%
10 to 19 minutes	993	39.1%
20 to 29 minutes	594	23.4%
30 minutes +	338	13.3%
Total	2,542	100%

Source: American Community Survey

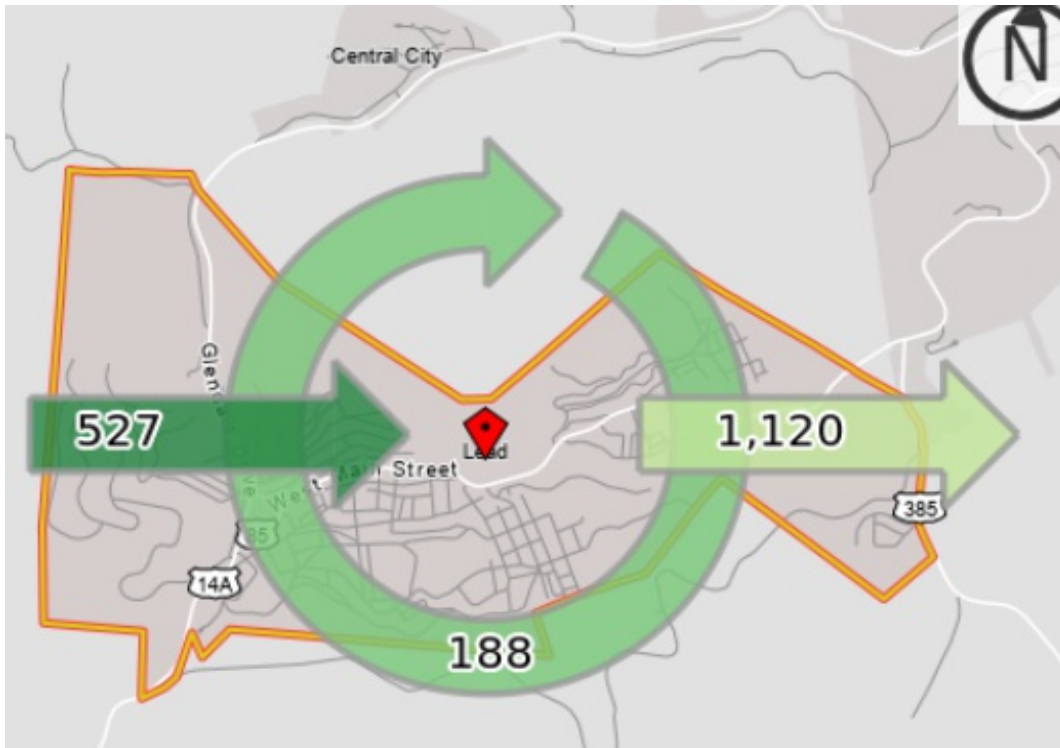
Deadwood had a large percentage of commuters into the City, with nearly 76% of city-based workers traveling 10 minutes or more. However, only 13.3% of Deadwood's workers were long-distance commuters, with a travel time of 30 minutes or more.

## Census On the Map: Lead

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

According to the report for Lead, there were 715 people that were employed within the City in 2019. Approximately 26% of these city-based employees also lived in Lead. There were 527 employees that lived outside the City and commuted in for their job. The primary jurisdictions supplying workers to the City were South Lawrence UT, Spearfish, North Lawrence UT and Rapid City.

This data source can also be used to track worker outflow patterns from the City. Overall, there were 1,308 residents of Lead that were employed. The large majority of these City residents worked outside the community, as 1,120 people left their home community for their primary employment. The identified destinations of outbound commuters in 2019 were Deadwood, Spearfish, Rapid City, North Lawrence UT and South Lawrence UT.

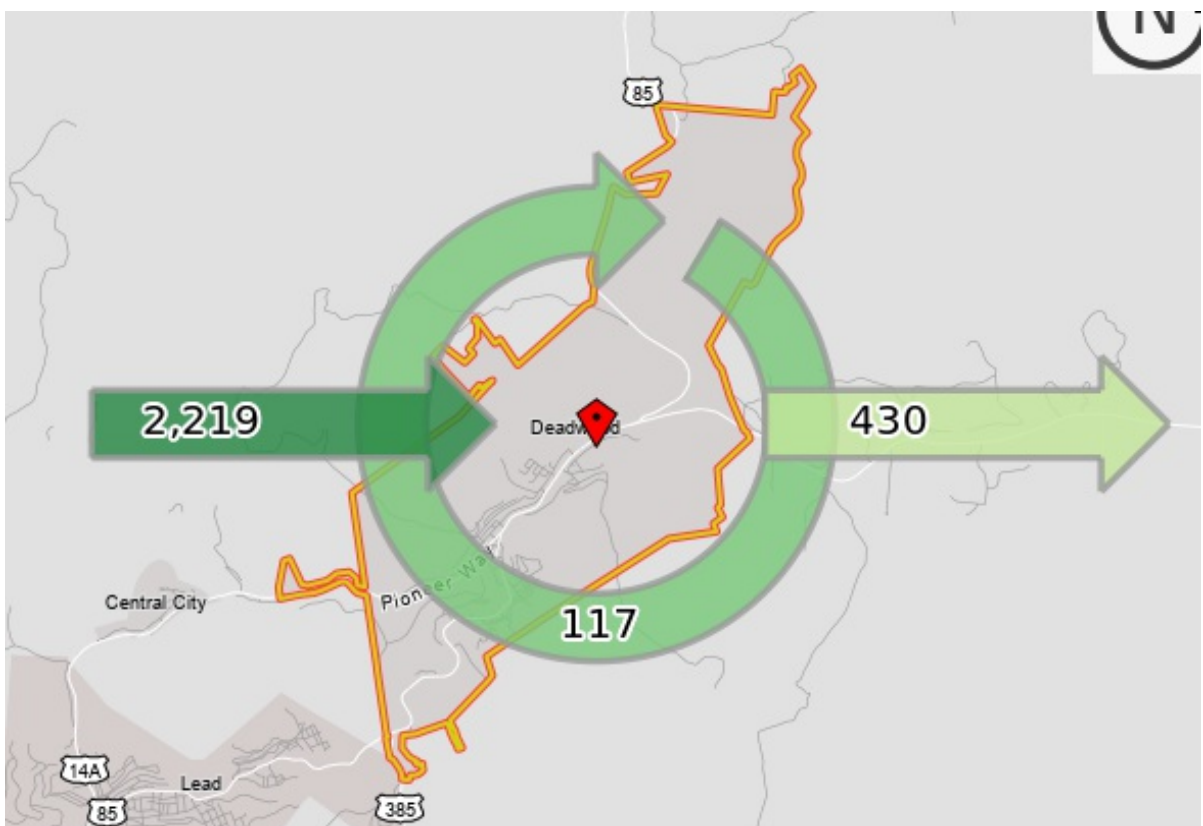


## Census On the Map: Deadwood

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

For Deadwood, there were 2,336 people that were employed within the City in 2019. Only 5% of these city-based employees also lived in Deadwood. There were 2,219 city-based employees that lived outside the City and commuted in for their job. The primary jurisdictions supplying workers to the City were Spearfish, Lead, North Lawrence UT, South Lawrence UT, Sturgis and Rapid City.

For Deadwood, there were 547 residents that were employed. Most of these City residents worked outside the community, as 430 people traveled to other locations. The identified destinations of outbound commuters in 2019 were Spearfish, Rapid City, North Lawrence UT, Southwest Meade UT and Lead.





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

### **Lead**

The release of the 2020 U.S. Census provided a new benchmark for demographic data. For the City of Lead, the 2020 results showed a small decrease in both the City's permanent resident population and number of permanent households.

Although the City had 141 fewer people, there were only 17 fewer households than in 2010. The most recent Census did reverse a pattern of growth that had been present between 2000 and 2010.

Much of the decrease in the City's population can be traced to fewer people per household. As residents have aged, and with fewer children in the community, the average number of people per household has continued to decline, and was at an average of only 2.13 persons per household in 2020.

It is also important to note that the decrease in permanent residents and households was partially caused by housing demand from seasonal/recreational households that do not live in the City year-round.

### **Deadwood**

The 2020 Census also showed demographic losses in Deadwood, with 114 fewer people and 34 fewer permanent households when compared to 2010.

Over the past three decades Deadwood has experienced consistent decreases in the population and household levels. While some of the population decrease is linked to fewer households, it has also been caused by a significant decrease in the number of people per household. According to the 2020 Census, the City had a very small average household size with only 1.78 people per household.

It is also important to note that the decrease in permanent residents and households was partially caused by housing demand from seasonal/recreational households that do not live in the City year-round.

## **Market Area**

The Cities of Lead and Deadwood represent the largest share of the Market Area's population, and the trends are reflected in Market Area patterns. Between 2010 and 2020, the Market Area's population decreased by 291 people. However, the Market Area had only five fewer households, and outside of Lead and Deadwood some household growth was recorded in South Lawrence UT.

Longer-term, the Market Area has seen a continued population decrease over the past three decades, but between 1990 and 2020, the total household count has remained relatively stable, with a decrease of only 51 permanent resident households over the past 30 years.

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

This Update has utilized household growth projections for Lead, Deadwood and the Market Area. The primary projection source is Esri.

### **Lead**

Esri is projecting household growth going forward for the City of Lead, with the expected addition of 47 households between 2021 and 2026. Over this 5-year time period, average annual growth of between 9 and 10 households per year is indicated.

Within the Market Area, the fastest growing age groups will be senior citizen households, age 65 and older. Esri's age-based forecasts for the year 2026 show that nearly 60% of all Market Area households will be within the age ranges 55 years old and older.

### **Deadwood**

Esri is projecting household growth going forward for the City of Deadwood, with the expected addition of 31 households between 2021 and 2026. Over this 5-year time period, average annual growth of approximately 6 households per year is indicated.

However, in the opinion of the analysts, the City's growth potential is greater than indicated by these projections. There has been a significant increase in recent housing construction activity and more units are planned. The expansion of available housing should result in a greater level of growth going forward than has been present in the past.

Within the Market Area, the fastest growing age groups will be senior citizen households, age 65 and older. Esri's age-based forecasts for the year 2026 show that nearly 60% of all Market Area households will be within the age ranges 55 years old and older.

### **Market Area**

Esri is projecting household growth going forward for the Market Area, which also includes Central City and South Lawrence UT. Esri expects this aggregated area to add 123 households between 2021 and 2026, including the projected growth within Lead and Deadwood. Outs with these two cities, this projection would point to average of between 9 and 10 households per year, primarily within South Lawrence UT.

Within the Market Area, the fastest growing age groups will be senior citizen households, age 65 and older. Esri's age-based forecasts for the year 2026 show that nearly 60% of all Market Area households will be within the age ranges 55 years old and older.

## **Market Area’s Growth Projections by Age Group**

The Demographic section of this Study presented the Market Area projection information on anticipated changes by age group from 2021 to 2026. This information can be informative in determining the housing that may be needed due to changing age patterns.

Consistent with the age distribution data presented earlier, the movement of the “baby boom” generation through the aging cycle should generate much of the Market Area’s growth, as large household increases are projected in the senior citizen ranges, age 65 and older. Between 2021 and 2026, Esri’s age projections expect the Market Area to add approximately 190 senior-headed households.

Some limited growth is also projected in the younger adult ranges, age 34 and younger. While some of the other age ranges will remain relatively stable, overall, Esri is projecting a decrease in households age 64 and younger.

<u>Age Range</u>	<u>Projected Change in Households 2021 to 2026</u>
15 to 24	4
25 to 34	19
35 to 44	-3
45 to 54	-7
55 to 64	-80
65 to 74	74
75 and older	116
Total	123

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

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

***Age 24 and Younger*** - The projections used for this Study expect a gain of four households in the 15 to 24 age range through the year 2026. Past tenure patterns indicate that a majority of the households in the Market Area will rent their housing. A slight increase 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 gain of 19 households in this age range by 2026. Within this age range households often move from rental to ownership housing. An estimated household gain of 19 households within this age range indicates an increase in the demand for both first-time home buyer and rental opportunities during the projection period.

***35 to 44 Years Old*** - The projections for this 10-year age cohort expect a loss of three households between 2021 and 2026 in the Market Area. Households within this range often represent both first-time buyers and households looking to trade-up, selling their starter home for a more expensive house.

***45 to 54 Years Old*** - The projections show a loss of seven households in this age range from 2021 to 2026. This age group historically has had a high rate of home ownership, and will often look for trade-up housing opportunities. A slight loss in the number of households in this age group, indicates that the demand for trade-up housing will remain stable during the projection period.

***55 to 64 Years Old*** - The projections show a significant decrease of 80 households in this 10-year age range by the year 2026 in the Market Area. This age range has traditionally a very high rate of home ownership. Age-appropriate housing, such as town house or twin home units, is often well suited to the life-cycle preferences of this age group, as no maintenance/low maintenance housing has become a popular option for empty-nesters.

***65 to 74 Years Old*** - A strong gain of 74 households is expected by the year 2026 in the 65 to 74 age range. While this group will begin moving to life-cycle housing options as they age, the younger seniors are still predominantly home owners. At the time of the 2020 Census, a very high percentage of the households in this age range owned their housing in the Market Area. Once again, preferences for age-appropriate units will increase from household growth within this age cohort.

***75 Years and Older*** - There is also a substantial projected gain of 116 households in the Market Area in this age range between 2021 and 2026. An expansion of housing options for seniors, including high quality rental housing, should appeal to this age group. In most cases, income levels for senior households have been improving, as people have done better retirement planning. As a result, households in this age range may have fewer cost limitations for housing choices than previous generations of seniors.

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

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

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

***Demand from Growth*** - The household projections used for this Study expect Lead, Deadwood, Lawrence County and the Market Area to add households from 2022 to 2026. Household growth will yield demand for new housing production in Lead and Deadwood.

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

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

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



# **Lead/Deadwood Strengths and Barriers for Housing Development**

## **Strengths for Housing Development**

The following strengths for the Cities of Lead and Deadwood were identified through statistical data, local interviews, research and on-site review of the local housing stock and from the 2016 Deadwood/Lead Comprehensive Housing Study.

- ▶ **Lead/Deadwood serves as a small regional center** - The Cities of Lead and Deadwood provide employment opportunities, retail/service options, health and professional services, governmental services and recreational facilities and opportunities for a geographical area that surrounds the Cities.
- ▶ **Educational system** - Lead and Deadwood have an excellent public K-12 school system.
- ▶ **Health facilities** - Lead and Deadwood have excellent health facilities including a hospital, medical clinic and senior with services facilities.
- ▶ **Infrastructure** - Lead/Deadwood's water and sewer infrastructure can accommodate future expansion.
- ▶ **Commercial development** - Lead and Deadwood's commercial districts combined are adequate to meet daily needs. Also, Lead and Deadwood have experienced commercial development over the past decade. Deadwood's Downtown has also been renovated and revitalized and is a tourism attraction. However, Deadwood does lack some essential commercial services.
- ▶ **Tax deferment programs** - Lead and Deadwood have property tax deferment programs for households to rehabilitate their homes, or to construct a new home.
- ▶ **Historical and architectural significance** - The Lead/Deadwood Area is known for its history, historic sites and historic and architecturally significant buildings.
- ▶ **Deadwood-Lead Economic Development Corporation** - The Deadwood-Lead Economic Development Corporation is active in promoting economic and industrial development, job creation and housing.

- ▶ **Employers** - Lead and Deadwood have several large employers that provide job opportunities for local residents. Deadwood also has a significant number of gaming establishments.
- ▶ **Population and household growth** - Lead and Deadwood are projected to add people and households over the next five years.
- ▶ **Commuters** - Approximately 527 of the city-based employees in Lead and more than 2,200 employees in Deadwood are commuting into each City daily for work. These commuters are a potential market for future housing construction.
- ▶ **Desirable location of seniors and retirees** - Lead and Deadwood are attractive communities for empty nesters and seniors as a retirement location. As providers for health, retail and government services, housing options and many recreational opportunities, these Cities have amenities that are attractive for seniors as they age.
- ▶ **Black Hills recreational area** - Lead and Deadwood are in the Black Hills, a prime, nationally known recreational and tourism area.
- ▶ **Proximity to Rapid City** - Lead and Deadwood are located approximately 40 miles from Rapid City, the area's large Regional Center. Rapid City provides employment opportunities, retail/services options, educational opportunities, health care facilities and recreational opportunities.
- ▶ **Historic preservation funds** - Deadwood offers an array of programs that provide funds for housing and commercial rehabilitation.
- ▶ **Downtown housing** - Deadwood and Lead's downtown areas have additional capacity to create housing units on the upper floors of commercial buildings.
- ▶ **Sanford Underground Research Facility** - The Sanford Underground Research Facility is located in the former Homestake Gold Mine, and has created a significant number of jobs in the area and is continuing to create jobs.
- ▶ **Median sales price of existing homes** - The median sales price of existing homes sold in Deadwood and Lead based on 2021 sales has increased significantly since the 2016 Housing Study. The median sales price is high and will promote new housing construction in the two cities.

- ▶ **Active subdivision and housing developers and builders** - The two cities have developers and builders that are developing lots and constructing homes. There are several large housing developments that are in the planning or early development phase.

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

Our research also identified the following barriers or limitations that hinder or prevent certain housing activities in the Cities of Lead and Deadwood.

- ▶ **Age and condition of the housing stock** - While limited percentage of the existing stock is affordable, some of this housing is in need of improvements to meet expectations of potential buyers.
- ▶ **Lack of affordable housing for home ownership** - Based on 2021 residential sales, we estimate that the median priced home in Deadwood is valued at approximately \$259,000 and the median priced home in Lead is \$160,500. The median price in both cities has increased substantially since the 2016 Housing Study. The high home values limit the number of affordable homes in the two cities.
- ▶ **Lower paying jobs** - Although Lead and Deadwood have job opportunities, some jobs are at the lower end of the pay scale and employees with these jobs have limited housing choices.
- ▶ **Proximity to Spearfish, Sturgis and Rapid City** - Although it is a strength to be close to these Cities, it is also a barrier as Lead and Deadwood must compete with these Cities, which offer attractive residential opportunities and other amenities and services.
- ▶ **Competition with rural lots** - The Lead/Deadwood area has many rural lot opportunities, which compete with available lots within the City limits of Lead and Deadwood.
- ▶ **Additional costs for lot development and new housing construction** - Because of Lead and Deadwood's terrain and unique features, infrastructure and construction costs are higher than areas that don't have these barriers. It is especially difficult to construct affordable housing units.

# **Lead-Deadwood Recommendations and Opportunities**

## **Recommendations, Strategies and Housing 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 Lead and Deadwood. They are based on the following strategies.

- ▶ **Be realistic in expectations for housing development** - The scale of housing activities proposed for the future should be comparable with the area's potential for growth.
- ▶ **Proactive community involvement** - New home and apartment construction will more likely occur in Lead and Deadwood if there is proactive support from the Cities, local and regional housing and economic development agencies and the South Dakota Housing Development Authority.
- ▶ **Protect the existing housing stock** - The future of Lead and Deadwood will be partially dependent on each City's appeal as a residential location. The condition of the existing housing stock is a factor in determining each City's long-term viability. Most of the existing housing stock is in good condition and is a major asset, however, rehabilitation efforts are needed to preserve the housing stock.
- ▶ **Protect the existing assets and resources** - The Lead and Deadwood area has many assets including a K-12 school, several large employers, Downtown Commercial Districts, health facilities, recreational and tourism opportunities, historic buildings, natural amenities, etc. These are strong assets that make the Lead and Deadwood Area desirable to live in, and are key components to each City's long-term success and viability. These assets must be protected and improved.
- ▶ **Develop a realistic action plan with goals and time lines** - In the past, each City has been involved in housing issues. Each City should prioritize its housing issues and establish goals and time lines to achieve success in addressing its housing needs.
- ▶ **Access all available resources for housing** - In addition to the local efforts, the Lead/Deadwood area has other resources to draw on including USDA Rural Development, the South Dakota Housing Development Authority, NeighborWorks Dakota Home Resources, the Western South Dakota Community Action Agency and the Meade/Butte Lawrence Housing and Redevelopment Commission. These resources should continue to be accessed as needed to assist with housing activities.

## **Summary of Findings/Recommendations**

The findings/recommendations for the City of Deadwood have been formulated through the analysis of the information provided in the previous sections and include 22 recommendations. The findings/recommendations have been developed in the following five categories:

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

The findings/recommendations for each category are as follows:

### **Rental Housing Development**

1. Develop 46 to 54 general occupancy market rate rental units
2. Develop 52 to 56 general occupancy tax credit/moderate rent/affordable workforce rental housing units
3. Develop 14 to 16 subsidized rental housing units
4. Promote the development/conversion of 14 to 16 affordable market rate rental housing units
5. Develop 10 to 12 additional senior with services (assisted living) units
6. Develop 22 to 26 senior independent/light services market rate units
7. Develop a downtown mixed-use commercial/housing project in Lead and Deadwood
8. Continue to utilize the Housing Choice Voucher Program

### **Home Ownership**

9. Continue to utilize and promote all programs that assist with home ownership



**Single Family Housing Development**

10. Lot availability and development
11. Strategies to encourage residential lot sales and new home construction in Lead/Deadwood
12. Promote twin home/town home/villa development for seniors/empty nesters
13. Coordinate housing agencies and nonprofit groups to construct affordable housing
14. Development of owner-occupancy work force housing

**Housing Rehabilitation**

15. Promote rental housing rehabilitation
16. Promote owner-occupied housing rehabilitation efforts
17. Develop a neighborhood revitalization program
18. Develop a rental inspection and registration program

**Other Housing Initiatives**

19. Promote commercial rehabilitation and development
20. Develop home ownership and new construction marketing programs and strategies
21. Encourage employer involvement in housing
22. Develop a plan and a coordinated effort among housing agencies

# **Lead/Deadwood Rental Housing Development**

## Rental Housing Development

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

Over the past 15 years from 2000 to 2015, no new rental units were constructed in Deadwood. In 2000, a 32-unit senior project with services, Golden Ridge Regional Senior Care, was constructed in Lead. However, some single family homes were converted from owner-occupied to rental use in both cities and vice versa.

From 2016 to 2021, in Deadwood, 66 Stage Run rental units have been constructed or were under construction. Also, a hotel has been converted to 24 rental units. In Lead, from 2016 to 2021, the Lofts Apartments with 15 units were developed. Also, single family homes continued to convert from owner-occupied to long-term or short-term rentals and vice versa.

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

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

The household projections for the Lead-Deadwood Market Area expect household growth over the next five years. From 2022 to 2026, Esri projects that there will be a gain of approximately 123 households in the Market Area.

With current housing development in the Area, this growth projection may be low. It is projected that approximately 40% of these households will be renter households, thus, there will be a demand for approximately 50 additional rental units in the Market Area due to household growth over the next five years from 2022 to 2026 based on Esri projections.

As stated previously, Community Partners Research, Inc., believes that the area has greater growth potential than indicated in the available projections. New housing development activity is underway, and the construction of new units will create additional demand. It is our opinion that 80 rental units should be constructed based on potential growth-generated demand from new households.

Demand created by replacement of lost units is more difficult to determine, but the best available evidence suggests that the two cities will lose as many as six to eight units per year. As a result, approximately 30 to 40 additional units will be needed over the next five years to replace lost units.

Additionally, over the past several years, rental units have been lost due to conversion to home ownership, seasonal use housing and/or short-term rentals. In some cases, this unit replacement will be necessary as existing units are removed from the inventory through demolition or conversion. In other cases, this replacement is appropriate due to the deteriorating condition of older, substandard rental housing that should be removed from the occupied stock.

Pent-up demand also exists. As part of this study, a rental survey was conducted in Lead and Deadwood. The survey found a 1.2% vacancy rate in general occupancy market rate units and no vacancies in the 127 subsidized units. There were four independent/light services vacancies reported in the senior with services project, Golden Ridge Regional Center Care.

At the time of the 2016 Housing Study, the market rate units had a 4.1% vacancy rate and the subsidized units had a 3.1% vacancy rate.

We identified pent-up demand for high quality market rate rental units, affordable workforce and senior with services rental units.

These three demand generators, after factoring current occupancy rates, show a need for 160 to 180 rental units over the next five years, which is an average of 32 to 36 units annually. Based on the factors stated above, we recommend the development of the following new rental units over the next five years from 2022 to 2026.

▶ General Occupancy Market Rate	48-54 units
▶ Conversions	14-16 units
▶ Tax Credit/Moderate Rent/Affordable Workforce	52-56 units
▶ Senior with Services (Independent/Light Services, Assisted Living)	32-38 units/beds
▶ Subsidized	<u>14-16 units</u>
Total	160-180 units

## **1. Develop 48 to 54 general occupancy market rate rental units**

**Findings:** More than 85% of the rental housing units in the Cities of Lead and Deadwood can be classified as general occupancy market rate housing. These units are free of any specific occupancy restrictions such as financial status, age, or student enrollment. Market rate housing does not have any form of rent controls, other than those imposed by the competitive marketplace.

Of the total 162 market rate rental units that provided vacancy rate information, we found only two vacancies, which is a 1.2% vacancy rate, which is significantly below the healthy vacancy rate of 3% to 5%. The owners and managers of rental properties reported high occupancy rates and excellent demand for rental housing. Several projects have waiting lists. At the time of the 2016 Housing Study, there was a 4.1% vacancy rate.

There is a rental rate variation in the market rate segment in the Cities of Lead and Deadwood. The existing rent range in the multi-family rental projects including utilities is \$625 to \$1,575 for a one-bedroom unit and \$850 to \$1,700 for a two-bedroom unit.

The gross rents in the single family homes surveyed ranged from \$800 to \$2,500 based on the size and quality of the home.

**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 a combined total of between 42 and 50 market rate rental units over the next five years.

Based on our research, there is a need for all unit sizes, thus, the new units constructed over the next five years should include 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 would 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 Lead and Deadwood. One segment is seeking a high quality unit and can afford a higher rent. The second segment is seeking work force housing at a more modest rent. This segment may not qualify for subsidized units, but affordability is still an issue. The workforce housing need will be addressed in the following recommendations.

The first option to developing market rate housing would be to encourage private developers to undertake the construction of market rate rental housing. During the interview process, several developers and rental property owners expressed interest in constructing rental housing in Lead or Deadwood and several projects are in the planning phase. Also, several residential developments are being developed in Deadwood that will make parcels available for multi-family rental development.

Additionally, the Deadwood-Lead Economic Development Corporation, regional and state housing agencies and the Cities could potentially assist with land donations, tax increment financing, tax abatement, and other financing to make projects feasible.

It may also be possible to utilize Housing Choice Vouchers if some of the new units meet income requirements and the rents are at or below the Payment Standards. The Housing Voucher Payment Standards are at \$530 for a one-bedroom, \$669 for a two-bedroom and \$953 for a three-bedroom unit.

**Recommended unit mix, sizes and rents for Lead/Deadwood  
Market Rate Housing Units:**

<u>Unit Type</u>	<u>No. of Units</u>	<u>Size/Sq. Ft.</u>	<u>Rent</u>
One Bedroom	8-10	700 - 850	\$900 - \$1,100
Two Bedroom	32-34	900 - 1,000	\$1,100 - \$1,600
Three Bedroom	8-10	1,100 - 1,200	\$1,300 - \$1,800
Total	48-54		

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

**2. Develop 52 to 56 general occupancy tax credit/moderate rent/affordable workforce housing units**

**Findings:** Although Lead and Deadwood have a good supply of subsidized multifamily rental units, there is a significant unmet need for tax credit/moderate rent/workforce units. The Cities of Lead and Deadwood have six project-based subsidized developments with a combined 127 units. Subsidies have been provided by USDA Rural Development, the Department of Housing and Urban Development (HUD) and through the South Dakota Housing Development Authority.

In addition to these subsidized projects, Lead and Deadwood had, in March 2022, approximately 51 households utilizing the HUD Housing Choice Vouchers (formerly Section 8 Existing Program). 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.

We are also recommending the development of an additional 14 to 16 subsidized rental units over the next five years. This will be addressed in the recommendation that follows.

Also, Deadwood and Lead have a supply of market rate rental housing. The rental units that have been constructed in Deadwood and Lead since the 2016 Housing Study have been general occupancy market rent units.

In the prior recommendation, we have recommended 48 to 54 additional market rate units.

Despite the existing supply of subsidized units in Lead and Deadwood, the American Community Survey still identified households in Lead and Deadwood had a housing cost burden, with 30% or more of their income going to housing costs. A significant majority of these households were actually paying 35% or more of their income for housing, which is defined as a severe cost burden. Approximately 37% of Lead's renter households and 22% of Deadwood's households have a housing cost burden.

Our rental survey found no vacancies in the subsidized developments and only one market rate unit vacancy.

There is an existing inventory of subsidized and conventional market rate rental units in Lead and Deadwood, and we are recommending additional development in both of these segments. However, there is also a substantial need for work force/affordable units to address the rental demand from more moderate income households that need affordable housing but may not qualify for subsidized units.

**Recommendation:** We recommend the development of 52 to 56 tax credit/moderate rent/workforce rental housing units for moderate income households in Deadwood and Lead over the next five years. It is difficult to develop affordable workforce rental housing, thus, all financial resources should be considered to achieve the goal of developing affordable rental housing including tax credits, tax increment financing, tax deferral, SDHDA Programs such as the DakotaPlex Program, GOED funds, etc. Please note that some of these programs have income and/or rent limits.

We recommend the development of 52 to 56 affordable rental units in Lead and Deadwood over the next five years based on the following:

- ▶ The Cities of Lead or Deadwood have no tax credit units and no vacant subsidized units.
- ▶ Esri estimates that the Deadwood-Lead Market Area will add a significant number of households from 2022 to 2026.
- ▶ Many Lead and Deadwood renter households cannot afford a market rate unit, but also do not qualify to live in a subsidized unit.
- ▶ Funds are available for affordable housing and additional funds may be allocated in the future.
- ▶ Several housing developments in the Market Area are planning to have land available for affordable rental housing.
- ▶ Approximately 37% of the renter households in Lead and 22% of the renter households in Deadwood are paying more than 30% of their income for rent. Many of these households are actually paying more than 35% of their income for rent.



- ▶ Lead and Deadwood are experiencing industrial and commercial growth and adding employees. The gaming industry in Deadwood has created a significant number of moderate income jobs. Additionally, the Sanford Underground Research Facility is adding permanent and temporary jobs over the next several years, some of which will have a more moderate pay rate. Affordable rental projects would address the housing needs of some of these low and moderate income workers.
- ▶ New rental housing development has been very limited in Lead and Deadwood over the past 20 years.
- ▶ Approximately 2,219 workers are commuting into Deadwood and 527 people are commuting into Lead daily for work. Some of these workers would move to Deadwood or Lead if affordable rental housing was available.

The Cities of Lead and Deadwood should work with private developers or area housing agencies to apply for funds that will create units that are affordable. The City could assist with lowering rents by providing tax increment financing, tax abatement or other funding.

There is a need for affordable rental housing units of all sizes including one, two and three-bedroom units. However, the majority of the units should be two-bedroom units. Also, townhouse units would be the preferred design.

The rent structure of the new affordable units should be as low as is feasible. However, it would be advantageous for rents to be below the payment standards for the Housing Choice Voucher Programs which are:

- ▶ one-bedroom units - \$701
- ▶ two-bedroom units - \$923
- ▶ three-bedroom units - \$1,310

The tax credit program rent limits for households with incomes below 50% of median income are:

- ▶ one-bedroom units - \$707
- ▶ two-bedroom units - \$848
- ▶ three-bedroom units - \$980

### 3. Develop 14 to 16 subsidized rental housing units

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

The research completed for this Study found six federally subsidized rental projects in Deadwood and Lead that offer subsidized housing with rent based on income. The six projects have a total of 127 units. Four projects with a total 70 units are located in Lead. Three of these projects with 51 units are general occupancy and one project with 20 units is a senior/disabled project. Two subsidized projects, with a total 57 units, are located in Deadwood. Both of these projects are general occupancy.

The six subsidized rental projects in Deadwood/Lead include:

- ▶ **Timberland Apartments** - Timberland Apartments is a 24-unit HUD Section 8 General Occupancy project located in Lead. The 24 units include 16 two-bedroom and eight three-bedroom units.
- ▶ **Mile High Apartments** - Mile High Apartments is a 13-unit USDA Rural Development General Occupancy project located in Lead. The 13 units include four one and nine two-bedroom units.
- ▶ **Golden Mountain Apartments** - Golden Mountain Apartments is a 20-unit HUD Section 8 senior/disabled project in Lead. All 20 units are one-bedroom.
- ▶ **Bender Park Apartments** - Bender Park Apartments is a 13-unit General Occupancy USDA Rural Development project located in Lead. The 13 units include four one-bedroom and nine two-bedroom units.
- ▶ **Hill Apartments** - Hill Apartments is a 27-unit Home general occupancy project located in Deadwood. The 27 units are two one-bedroom, 19 two-bedroom and six three-bedroom units.
- ▶ **McKinley Street Apartments** - McKinley Street Apartments is a 30-unit General Occupancy USDA Rural Development Project located in Deadwood. The 30 units include nine one-bedroom units and 21 two-bedroom units.

The 127 units in the six subsidized projects include:

- ▶ 39 one-bedroom units (30.7%)
- ▶ 74 two-bedroom units (58.3%)
- ▶ 14 three-bedroom units (11.0%)

At the time of the survey, there were no vacancies in the 127 subsidized units. At the time of the 2016 Housing Study, there were 13 vacancies, which was an 8.2% vacancy rate.

There are additional “deep subsidy” resources available to Deadwood/Lead households residents through the tenant-based Housing Choice Voucher Program. The Vouchers allow tenants to pay approximately 30% of income for housing in suitable private-market rental units. The Voucher Program for the cities and Lawrence County is administered by the Meade/Butte/Lawrence County Housing and Redevelopment Commission.

Although there are a number of income-based rental options that do exist in the two cities, the 2019 American Community survey estimated that approximately 37% of all renters in Lead and 22% of the renters in Deadwood were paying 30% or more of their income for rent. Most of the households with a rent burden had low annual incomes, and would be under the income limits for subsidized housing.

**Recommendation:** Based on the cost burden data contained in the American Community Survey, projected growth in the number of renter households in the two cities and the high occupancy rate of the subsidized units in the two cities, we recommend that the cities look to 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 14 to 16 units that achieve a rent level that would be affordable to low income households earning less than \$30,000 per year.

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

In the opinion of the analysts, the highest priority would be to create general occupancy units for families and should be primarily two and three-bedroom units.

Another important community strategy will be to prevent the future loss of the remaining project-based subsidized housing projects. It may be appropriate for public or nonprofit housing agencies to become involved in attempts to preserve subsidized housing resources. In some cases, private developers have utilized housing tax credits for preservation and rehabilitation of older subsidized projects that were at risk of being lost.

Continued efforts to expand the Housing Choice Voucher Program 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 approximately 30% of income for gross rent. The Voucher Program has a three to four-year waiting list.

#### **4. Promote the development/conversion of 14 to 16 affordable market rate rental housing units**

**Findings:** The previous recommendations addressed the market potential to develop new high quality rental units in Lead and Deadwood. Unfortunately, these units would tend to be beyond the financial capability of many area renters. A majority of Lead and Deadwood's renter households have an annual income below \$30,000. These households would need a rental unit at \$750 per month or less.

There is evidence that Lead and Deadwood have lost rental housing over the years due to redevelopment, deterioration and demolition, and rental units converting from rental to owner occupied. Part of the need for additional rental units in Lead and Deadwood 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 Cities of Lead and Deadwood to promote the development/conversion of more affordable rental units. A goal of 14 to 16 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 downtown buildings, or through the purchase and rehabilitation of existing single family homes. Several single family homes have been rehabilitated for rental housing by local individuals.

Several downtown buildings in the two cities have potential on the upper floors to convert space into rental housing or to rehabilitate rental housing that has been vacant. Although this recommendation is promoting the development of affordable rental housing, several downtown conversions could be high end rental housing.

Creating some additional units with contract rents below \$750 per month would help to expand the choices available to a majority of Lead and Deadwood's renter households.

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

## **5. Develop 10 to 12 additional senior housing with services (assisted living)**

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

Lower-service housing, sometimes referred to as congregate senior housing, generally offers the availability of a daily meal, and services such as weekly light housekeeping. The Lead/Deadwood Market Area has one specialized project that provides housing with supportive services for an elderly population.

The only senior with services project is Golden Ridge Regional Senior Care, located in Lead. The facility has 22 assisted living and 10 independent living units. The independent units include efficiency, one and two-bedroom units. The assisted living units include meals, laundry service, medication management, 24-hour staffing, bathing, etc. Tenants in the independent living units can buy a meal package and housekeeping services. The staff reported full occupancy in the assisted living units but four independent/light services units were vacant.

To determine future senior with services housing demand in Lead and Deadwood, we determined that Lead and Deadwood's Market Area for senior with services housing includes the Cities of Lead, Deadwood and Central City and the South Lawrence Unincorporated Area.

**Recommendation:** In 2021, the Market Area had approximately 680 people over the age of 75. The growth projections show some continued growth in the Market Area's senior population from 2022 to 2026, with an increase of approximately 186 people in the 75 and older age range.

- ▶ **Skilled Nursing Home** - The research for this Study points to a decreasing reliance on nursing homes as a long-term residency option for older senior citizens. Over time, the nursing homes have tended to use more beds for rehab/recovery stays, or other specialized uses. There has also been a long-standing State moratorium that limits expansion in most cases. No recommendations are offered for this type of specialized housing. Although a nursing home is not located in Lead or Deadwood, Spearfish and Sturgis have well-established providers that serve this segment of the market.
- ▶ **Memory Care Housing** - There are no designated memory care beds in Golden Ridge Regional Senior Care. However, the facility is capable of providing services for residents in the early stage of dementia. Discussions with housing providers point to the cost and regulatory difficulties of creating specialized memory care units. Staffing, security, liability and licensing requirements all contribute to a reluctance to enter this very specialized housing segment.

With the small number of memory care beds needed at this time, Golden Ridge's ability to serve people in the early stages of dementia and the availability of memory care beds in other communities in the Region, we recommend that the need for memory care beds continue to be monitored. If Golden Ridge expands, or if another senior with services facility is developed in the Market Area in the future, the development of memory care units should be considered.

- ▶ **Assisted Living** - There is one assisted living facility in the Market Area. Golden Ridge Senior Care has 22 assisted living units. At the time of the survey, there were no vacancies.

A capture rate of 4.5% to 5% of the seniors over the age of 75 is typical for assisted living, which would yield approximate demand for 31 to 34 beds in the Market Area. With 22 units in Golden Ridge, there is a need for additional assisted living beds in the Market Area. Therefore, we recommend that the development of an additional 10 to 12 assisted living beds in Lead/Deadwood over the next five years.

- ▶ ***Independent/Light Service Housing*** - Currently, there is one independent/light service project in the Market Area. Golden Ridge Regional Senior Care has 10 units. The units include studio, one-bedroom and two-bedroom. The following recommendation addresses the demand for additional independent/light services units.

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

## **6. Develop 22 to 26 senior independent/light services market rate units**

**Findings:** We are aware of one senior independent/light services housing project in Deadwood/Lead. There are 10 independent/light services units in the Golden Ridge Regional Senior Care located in Lead.

In 2021, there were approximately 1,079 households age 65 and older in the Deadwood/Lead Market Area. It is projected that there will be an additional 190 households age 65 and older in the Market Area by the year 2026.

We are estimating that 3% to 4% of senior households age 65 and older in the Market Area would move into a senior independent/light services rental project. Also, the project will attract tenants from the outside the Market Area.

**Recommendation:** We are recommending a 22 to 26-unit independent/light services senior project in the Deadwood/Lead Market Area. The project should be designed to allow seniors to live in a unit independently. The senior project could be a one-level apartment building or town home-style units.

The project's amenities and features should include:

- ▶ A community room
- ▶ 24-hour call system
- ▶ A limited access security system
- ▶ Smoke alarms
- ▶ Enclosed parking
- ▶ Spacious corridor with a theme such as a street scape design

Unit features should include:

- ▶ 22 to 26 units
  - ▶ 5 to 7 one-bedroom
  - ▶ 17 to 19 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 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 two to three 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.



## **7. Develop a Downtown Mixed-Use Commercial/Housing Project in Lead and Deadwood**

**Findings:** New mixed-use rental housing/commercial projects would be an asset to Lead and Deadwood's Commercial Districts. Currently, there are several mixed-use buildings in the two cities.

Some mixed-use projects are developed because of market demand, while others are 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 mixed-use buildings in the Lead and Deadwood's Downtown Areas. These projects would include commercial space on the first floor and rental units on the second floor. Prior to construction, a portion of the commercial space should be leased to an anchor tenant who would complement existing downtown businesses and attract people to downtowns.

The rental units should be primarily market rate units, but could be mixed income with some moderate income units. The units should be primarily one-bedroom and two-bedroom units. Please note that these units are not in addition to the units recommended in the 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 projects. The Cities may have a role in the project by providing tax increment financing, tax abatement, or other local funds and land at a reduced price.

In addition to new mixed-use building development, the Cities have the opportunity to use existing buildings to create housing options.

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

The Housing Choice Voucher Program is administered in Lead, Deadwood and Lawrence County by the Butte-Meade-Lawrence County Housing and Redevelopment Commission. At the time of the research for this Study, 16 Deadwood households and 35 Lead households were utilizing the Housing Voucher Program.

**Recommendation:** The Cities of Lead and Deadwood should continue to work with rental property owners to assure that renter households are aware of the Housing Choice Voucher Program and have the opportunity to apply for a Voucher.

The Voucher Program currently has a waiting list of approximately one to two months.

# **Deadwood/Lead Home Ownership**

## **Home Ownership**

**Findings:** Expanding home ownership opportunities is one of the primary goals for most cities. High rates of home ownership promote stable communities and strengthen the local tax base. Based on the 2021 sales of existing homes in 2021, the median owner-occupied home value in Lead is estimated to be approximately \$160,500, and Deadwood’s median owner-occupied home value is \$259,000. The existing homes in Lead and Deadwood provide some limited opportunities for first time buyers and households seeking moderately priced homes. This is especially true in Lead.

Our analysis of Deadwood-Lead Area’s demographic trends forecasts a gain over the next five years in the number of households in the 25 to 34 age range. Many of these households are first-time home buyers. Also, strong household growth is projected in the 65 and older age ranges. Many households in these ranges look for lower maintenance housing options, such as twin home/town home developments. Some households in these age ranges, as well as other age ranges that have not been able to achieve the goal of home ownership, may need the assistance of special programs to help them purchase a home. Also, with the proposed development of affordable housing, moderate income households may need financial assistance to purchase a home.

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

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

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

First time home buyer assistance, down payment assistance, low interest loans, gap financing and home ownership counseling and training programs can help to address affordable housing issues. The Cities of Lead and Deadwood have 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 is valued under the purchase price limits for the first-time home buyer assistance programs.

While these individual home ownership assistance programs may not generate a large volume of new ownership activity, the combination of below-market mortgage loans, 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 Cities of Lead and Deadwood should continue to work with NeighborWorks Dakota Home Resources, the South Dakota Housing Development Authority, USDA Rural Development and local financial institutions to utilize all available home ownership assistance programs. Other private and nonprofit agencies should also be encouraged to provide home ownership opportunities.

The Cities of Lead and Deadwood should also work with housing agencies to assure that Lead and Deadwood residents are receiving their share of resources that are available in the region.

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

# **Lead/Deadwood Single Family Housing Development**

## **Single Family Housing Development**

**Findings:** Based on City and Census Bureau reports, Lead and Deadwood have experienced some single family housing development since the 2016 Housing Study, from 2016 to 2021. Over the past six years, approximately 16 single family owner-occupied units have been constructed in Lead, and 27 owner-occupied single family units have been built in Deadwood. This is an average of approximately two to three owner-occupied units constructed annually in Lead, and four to five units annually in Deadwood.

In Lead, from 2010 to 2016, approximately seven new owner-occupied housing units were constructed which is one new unit annually. In Deadwood, from 2010 to 2016, approximately 27 new owner-occupied units were also constructed, which is four to five new units annually.

It is our opinion that if the Cities of Lead and Deadwood, the Deadwood-Lead Economic Development Corporation, housing agencies, builders and developers continue to be proactive, 28 to 34 owner-occupancy units can be constructed in Lead, and 150 to 180 owner-occupancy units can be constructed in Deadwood from 2022 to 2026.

The breakdown of our projections of the total new owner-occupied units constructed in each City over the next five years is as follows:

	<u>Lead</u>	<u>Deadwood</u>
▶ Higher and Median priced homes (More than \$300,000)	10-12	50-60
▶ Affordable Homes (Less than \$300,000)	14-16	60-70
▶ Twin homes/Town homes/Villas	4-6	40-50
Total	28-34	150-180

The significant increase in the number of units that are forecast to be constructed in Deadwood is based on the City's opportunity to capture a substantial percentage of households that are seeking housing in the area, projected job creation and the development of planned subdivisions. Lead's more limited projected number of new units over the next five years is primarily due to the lack of available buildable lots.

## **10. 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 Cities of Lead and Deadwood.

In Lead, there are approximately 10 residential lots available in the Hearst subdivision and a parcel is available to potentially develop an additional 15 lots in the Thunder Ridge Subdivision.

In Deadwood, there are three large subdivisions that are in the planning and development phases. These developments include Stage Run, The Ridges and Boothill. Based on current plans, lots will be available in these three subdivisions for more than 300 owner-occupancy units. Lots will be available for all types of owner-occupancy housing including luxury, affordable twinhomes/townhomes, etc.

In both Cities, additional dilapidated houses may be acquired and demolished over the next several years. Some of the cleared lots may be sites for new construction.

**Recommendation:** We use a standard that a 2 ½ year supply of lots should be available in the marketplace based on annual lot usage. With projections that five to seven new owner-occupied housing units will be constructed per year in Lead, the City should have approximately 13 to 18 residential lots available to meet the expected demand. Part of this demand would be for attached unit construction, such as twin homes or town houses. Lead has approximately 10 residential lots available, plus any available infill parcels. If the City reaches its projected level of construction, a lot shortage could develop within the next two years.

With the projection that 30 to 36 owner-occupancy housing units will be constructed annually, 75 to 90 lots will be needed over the next 2 ½ years. If the three planned subdivisions are developed in Deadwood, the City will have an adequate number of lots to meet the demand.

It is our recommendation that an additional 12 to 16 lots be developed in Lead within the next two years. The lots could be in one or more subdivisions, and should include the following:



- ▶ The subdivision(s) should have adequate land available, if possible, for future phases of lot development, based on demand.
- ▶ The subdivision(s) must be as aesthetically acceptable as possible and include high quality amenities.
- ▶ The subdivision(s) should have covenants that assure high quality development. However, the covenants should not be so restrictive that they eliminate the target market's ability to construct a home.
- ▶ The subdivision(s) should accommodate a variety of home designs and home prices.
- ▶ Major employers should be involved in promoting and publicizing the subdivisions.
- ▶ To be successful, the homes must be available to households with as wide an income range as possible.
- ▶ Successful subdivisions will need the cooperation of area housing agencies, financial institutions, employers, the Deadwood-Lead Economic Development Corporation and the City of Lead. Financial assistance such as tax increment financing may be necessary to make the development of lots feasible.
- ▶ The project should expand the market by providing an attractive, affordable product.
- ▶ Some lots should be available for twin home/town home development.
- ▶ Lot prices must be at a level that provides a better option with more amenities than the lots offered in the larger region.

In Deadwood, the City of Deadwood, the Deadwood-Lead Economic Development Corporation and all stakeholders should continue to work with developers to assure that the proposed subdivisions and lots are developed.

## **11. Strategies to encourage residential lot sales and new owner-occupancy home construction in Lead/Deadwood**

**Findings:** New home construction has been limited over the past 12 years from 2010 to 2021 with an average of two owner-occupied units constructed annually in Lead and four to five owner-occupied units constructed in Deadwood annually. Also, only a very limited number of owner-occupancy twin homes or town homes have been constructed in Lead and Deadwood from 2010 to 2021.

The City of Deadwood has a large number of residential lots that are proposed to be developed, which are intended to encourage new housing construction and to address the demand for housing in the area.

**Recommendation:** We recommend that the Cities of Lead and Deadwood, employers, the Deadwood-Lead Economic Development Corporation, area housing agencies, realtors, builders and developers coordinate efforts to promote lot sales and housing development in Lead and Deadwood.

Our recommendations to promote lot sales and housing development include:

- ▶ ***Continue competitive pricing*** - The current lot prices in Lead and Deadwood are competitive. To encourage new home construction, lots must remain competitively priced.
- ▶ ***Plan for long-term absorption*** - We are projecting the construction of 30 to 36 new units per year in Deadwood and the construction of five to seven units in Lead annually. It is necessary to view the development and sale of lots as a long-term plan.
- ▶ ***Consider developing an exclusive builder(s) relationship*** - A block of lots could be sold to a builder or builders. Momentum can be created when a builder has access to several lots. This allows for marketing opportunities and efficiencies in the home building process. The subdivision owners, however, should assure that the builder is obligated to constructing a minimum number of homes per year. Builders may be more willing to enter a market when the lots are attractive and very affordable. A block of lots available to an exclusive builder or developer should be explored, even if price concessions are required.
- ▶ ***Continue the momentum*** - The City of Deadwood and its stakeholders have a working formula for new home construction. There are currently developers, builders and buildable lots in the City. The City should maintain its momentum.

- ▶ ***User-Friendly*** - The lot purchase and homebuilding 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, reasonable and necessary.
- ▶ ***Spec home development*** - 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. In an attempt to spur spec home construction, some communities have formed partnerships with private home builders to share the financial risks. For example, some developers have been willing to defer the payment for the lot until the spec home is sold. Another builder incentive is to waive any water/sewer hookup fees and building permit fees until the home is sold.
- ▶ ***Range of house, types, sizes and prices*** - Lots should be available to as wide a range of home types, sizes and prices as possible, without compromising the subdivision(s). This broadens the lot buyer market.
- ▶ ***Incentives*** - Many cities throughout South Dakota are offering incentives to construct homes including reduced lot prices, reduced water and sewer hookup fees, tax abatement, cash incentives, etc. Incentives should be considered to promote new home construction. Currently, both Cities have a tax deferral program for new construction. Also, we recommend that the use of Historic Preservation funds for new in-fill construction in Deadwood should be investigated.
- ▶ ***Lot availability for twin home/town home/villas development*** - It is our opinion that there will be a demand for twin homes/town homes/villas over the next five years. Lots should be available for twin home/town home/villa lot development.
- ▶ ***Marketing*** - The Cities of Lead and Deadwood, the Deadwood-Lead Economic Development Corporation, the Lead and Deadwood Chambers of Commerce, employers, realtors, builders and developers should create a comprehensive marketing strategy to sell the available lots. In addition to marketing the lots, the Cities of Lead and Deadwood and its amenities should be promoted.

## **12. Promote twin home/town home/villa development for senior and empty nesters**

**Findings:** Attached housing provides desirable alternatives for empty nesters and seniors to move out of their single family homes, thus, making homes available for families. It is important for the community to offer a range of life-cycle housing options. Also, the Deadwood/Lead area is a popular vacation/seasonal home destination.

In many cities the size of Lead and Deadwood, approximately 20% to 25% of the new ownership housing constructed are twin homes/town homes/villas. In Lead, since 2010, only two new owner-occupied housing units have been constructed as twin homes/town homes and in Deadwood, there were only two attached owner-occupied units have been constructed.

In 2021, the Lead/Deadwood Market Area had 1,079 households in the 65 and older age ranges. These age ranges are expected to increase by 190 households in the Market Area from 2022 to 2026. Household growth among empty-nester and senior households should result in increased demand for attached single family units. It is likely that demand for attached housing units will also be dependent on the product's ability to gain additional market acceptance among the households in the prime target market, and among other households.

**Recommendation:** It is our projection that approximately four to six new owner-occupied twin homes or town homes could be constructed in Lead and 40 to 50 twin home/town home/villa units can be constructed in Deadwood over the next five years. Our projection is based on the availability of ideal locations for twin home/town home development as well as high quality design and workmanship.

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

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

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

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

### **13. Coordinate with housing agencies and nonprofit groups to construct affordable housing**

**Findings:** There are housing agencies and nonprofit groups that have the capacity to construct new housing in Lead and Deadwood, including NeighborWorks Dakota Home Resources and Habitat for Humanity.

**Recommendation:** We encourage the Cities of Lead and Deadwood to actively work with housing agencies, nonprofit groups and the private sector to develop affordable housing. The Cities can assist with tax increment financing, tax incentives, in-fill lots at a reduced price, etc.

Additionally, in the past Governor's homes have been moved into Lead/Deadwood. Governor's homes represent an affordable housing option that should be encouraged and supported.

### **14. Development of owner-occupancy workforce housing**

**Findings:** The Cities of Deadwood and Lead and the Deadwood-Lead Economic Development Corporation have an interest in workforce housing development. The Governor's Office of Economic Development may provide funding to assist with affordable housing development.

**Recommendation:** From 2022 to 2026, we are projecting that 74 to 86 owner-occupancy work force housing units will be constructed in Deadwood and Lead. We recommend the following be considered in developing workforce housing:

- ▶ The development of single family homes, townhomes, detached townhomes and villas should also be considered.
- ▶ To assure that the units are affordable, all funding sources should continue to be researched, and when feasible, utilized.

- ▶ Direct financial assistance to the buyer households should be considered including low interest loans, down payment assistance, gap financing, home ownership counseling, etc. This will expand the number of eligible buyers.
- ▶ Consider the development of mixed-use projects that include workforce housing and commercial space
- ▶ Evaluate the design, size and price of the units on an ongoing basis to assure that the units are addressing the housing needs of the target market
- ▶ Develop and implement an aggressive marketing plan that includes all housing stakeholders
- ▶ Work closely with employers and employees in the Deadwood/Lead area to assure they are aware of the workforce housing opportunities
- ▶ Develop a process that makes the home building and home buying process very time efficient and user-friendly
- ▶ Encourage the builders to have model homes available

# **Deadwood/Lead Housing Rehabilitation**

## Housing Rehabilitation

**Findings:** Lead and Deadwood have an asset in their existing housing stock. Existing units, both now and into the future, will represent the large majority of the affordable housing opportunities. Existing units generally sell at a discount to their replacement value. Units that are not maintained and improved may slip into disrepair and be lost from the housing stock. Investment in housing rehabilitation activities will be critical to offering affordable housing opportunities. As the prices of existing homes continue to increase in the two cities, the number of affordable homes decreases.

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

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

### **15. Promote rental housing rehabilitation**

**Findings:** Based on the U.S. Census data, the Cities of Lead and Deadwood had approximately 1,050 rental units. These rental buildings are in multi-family projects, small rental buildings, duplexes, single family homes, mobile homes and mixed-use buildings. Some of these rental structures could benefit from rehabilitation as a significant number of these rental structures are more than 35 years old and some rental units may be in poor condition. In Lead, approximately 73% of the total rental housing stock is more than 40 years old. In Deadwood, approximately 75% of the total rental housing stock is more than 40 years old.

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



**Recommendation:** The Cities of Lead and Deadwood should continue to work with housing agencies to seek funds that allow for program design flexibility that make a rental rehabilitation program workable. Potential funding sources may include USDA Rural Development, NeighborWorks Data Home Resources, the Western South Dakota Community Action Agency, the South Dakota Housing Development Authority, the Federal Home Loan Bank and local funds including Historic Preservation funds in Deadwood.

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

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

**Findings:** The affordability and quality of the existing housing stock in Lead and Deadwood will continue to be an attraction for families that are seeking housing in Lead and Deadwood. Investment in owner-occupied housing rehabilitation activities will be critical to offering affordable housing opportunities. Approximately 59% of Lead’s owner-occupied units and 69% of Deadwood’s owner-occupied units are more than 60 years old. Some of these units need rehabilitation. Without rehabilitation assistance, the affordable housing stock will shrink in Lead and Deadwood.

**Recommendation:** We recommend that the Cities of Lead and Deadwood continue to seek local, state and federal funds to assist in financing housing rehabilitation. USDA Rural Development, the South Dakota Housing Development Authority, the Federal Home Loan Bank, NeighborWorks Dakota Home Resources and the Western South Dakota Community Action Agency are potential funding sources.

NeighborWorks Dakota Home Resources has several housing programs to assist households with the rehabilitation of their homes. Some programs offer households that meet program requirements, are eligible for a deferred loan to rehabilitate their homes. Deferred loans do not have to be paid back if the household lives in the rehabilitated home for a stipulated amount of time after the rehabilitation is completed. We encourage Lead and Deadwood households to utilize these housing rehabilitation programs. Also, the Western South Dakota Community Action Agency provides Weatherization funds for Lead, Deadwood and Lawrence County.

Additionally, the City of Deadwood has several Historical Preservation residential rehabilitation programs that assist residential property owners with rehabilitation. Lead and Deadwood also have tax deferment programs for households that rehabilitate their homes.

## **17. Develop a Neighborhood Revitalization Program**

**Findings:** The Cities of Lead and Deadwood has several neighborhoods that are on the bubble. These neighborhoods have a significant number of homes that need rehabilitation or should be demolished. These neighborhoods also have a significant number of low/moderate income households. The neighborhoods could deteriorate or could be revitalized to continue to be strong vital neighborhoods.

**Recommendation:** Over the years, there has been housing and neighborhood revitalization projects in the neighborhoods including housing rehabilitation, the demolition of dilapidated housing, the development of new housing and public facility improvements. We continue to recommend that the Cities of Lead and Deadwood, area housing agencies, and the private housing sector continue these efforts, select a neighborhood and develop and implement a Neighborhood Revitalization Program.

Redevelopment strategies and opportunities should be identified including:

- ▶ A plan for each parcel in the neighborhood
- ▶ Historic and architectural significance of each property
- ▶ Owner-occupied rehabilitation
- ▶ Rental Rehabilitation
- ▶ Demolition of dilapidated structures
- ▶ Infill new construction including single family homes and attached housing
- ▶ Land pooling for larger town home and attached housing projects
- ▶ Purchase/Rehabilitation Programs that rehabilitate homes and provide home ownership for low/moderate income households
- ▶ Public projects (streets, utilities, parks, etc.)
- ▶ Consider re-zoning, variances and/or re-platting to make areas and parcels more desirable for redevelopment
- ▶ Programs that encourage energy conservation
- ▶ Other projects identified through the planning process

The Neighborhood Revitalization Plan should include time lines, responsible City Department or Housing Agency, funding sources, etc. The Program should be evaluated on an ongoing basis as opportunities and potential projects may change priorities. As a neighborhood is revitalized, a new neighborhood can be selected for revitalization.

It must be noted that neighborhood revitalization can result in the loss of affordable housing. Redevelopment projects, infill construction and other affordable housing projects in the community should assure that there are overall net gains in the affordable housing stock.

## **18. Develop a Rental Inspection and Registration Program**

**Findings:** A Rental Inspection and Registration Program can be a valuable tool in improving the quality of a City's rental housing. It is estimated that there are approximately 1,050 rental units in Lead and Deadwood, many of which are more than 40 years old. There are also a significant number of single family homes that have converted from owner-occupied to rentals. Neighborhood deterioration, lower property values and unsafe rental units are often prevented when a Rental Housing Inspection and Registration program is successfully implemented.

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

### **Health and Safety**

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

### **Age of Housing Stock**

- ▶ Much of the existing rental housing stock in Lead and Deadwood is more than 40 years old.
- ▶ Older housing needs continued rehabilitation and maintenance.
- ▶ Older housing often has difficulty complying with current codes.

### **Conversions**

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

### **Trends of Conversions**

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

### **Maintenance Efforts**

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

### **High Number of Rental Property Owners**

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

### **Neighborhood Stabilization**

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

### **Zoning and Codes**

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

**Coordination**

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

**Recommendation:** We continue to recommend the development and implementation of the Rental Inspection and Registration Program to assure that all rental units in Lead and Deadwood comply with housing laws and codes. The Program assures that Lead and Deadwood rental units are safe and sanitary, thus, removing blighted and unsafe conditions.

# **Deadwood/Lead Other Housing Initiatives**

## **Other Housing Initiatives**

### **19. Promote Commercial Rehabilitation and Downtown Development**

**Findings:** The City of Deadwood’s commercial district is in excellent condition. Many commercial buildings have been renovated and historic preservation has been very prevalent. The City of Deadwood has several historic preservation programs to assist with preservation and the rehabilitation of commercial downtown buildings. The City of Lead’s commercial district is in good condition, however, there are several underutilized buildings downtown.

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

**Recommendation:** We recommend that the Cities of Lead and Deadwood and the Deadwood-Lead Economic Development Corporation continue to work with commercial property and business owners to rehabilitate their buildings. Also, new businesses should continue to be encouraged to locate in Lead and Deadwood. New businesses that will provide goods and services that currently are not offered by other local businesses, should especially be encouraged to locate in Lead or Deadwood.

The Cities of Lead and Deadwood and the Deadwood-Lead Economic Development Corporation should continue to seek funding to assist property owners with rehabilitating their commercial buildings. Additionally, the City of Deadwood should continue to promote its historic preservation and tax deferment programs that assist with financing commercial rehabilitation. Lead may consider an expansion of its tax deferment program to include commercial buildings.

## **20. 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, the availability of local builders and contractors, 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 Cities of Deadwood and Lead, the Deadwood-Lead Economic Development Corporation, realtors, developers and builders have been active in promoting and marketing housing and we recommend the continuation of the following:

- ▶ Identify the City's strengths and competitive advantages and heavily promote them
- ▶ Continue to create marketing materials that can be distributed regionally (including internet, TV, radio, etc.)
- ▶ Work closely with employers to provide employees (especially new employees) with housing opportunities in the Deadwood-Lead Area
- ▶ Work with housing agencies to provide down payment assistance, low interest loans, gap financing, home owner education, historic preservation programs 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
- ▶ Continue to 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 historic preservation, the rehabilitation of substandard housing and the demolition of dilapidated structures that are beyond repair
- ▶ Continue to develop new housing choices that serve life-cycle housing needs, such as new rental housing, twin homes, senior with services housing, etc.



- Review the City’s policies and fees to assure that they are user-friendly, fair and receptive for developers, builders and households
- Develop a coordinated housing plan with the private sector and area housing agencies

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

**Findings:** 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. Housing for new employees is a concern for employers, thus, it may be advantageous for employers to become involved in housing. There are a significant number of jobs being created and projected to be created over the next several years.

**Recommendation:** We recommend an ongoing effort to continue to involve employers as partners in addressing Lead and Deadwood’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 a subdivision or a rental project.

## **22. Develop a plan and a coordinated effort among housing agencies**

**Findings:** The Cities of Lead and Deadwood will continue to need staff resources in addition to existing City and Deadwood-Lead Economic Development Corporation staff to plan and implement many of the housing recommendations advanced in this Study.

The Cities of Lead and Deadwood have access to NeighborWorks Dakota Home Resources, the Butte-Meade-Lawrence Housing and Redevelopment Commission, the Western South Dakota Community Action Agency, the South Dakota Housing Development Authority, USDA Rural Development and the Black Hills Council of Local Governments. These agencies all have experience with housing and community development programs.

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

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

## **Agencies and Resources**

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

### **Butte-Meade-Lawrence County Housing and Redevelopment Commission**

1220 Cedar St. Suite 113  
Sturgis, SD 57785  
(605) 347-3384

### **NeighborWorks Dakota Home Resources (Main Office)**

795 Main St.  
Deadwood, SD 57732  
(605) 578-1405

\* NeighborWorks also has offices in Box Elder and Wall.

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

221 South Central Avenue  
Pierre, SD 57501  
(605) 773-3181

### **USDA Rural Development**

414 East Stumer Road, Suite 200  
Rapid City, SD 57701  
(605) 342-0301

### **Western South Dakota Community Action Agency**

1844 Lombardy Drive  
Rapid City, SD 57703  
(605) 348-1460

### **Black Hills Council of Local Governments**

730 East Watertown Street  
Suite 102  
Rapid City, SD 57701  
(605) 394-2681