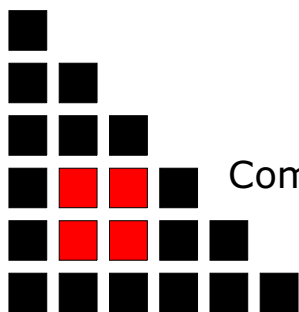


Milbank HOUSING STUDY UPDATE

August 2022

An updated analysis of the overall housing needs
of the City of Milbank



Community Partners Research, Inc.
Faribault, MN

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Introduction

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

In 2015, Community Partners Research, Inc., was hired by the Grant County Development Corporation to conduct a study of the housing needs and conditions in the City of Milbank. In 2022, an Update to this Housing Study was initiated to analyze recent changes in the community.

Goals

The multiple goals of the study include:

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

Methodology

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

- U.S. Census Bureau
- American Community Survey
- Applied Geographic Solutions, a private data company
- Esri, a private data company
- Records and data from the City
- Records and data maintained by Grant County
- Interviews with City officials, community leaders, housing stakeholders, etc.

- Area housing agencies
- State and Federal housing agencies
- Rental property owner surveys

Limitations

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

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.

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Demographic Data Overview

Sources of Data

The following pages contain demographic data obtained from a variety of local, state and national sources for the City of Milbank and Grant County.

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

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

With the absence of some data from the 2020 Census, this 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 2020. The estimates were derived from five-year sampling, obtained between 2016 and 2020.

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.

Population Data and Trends

Table 1 Population Trends - 1990 to 2020						
	1990 Census	2000 Census	% Change 1990-2000	2010 Census	% Change 2000-2010	2020 Census
Milbank	3,879	3,640	-6.2%	3,353	-7.9%	3,544
Grant Co.	8,372	7,847	-6.3%	7,356	-6.3%	7,556

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 has an effective date of April 1, 2020.
- ▶ In 2020, the population for the City of Milbank was 3,544 people. When compared back to the 2010 Census, the City had added 191 permanent residents, for a population increase of 5.7%.
- ▶ The most recent decade represented a change of patterns for population growth in Milbank. In the 1990s and between 2000 and 2010, the City had experienced population losses. Despite the gains since 2010, the City’s total population level in 2020 was still smaller than the count from the 2000 Census.
- ▶ In 2020, the population level for all of Grant County was 7,556, up by 200 people from 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 Milbank. Excluding Milbank, the remaining jurisdictions had a combined net population increase of only nine people between 2010 and 2020.
- ▶ 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 later in 2022.
- ▶ Applied Geographic Solutions (AGS), the data source utilized by the Governor’s Office of Economic Development, estimates that the City of Milbank had 3,484 permanent residents in 2021. This estimate was below the 2020 Census count of 3,544 people, although it had a one-year difference in the effective date.

- ▶ The 2021 estimate from Esri for the City of Milbank showed 3,315 residents, once again below the 2020 Census count of 3,544 people, although there was a one-year difference in the effective date.
- ▶ The AGS estimate for Grant County showed 7,523 residents in 2021, compared to 7,556 counted by the 2020 Census.
- ▶ The Esri estimate for Grant County showed 7,213 residents in 2021, compared to 7,556 counted by the 2020 Census.
- ▶ Although the analysts have examined additional demographic data from Esri later in this document, it does appear that this data provider has underestimated the recent population growth in Milbank, which also impacts their calculations for all of Grant County.

Population Characteristics

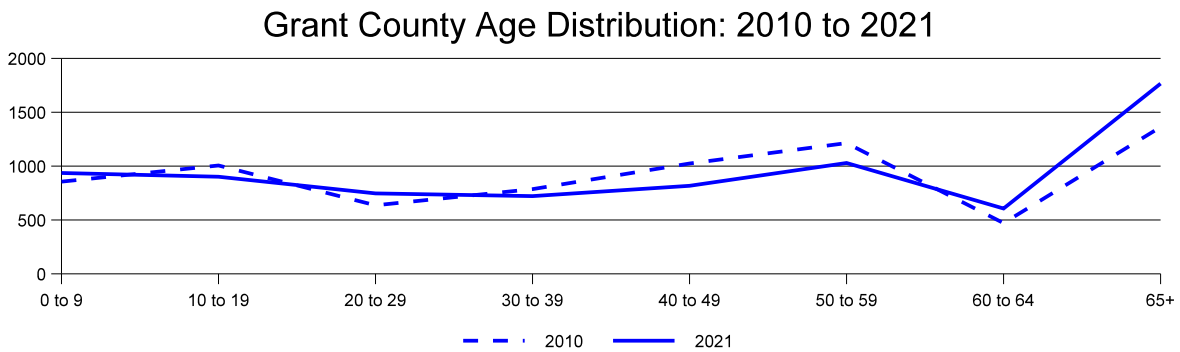
- ▶ Milbank's population is primarily White and non-Hispanic/Latino. At the time of the 2020 Census, more than 88% of the City's residents were identified White for race. The next largest racial group was "two or more races", which represented 5.4% of the City's residents.
- ▶ Approximately 8.1% of Milbank's residents were of Hispanic/Latino ethnic origin according to the 2020 Census.
- ▶ In 2020, there were 181 people in Milbank living in group quarters housing. This included 165 people in skilled nursing facilities, 7 people in correctional facilities and 9 people living in some form of noninstitutional housing, such as a group home.

Population by Age Trends: 2010 to 2021

Age-based population estimates are available from Applied Geographic Solutions. These estimates can also be compared to the 2010 Census examine the area’s changing age patterns over time. When compared to the 2020 Census total, it is probable that AGS’s 2021 estimate for Grant County is slightly low, but the possible difference would be less than 1%.

Table 2 Grant County Population by Age - 2010 to 2021			
Age	2010 Census	2021 AGS	Change
0-9	856	936	80
10-19	1,006	901	-105
20-29	636	747	111
30-39	786	721	-65
40-49	1,024	817	-207
50-59	1,214	1,029	-185
60-64	471	606	135
65+	1,363	1,766	403
Total	7,356	7,523	167

Source: U.S. Census; AGS



- ▶ As noted in previous studies completed for Milbank and Grant County, much of the area’s population has continued to progress through the aging cycle. As tracked by AGS, most of the age-based population growth between 2010 and 2021 occurred within the age ranges 60 years old and older, largely reflecting the movement of the large “baby boom” generation.

- ▶ Conversely, the largest reductions occurred within the 40 to 59 year old ranges, as the advancing baby boomers were followed by a smaller demographic cohort.
- ▶ Although the County's population of senior citizens has been increasing, most of this was due to younger seniors. While the AGS estimates combine all senior citizens into a single group, other data sources, including Esri, show most of the past growth in the 10-year range between 65 and 74 years old. Estimated growth was more limited among older seniors age 75 and above.
- ▶ While AGS's estimates show some increase in the number of younger children in the County, this is then offset by reductions among older children. If all people age 19 and younger are combined, there was an estimated reduction of 25 people. Although the scale of this reduction is small, a decrease in children would be consistent with the estimated decrease of adults between 40 and 59 years old and an increasing population of empty-nesters and seniors in the age ranges 60 years old and older.
- ▶ AGS's estimates show some increase over the decade in the County's population of younger adults, in the age range between 20 and 29 years old. However, this is the only younger adult group that was estimated to increase in size.

Trend-Based Population Projections

Forecasts are available on the following page from Applied Geographic Solutions and Esri. However, these are viewed by the analysts as too conservative. As a result, trend-based projections have been used based the annualized growth rates between 2010 and 2020, and projecting forward to the year 2026.

Table 3 Trend-based Population Projections Through 2026			
	2020 Census	2026 Projection	Average Annual Change
Milbank	3,544	3,665	20 people/year
Grant County	7,556	7,679	21 people/year

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

- ▶ A trend-based projection method anticipates that Milbank will have approximately 3,665 permanent residents by 2026, adding an annual average of 20 people per year going forward.
- ▶ A trend-based projection for Grant County expects an annual average increase of 21 people per year going forward. The County projection would include the expected increase within Milbank, indicating that nearly all of the population growth in Grant County through the year 2026 would be expected within the City.
- ▶ While it is very possible that these projections may also prove conservative, they do provide a better indicator of the area’s future growth potential.

Population Projections from AGS/Esri

Population projections are available from both Applied Geographic Solutions and Esri. The 2021 estimates from these sources have been provided, along with projections to 2026. The 2020 Census totals are presented for comparison.

Table 4 Population Projections Through 2026				
	2020 Census	2021 Estimate	2026 Projection	Change
Milbank - AGS	3,544	3,484	3,452	-32
Milbank - Esri	3,544	3,315	3,259	-56
Grant County - AGS	7,556	7,523	7,247	-276
Grant County - Esri	7,556	7,213	7,081	-132

Source: U.S. Census; AGS; Esri

- ▶ Although Applied Geographic Solutions underestimated the 2021 population level for Milbank by only a small amount, their projection to the year 2026 does not appear to be reliable. AGS expects that the City will see a declining population going forward.
- ▶ Esri significantly underestimated the 2021 population level for Milbank, when compared to the 2020 Census count. This has resulted in an expectation that the City will see a declining population going forward. In the opinion of the analysts, this is not a reliable forecast.
- ▶ Applied Geographic Solutions appeared to have a relatively accurate estimate of the 2021 population level for Grant County when compared to the 2020 Census count. However, their expectation is that the County will see a declining population going forward. In the opinion of the analysts, this is an overly conservative forecast.
- ▶ Esri underestimated the 2021 population level for Grant County by nearly 5% when compared to the 2020 Census count. This has resulted in an expectation that the County will see a declining population going forward. In the opinion of the analysts, this is not a reliable forecast.
- ▶ After examining projections from other sources, Community Partners Research, Inc., believes that trend-based projections provide a better indication of the City and County’s growth potential going forward. These trend-based projections were provided on the preceding page.

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
Milbank	1,557	1,533	-1.5%	1,508	-1.6%	1,541
Grant County	3,154	3,116	-1.2%	3,089	-0.9%	3,103

Source: U.S. Census

- ▶ According to the 2020 Census, Milbank had 1,541 permanent resident households in 2020, up by 33 households, or 2.2% from 2010.
- ▶ When viewed over a longer time frame, the household count in Milbank has remained relatively stable. In the 1990s the City lost 24 households, and then lost 25 more households between 2000 and 2010. The recent gain of 33 households from 2010 to 2020 recovered much of the past loss, and in 2020 Milbank had only 16 fewer households than had been present in 1990.
- ▶ Grant County had 3,103 households in 2020, up by 14 households from 2010. However, this included the growth in Milbank. If the City is removed, the remaining jurisdictions in Grant County had a combined reduction of 19 permanent resident households over the prior decade.
- ▶ As the largest single jurisdiction in the County, the patterns that have been present in Milbank are generally reflected in countywide trends. Like Milbank, Grant County has largely retained a stable household count over the past three decades. If 2020 is compared to 1990, the County had only 51 fewer households over a 30-year time period.
- ▶ Household estimates for 2021 are also available from Applied Geographic Solutions and Esri.
- ▶ According to AGS there were 1,496 households in Milbank in 2021. According to Esri there were 1,501 households in the City. Both of these estimates were lower than the Census count of 1,541.
- ▶ According to AGS there were 3,089 households in Grant County 2021. This was slightly lower than the Census count of 3,103. According to Esri there were 3,052 households in the County, again slightly lower than the Census count.

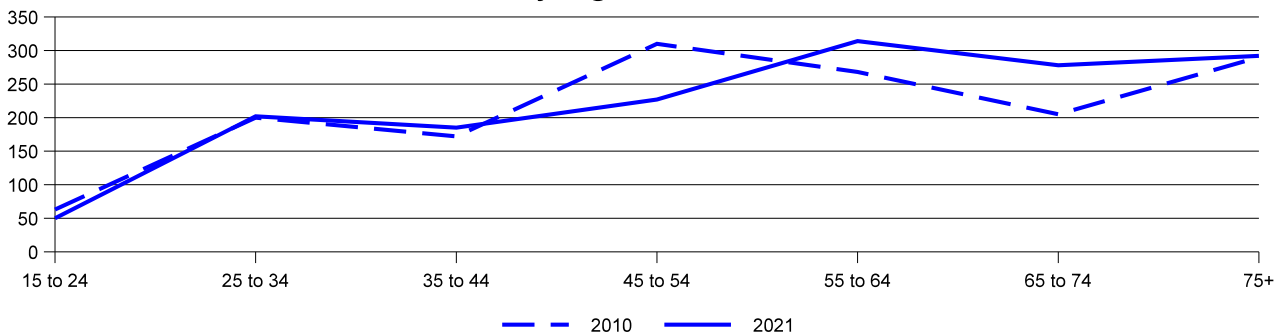
Household by Age Trends: 2010 to 2021

Esri provides age-based household estimates for the year 2021 which can be compared to the 2010 Census to track aging patterns. Esri appears to have under estimated the total household count for both Milbank and Grant County. Although these estimates are low by less than 3%, in the following table the Esri estimates have been adjusted by Community Partners Research, Inc., to better match the total household count in 2021.

Table 6 Households by Age - 2010 to 2021						
Age	Milbank			Grant County		
	2010	2021	Change	2010	2021	Change
15-24	63	50	-13	96	81	-15
25-34	200	202	2	372	367	-5
35-44	172	185	13	409	409	0
45-54	310	227	-83	712	481	-231
55-64	268	314	46	597	648	51
65-74	205	278	73	429	613	184
75+	290	292	2	474	511	37
Total	1,508	1,548	40	3,089	3,110	21

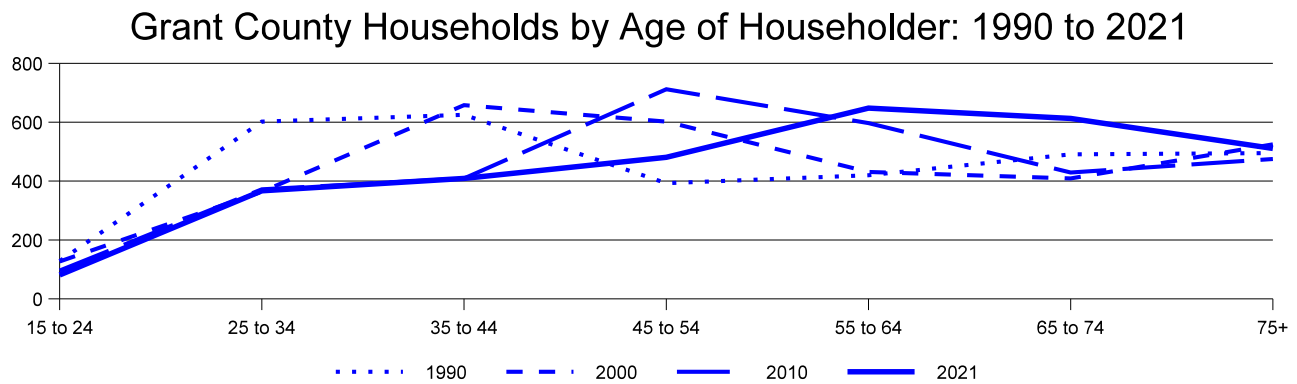
Source: U.S. Census; Esri; Community Partners Research, Inc.

Milbank Households by Age of Householder: 2010 to 2021



- ▶ As estimated, the largest increases in the number of households in Milbank between 2010 and 2021 occurred within a 20-year range between 55 and 74 years old. This would largely reflect the advancing baby boom generation. In total, nearly 120 households were added in Milbank in this 20-year age group.

- ▶ There was a corresponding reduction of 83 households in the 45 to 54 year old range, as the age cohort following the baby boomers was smaller in size and did not fully replace the advancing age cohort.
- ▶ Most of the other defined age groups experienced only limited change over the prior decade, including almost no change in younger adult households, age 44 and younger.
- ▶ Almost no change was estimated in Milbank within the older senior range, age 75 and above.
- ▶ Reflecting the influence of Milbank, the age-based patterns for all of Grant County were generally similar, although the County did add more senior citizen households, age 65 and above, outside of Milbank.
- ▶ It is possible to track the longer-term patterns for Grant County using Census data back to 1990. As evident in the chart, the progression of the baby boomer households through the aging cycle in Grant County creates an advancing demographic wave.



Average Household Size

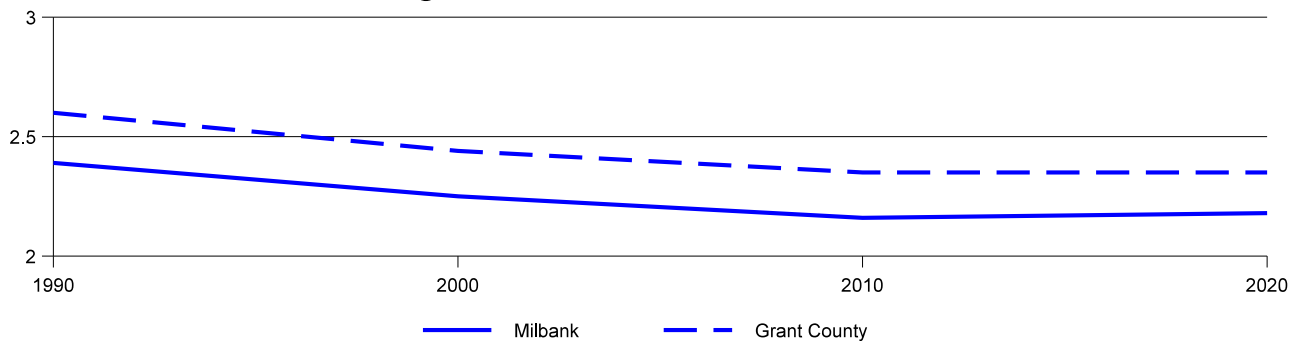
The following table provides decennial Census information on average household size.

Table 7 Average Number of Persons Per Household: 1990 to 2020				
	1990 Census	2000 Census	2010 Census	2020 Census
Milbank	2.39	2.25	2.16	2.18
Grant County	2.60	2.44	2.35	2.35
South Dakota	2.59	2.50	2.42	2.44

Source: U.S. Census

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

Average Household Size: 1990 to 2020



- ▶ Although the average household size had been decreasing gradually between 1990 and 2010, there was some rebound in the most recent decade as the City’s household size had increased to 2.18 persons. Despite this recent increase, the City’s average remained well below the Statewide average of 2.44 persons per household.
- ▶ The average household size for all of Grant County remained stable between 2010 and 2020, at 2.35 persons per household.

Trend-Based Household Projections

Forecasts are available on the following page from Applied Geographic Solutions and Esri. In addition to these projections, trend-based forecasts have also been examined. In addition to calculating the annualized growth rates between 2010 and 2020, Community Partners Research, Inc., has also examined short-term patterns, including housing construction activity, to project forward to the year 2026.

Table 8 Trend-based Household Projections Through 2026			
	2020 Census	2026 Projection	Average Annual Change
Milbank	1,541	1,608	11 households/year
Grant County	3,103	3,150	8 households/year

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

- ▶ A trend-based projection method anticipates that Milbank will have approximately 1,608 total households by 2026, or an annual average increase of 11 households per year going forward.
- ▶ A trend-based projection for Grant County expects approximately 3,150 total households by 2026, or an annual average increase of approximately 8 households per year going forward. If Milbank is excluded, the remainder of the County would actually be expected to see a minor reduction of households by 2026.
- ▶ In the opinion of the analysts, these trend-based projections may prove to be a conservative expectation of future growth. The City of Milbank has the potential to add substantially more households per year, if some of the planned housing development projects proceed. Growth in Milbank would then generate a higher level of future growth Countywide.
- ▶ Although the projection for Milbank may prove to be conservative, it is also important to note that the annual growth rate being projected is substantially greater than the City has experienced in the past. Between 2010 and 2020 The City was averaging fewer than 4 households per year.
- ▶ In the recommendations that follow, a range of between 10 and 15 households per year in Milbank has been used when projecting growth-generated housing demand.

Household Projections from AGS/Esri

Household projections are available to the year 2026 from Applied Geographic Solutions and Esri. The 2021 estimate from each source has also been provided to track the expected change in households over the 5-year time period.

Table 9 Household Projections Through 2026				
	2020 Census	2021 Estimate	2026 Projection	Change
Milbank - AGS	1,541	1,496	1,670	174
Milbank - Esri	1,541	1,501	1,478	-23
Grant County - AGS	3,103	3,089	3,341	252
Grant County - Esri	3,103	3,052	3,002	-50

Source: U.S. Census; AGS; Esri

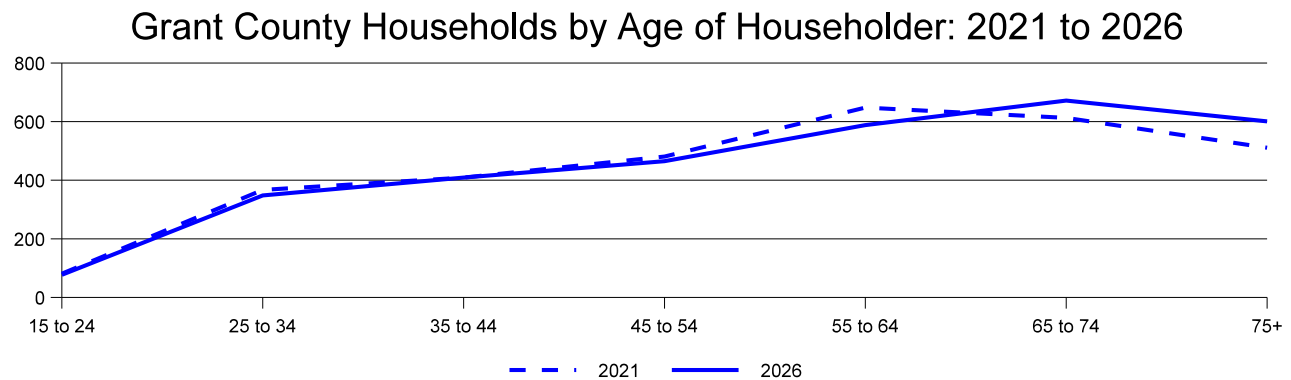
- ▶ Applied Geographic Solutions is projecting significant household growth in Milbank between 2021 and 2026, with the expected addition of 174 households. If viewed as an annual average, this would yield expected growth of approximately 35 households per year. While this may be an achievable forecast, it would require growth at a significantly faster rate than in the past for Milbank.
- ▶ Esri has underestimated the 2021 household level for Milbank, when compared to the 2020 Census count. This has resulted in an expectation that the City will see a moderate decline in the number of households going forward. In the opinion of the analysts, this is an overly conservative forecast.
- ▶ Applied Geographic Solutions believes that Grant County will add 252 households between 2021 and 2026, with 174 of these in Milbank and the remaining 78 households in the remainder of the County. In the opinion of the analysts, this Countywide forecast is very optimistic, and would require a significant change in the historical growth patterns, especially for the jurisdictions outside of Milbank.
- ▶ Although Esri had a relatively accurate household estimate for Grant County in 2021, their projection for future change is not viewed as a reliable forecast. The projection from Esri expects a reduction of 50 households in Grant County between 2021 and 2026.

Grant County Household by Age Projections: 2021 to 2026

Esri has an overly conservative estimate and projection for Grant County and the numbers in the following table have been adjusted by Community Partners Research, Inc., to better reflect accurate household counts for the County. These adjustments are approximately 3% or less. The adjusted information has been used to analyze age progression patterns over the next five years.

Table 10 Grant County Projected Households by Age - 2021 to 2026			
Age Range	2021 Estimate	2026 Projection	Change
15-24	81	77	-4
25-34	367	348	-19
35-44	409	409	0
45-54	481	465	-16
55-64	648	588	-60
65-74	613	672	59
75+	511	601	90
Total	3,110	3,160	50

Source: Esri, Inc.; Community Partners Research, Inc.



- ▶ The age-based projections from Esri show limited change in many of the defined age ranges. In broader terms, Esri is projecting an overall increase in households age 65 and older, but a decrease in the number of households age 64 and younger.

- ▶ The largest increase is projected among households age 75 and older, followed by households in the 65 to 74 year old range. In total, nearly 150 additional households would be expected in the senior age groups.
- ▶ The largest projected decrease is expected in the age range between 55 and 64 years old, with 60 fewer households by 2026. The demographic cohort trailing behind the baby boom generation was not as large and will not replace the advancing baby boomers.
- ▶ The younger adult ranges are projected to remain relatively stable or decrease slightly in size. If all of the age groups 54 and younger are combined, these projections would indicate a net reduction of nearly 40 households Countywide.

Housing Tenure

The 2020 Census has not yet released any information on home owner and renter status. The 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. Although 2020 estimates are available from the American Community Survey, they appear to be flawed for tenure distribution patterns.

Table 11 Households by Tenure - 2010 and 2019				
	2010 Census		2019 ACS	
	Percent Owned	Percent Rented	Percent Owned	Percent Rented
Milbank	68.8%	31.2%	73.2%	26.8%
Grant County	78.2%	21.8%	81.2%	18.8%

Source: U.S. Census; ACS

- ▶ According to the American Community Survey, the home ownership tenure rate in Milbank has been increasing, with an estimated 73.2% of all households owning their housing in 2019 compared to 68.8% of all households in 2010.
- ▶ Although the rate of home ownership in the City may have increased in recent years, in the opinion of the analysts the American Community Survey may have over estimated the actual tenure shift.
- ▶ According to this source, the home ownership rate in all of Grant County has also been increasing, and was above 81% in 2019.

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 2020.

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 together. 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.

Table 12 Median Household Income - 2010 to 2020			
	2010 Median	2020 Median	% Change
Households			
Milbank	\$37,212	\$58,476	57.1%
Grant County	\$42,625	\$65,327	53.3%
South Dakota	\$46,369	\$59,896	29.1%
Families			
Milbank	\$49,331	\$77,485	57.1%
Grant County	\$56,250	\$77,121	37.1%
South Dakota	\$58,958	\$77,042	30.7%

Source: ACS

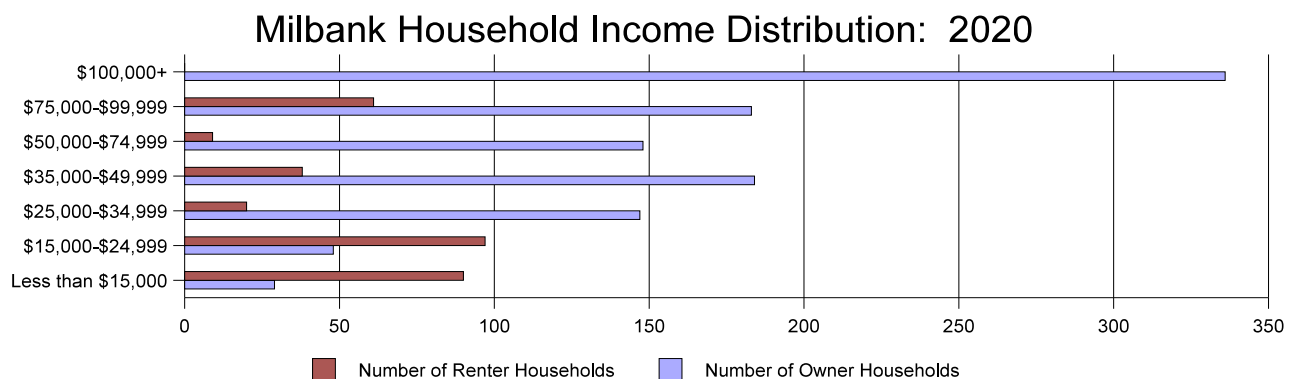
- ▶ According to the American Community Survey, the median household income in Milbank was \$58,476 in 2020, and had increased by more than 57% between 2010 and 2020. With the large increase in the City’s median household income over the decade, the median for Milbank was only slightly below the comparable Statewide median in 2020. However, the median household income for all of Grant County was higher than in Milbank, and well above the median for the State of South Dakota.
- ▶ The median family income for Milbank was estimated at \$77,485 in 2020, up by more than 57% from 2010. With the rapid increase over the last decade, the median family income for Milbank had moved slightly above the comparable medians for the County and the State by 2020.
- ▶ Using the commonly accepted standard that up to 30% of gross income can be applied to housing expenses without experiencing a cost burden, a median income household in Milbank could afford approximately \$1,462 per month and a median income family household could afford \$1,937 per month for ownership or rental housing in 2020.

Milbank Household Income Distribution

The American Community Survey provides income data by owner and renter status. For Milbank, the 2020 American Community Survey significantly underestimated the total number of households when compared to the 2020 Census count. This under estimate was most pronounced among renter households. The following information should be viewed as very conservative for total households.

Table 13 Milbank Household Income Distribution - 2020			
Household Income	Number of Owner Households	Number of Renter Households	Total
\$0 - \$14,999	29	90	119
\$15,000 - \$24,999	48	97	145
\$25,000 - \$34,999	147	20	167
\$35,000 - \$49,999	184	38	222
\$50,000 - \$74,999	148	9	157
\$75,000 - \$99,999	183	61	244
\$100,000+	336	0	336
Total	1,075	315	1,390

Source: ACS



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

- ▶ In 2020, nearly 66% of renter households in Milbank 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 median income for all renter households Milbank was estimated at only \$23,810 in 2020.
- ▶ Most owner households had a higher income level. Approximately 62% of owner households had an annual income of \$50,000 or more in 2020.
- ▶ The estimated median household income for home owners in Milbank in 2020 was \$72,566.

Estimated Income and Housing Costs - Renters

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

In the opinion of the analysts, the 2020 American Community Survey significantly under estimated the number of renter households in Milbank, and the following table displays information from 2019.

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”.

Table 14 Gross Rent as a Percentage of Household Income - 2019		
Percent of Income for Housing	Number of Renter Households	Percent of Renter Households
Less than 20%	60	14.9%
20% to 29.9%	171	42.3%
30% to 34.9%	0	0%
35% or more	124	30.7%
Not Computed	49	12.1%
Total	404	100%

Source: American Community Survey

- ▶ According to the 2019 American Community Survey, nearly 31% of all renters in the City were paying 35% or more of their income for rent, and would have a severe housing cost burden.
- ▶ Most of the City’s renter households did not report a cost burden in 2019 as more than 57% were applying less than 30% of income for housing.

Estimated Income and Housing Costs - Owners

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

The 2020 estimates from the American Community Survey appeared to be more accurate in the number of owner households in the City, and the 2020 information is presented in the following table.

Table 15 Milbank Ownership Costs as a Percentage of Income - 2020		
Percentage of Household Income for Housing Costs	Number of Owner Households	Percent of All Owner Households
0% to 19.9%	763	71.0%
20% to 29.9%	195	18.1%
30% Or more	117	10.9%
Total	1,075	100%

Source: ACS

- ▶ More than 89% of owner-occupants in Milbank, which would include households with and without a mortgage, reported paying less than 30% of their income for housing in 2020.
- ▶ Approximately 11% of all home owners reported that they paid more than 30% of their income for housing. Approximately two-thirds of the households applying 30% or more of their income also had a mortgage on the home.

Milbank Building Permit Trends

Milbank has experienced some new housing construction activity in recent years. The following table identifies the units constructed from 2010 to 2021.

Table 16 Milbank Housing Unit Construction Activity: 2010 to 2021			
Year	Single Family	Two or More Units	Total Units Constructed
2021	2	38	40
2020	5	4	9
2019	1	0	1
2018	0	0	0
2017	4	0	4
2016	0	0	0
2015	5	0	5
2014	0	0	0
2013	2	0	2
2012	2	0	2
2011	5	0	5
2010	2	0	2
Total	28	42	70

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

Over the past 12 years, from 2010 through 2021, 70 new housing units were constructed in Milbank based on building permit issuance and Census Bureau reporting. Of this total, 28 units were in traditional single family detached houses. There were also 42 rental units in two duplexes and a 38-unit apartment building.

From 2010 through 2015, the City averaged 2 to 3 new housing units per year. From 2016 through 2021, this annual average increased to 9 units per year. Much of the increase over the past six years was due to the construction of a 38-unit apartment building in 2021.

In 2021, a permit was also issued for a 56-unit senior housing project. Twenty of the units will be designed for more independent seniors and will be apartment-style housing. The remaining units will serve assisted living and memory care needs, and may not have full kitchens.

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.

Table 17 Housing Units, Occupancy and Vacancy - 2020									
	Total Housing Units			Occupied Units			Vacant Units		
	2010	2020	Change	2010	2020	Change	2010	2020	Change
Milbank	1,683	1,669	-14	1,508	1,541	33	175	128	-47
Grant County	3,526	3,426	-100	3,089	3,103	14	437	323	-114

Source: U.S. Census

- ▶ According a reconciliation of decennial Census data, Milbank had 14 fewer housing units in 2020 than were present at the time of the 2010 Census. Presumably some older housing was lost over the decade, possibly due to condition or quality.
- ▶ The building permit reporting presented on the previous page indicated that as many as 21 new housing units may have been constructed in Milbank between 2010 and 2019. A net loss of housing occurred over the decade despite some level of new construction.
- ▶ Despite a small reduction in the housing stock, Milbank did add households over the decade. Much of the household growth was linked to fewer vacant units in 2020.
- ▶ Based on Census data, Grant County lost 100 units from the housing inventory between 2010 and 2020. While the exact cause of this unit loss is not known, presumably some of the housing in the small towns and rural townships was removed from the useable inventory.
- ▶ Grant County did have a minor increase in households over the decade, due primarily to growth in Milbank. Over the decade, the County had a reduction in vacant housing.

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. In Milbank, the estimated median year of construction was 1970. Nearly 37% of the owner-occupied houses were constructed before 1960.

In Grant County the estimated median year of construction was 1965, with more than 45% of the owner-occupied houses constructed before 1960.

Median Year of Construction - Renter-occupancy Housing

For renter-occupancy units in Milbank, the estimated median year of construction was 1981.

Countywide, the estimated median year built for rental units was 1976.

Existing Home Sales

This section examines houses that have been sold since 2015 in Milbank. The information was obtained from the South Dakota Department of Revenue website, using information compiled by the Grant 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.

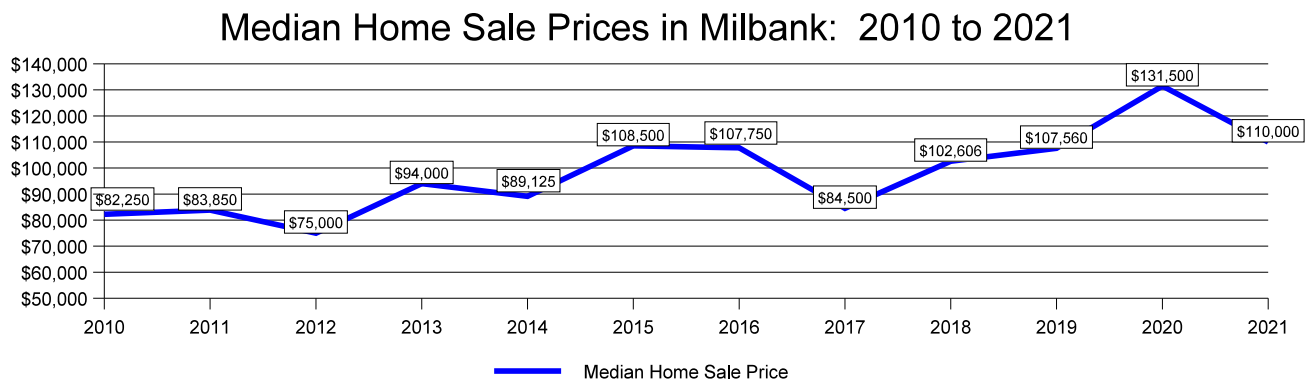
The time period for analyzing annual sales differs slightly from the calendar year. It begins on November 1st and ends on October 31st of each year.

Table 18 Median Value of Recent Sales - 2015 to 2021				
Sales Year	Number of Good Sales	Median Sale Price	Highest Valued Sale	Lowest Valued Sale
2021	67	\$110,000	\$475,000	\$11,500
2020	74	\$131,500	\$398,900	\$18,000
2019	72	\$107,560	\$350,000	\$10,000
2018	58	\$102,606	\$289,900	\$15,000
2017	65	\$84,500	\$248,900	\$12,500
2016	68	\$107,750	\$225,000	\$17,500
2015	58	\$108,500	\$285,000	\$7,000

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

- ▶ Although there has been some year to year variation, home prices in Milbank have generally remained in a moderate range, based on the annual sales median. The median price for 2021 was \$110,000, from 67 open market sales.

- ▶ The recent high for the annual median price was in 2020, when the midpoint sale was at \$131,500. However, this was the only year when the median price exceeded \$110,000.
- ▶ The recent low for the annual median was 2017, at \$84,500. However, this was the only sales year with a median below \$100,000.
- ▶ Some lower valued sales do occur annually in Milbank. In each of the years reviewed at least one home has sold for less than \$20,000.
- ▶ At east one house has sold for \$225,000 or more in each of the years reviewed, and since 2019, annual sales above \$300,000 have been recorded.
- ▶ An alternate estimate of home values exists in the American Community Survey. In 2019, the estimated median value for all owner-occupied housing in Milbank was \$130,600. This estimate was higher than the median sale price recorded in 2019 of \$107,560.



- ▶ Using information from the previous Housing Study it is possible to examine longer-term patterns for home sales in Milbank. In general, there has been a pattern of escalating prices in the City, based on the annual median sale price.

Home Sales by Price Range

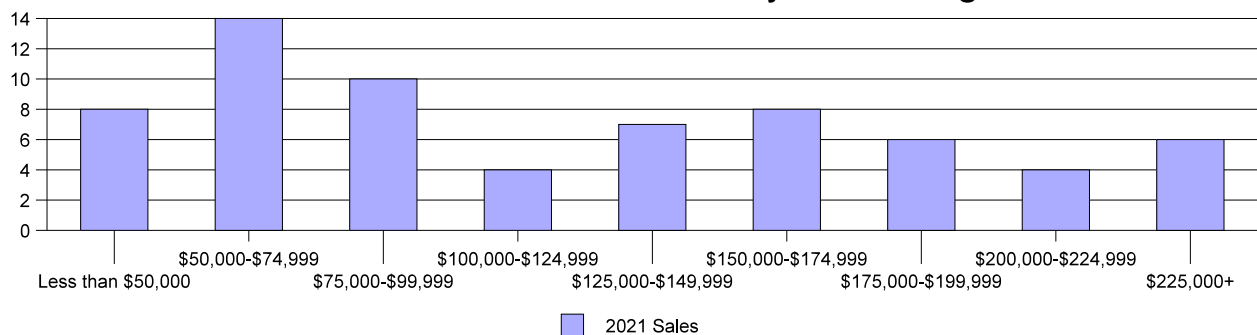
The following table looks at 67 single family houses that sold in 2021, using the information that was available from the County Equalization Office.

Table 19 Milbank Home Sales by Price Range in 2021		
Sale Price	Number of Sales	Percent of Sales
Less than \$49,999	8	11.9%
\$50,000 - \$74,999	14	20.9%
\$75,000 - \$99,999	10	14.9%
\$100,000 - \$124,999	4	6.0%
\$125,000 - \$149,999	7	10.4%
\$150,000 - \$174,999	8	11.9%
\$175,000 - \$199,999	6	9.0%
\$200,000 - \$224,999	4	6.0%
\$225,000 or more	6	9.0%
Total	67	100%

Source: Grant County Equalization; Community Partners Research, Inc.

- ▶ While recent home sales in Milbank have been widely distributed in different price ranges, in 2021 approximately 54% of all sales were priced below \$125,000.

Recent Milbank Home Sales by Price Range



- ▶ Approximately 31% of the existing homes were sold for between \$125,000 and \$199,999, and 15% of sales were for \$200,000 or more.

Rental Housing Data

Census Bureau Rental Inventory

The 2020 Census has not yet released any of the more detailed tables on housing occupancy patterns, including owner versus renter status. Estimates do exist in the American Community Survey. However, in the opinion of the analysts, the American Community Survey has significantly under estimated the number of renter households in the City, especially in 2020. While the estimates for 2019 are better, it is probable that these also under estimate renter-occupancy households in the City.

With no recent estimates that are viewed as accurate, the 2010 Census still represents the best indicator of occupancy tenure distribution. In 2010 there were 470 occupied rental units and 98 unoccupied rental units in Milbank, for a total estimated rental inventory of 568 units. The City's rental tenure rate in 2010 was 31.2%, slightly below the Statewide rental rate of 31.9%.

Recent Rental Construction

Based on annual building permit reporting, it does not appear that any multifamily rental housing projects were constructed in Milbank between 2010 and 2019.

In 2020, there were two duplex structures that were permitted, creating four rental housing units.

In 2021 there were two multifamily rental projects that were permitted. A market rate rental project with 38 units, Rosewood Apartments, was constructed. The other project is a senior with services housing project that includes 56 units and is under construction.

Rental Housing Survey

As part of this housing study, a telephone survey was conducted of multifamily projects in Milbank. We also surveyed the two USDA Rural Developments subsidized projects in Big Stone City. 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 rental mobile homes.

Information was tallied separately for different types of rental housing, including market rate units, subsidized housing and senior housing with services. We also obtained information on skilled nursing beds in nursing homes.

There were 386 housing units of all types that were contacted in the survey. Information was collected from:

- ▶ 199 market rate units
- ▶ 140 federally subsidized units
- ▶ 47 senior with services units/beds

In addition, information is presented for 137 beds in skilled nursing homes.

The findings of the survey are provided below.

Market Rate Summary

Information was obtained on 199 market rate rental units, including units in 11 multifamily projects, five duplexes/twin homes and 16 mobile homes.

Unit Mix

We obtained the bedroom mix on the 199 market rate units. The bedroom mix of the units is:

- ▶ efficiency - 2 (1.0%)
- ▶ one-bedroom - 74 (37.2%)
- ▶ two-bedroom - 111 (55.8%)
- ▶ three-bedroom - 12 (6.0%)

Occupancy / Vacancy

At the time of the survey, there were four vacancies in the 199 market rate units that were surveyed, which is a vacancy rate of 2.0%. All four vacancies were in one project, Rosewood Apartments. Rosewood Apartments was recently constructed and is still in the lease-up phase. All of the other market rate rental projects reported no vacancies. All of the rental managers and property owners reported very high occupancy rates and a high demand for market rate rental units. At the time of the 2015 Milbank Housing Study, there were no vacancies in the market rate rental units.

Rental Rates

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

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

The lowest and highest gross rents have been identified, as reported in the telephone survey. It should be noted that the survey included only two efficiency units.

<u>Unit Type</u>	<u>Lowest/Highest Gross Rents</u>
Efficiency	\$750
One-bedroom	\$430-\$900
Two-bedroom	\$550-\$1,700
Three-bedroom	\$600-\$950

Please note that the highest gross rent, at \$1,700 for a two-bedroom unit, is in a new high quality new twin home rental. Also, the majority of the three-bedroom units that were surveyed are mobile homes.

Tax Credit Summary

There are no tax credit units in Milbank.

Subsidized Summary

The research completed for this Study identified seven subsidized projects providing rental opportunities for lower income households. Two of these projects are in Big Stone City. These projects have a combined 140 units. Two projects with a total 54 units are senior/disabled rental housing, and five projects with 86 units are general occupancy projects.

The seven subsidized rental projects in Milbank and Big Stone City include:

- ▶ **Pheasant Valley Courtyard (senior/disabled)** - Pheasant Valley Courtyard is a 30-unit HUD Section 8 senior/disabled project. The project was constructed in 1980 and substantially renovated in 2012. All of the units have one bedroom.
- ▶ **Pheasant Valley Courtyard (family)** - Pheasant Valley Courtyard is a 30-unit HUD Section 8 general occupancy project. There are 22 two-bedroom and eight three-bedroom units. The project was constructed in 1980 and substantially renovated in 2012.
- ▶ **Friendship Circle** - Friendship Circle is a 24-unit Rural Development senior/disabled project. All of the units have one bedroom.
- ▶ **Middlebrook Apartments** - Middlebrook Apartments is a HUD Section 8 general occupancy project with 24 units. All of the apartments have one bedroom.

- ▶ **Milbank Apartments** - Milbank Apartments is a 16-unit Rural Development general occupancy project. There are two one-bedroom and 14 two-bedroom units. The project was constructed in 1975.
- ▶ **Applecrest Apartments** - Applecrest Apartments is an eight-unit general occupancy Rural Development project located in Big Stone City. There are one one-bedroom unit and seven two-bedroom units.
- ▶ **Big Stone Apartments** - Big Stone Apartments is an eight-unit general occupancy Rural Development project located in Big Stone City, with one one-bedroom and seven two-bedroom units.

The City's 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 140 subsidized housing units in Milbank and Big Stone City is as follows:

- ▶ 82 one-bedroom (58.6%)
- ▶ 50 two-bedroom (35.7%)
- ▶ 8 three-bedroom (5.7%)

Occupancy / Vacancy

A total of 13 vacancies were identified in the subsidized projects, which is a 9.3% vacancy rate.

At the time of the 2015 Milbank Housing Study, there were no vacancies in the 140 subsidized units. In 2015, some projects had waivers, which allowed non-low income tenants to rent a unit including power plant workers. Several managers in 2015 expressed concern about vacancy rates when the power plant construction project was completed and the construction workers left Milbank. It appears that the concerns had merit.

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 Milbank, we are aware of one project, Eastwood Apartments, with 12 units, that converted from subsidized to market rate. Therefore, the City of Milbank's subsidized inventory has decreased by 12 units due to the conversion. However, it appears that this conversion took place many years ago.

Senior Housing with Services

Unit Inventory

Milbank has five senior with services projects which include:

- ▶ **Golden Living Center** - The Golden Living Center is licensed for 77 skilled nursing beds. Some of the skilled nursing home beds are for residents with dementia.
- ▶ **Park Place** - Park Place is a 36-unit assisted living facility. Park Place provides the full array of assisted living services, including meals, medication distribution, laundry, housekeeping, bathing, etc. The facility is secured and does have residents in the early stages of dementia.
- ▶ **St. William's Care Center** - St. William's Care Center has 60 skilled nursing beds. The facility has some residents with dementia.
- ▶ **Darcie's Home Care** - Darcie's Home Care is an 11-bed Residential Living Center. Residential Living Centers are intended to provide a somewhat lower level of services than Assisted Living Centers. Darcie's Home Care was previously Snell's Adult Care.

Table 20 Milbank Multifamily Rental Housing Inventory

Name	Number of Units / Bedroom Mix	Rent	Vacancy/ Wait List	Tenant Mix	Comments
Market Rate					
Chalet Apartments	1 - 1 bedroom <u>11 - 2 bedroom</u> 12 total units	\$475 \$625	No vacancies	General occupancy	Chalet Apartments is a market rate general occupancy 12-plex constructed in 1978. The 12-plex includes one one-bedroom and 11 two-bedroom units. Rent is \$475 for a one-bedroom unit and \$625 for a two-bedroom unit. Tenants also pay heat and electricity. The owner reported no vacancies at the time of the survey.
Eastwood Apartments	5 - 1 bedroom <u>7 - 2 bedroom</u> 12 total units	\$525 \$625	No vacancies	General occupancy	Eastwood Apartments is a market rate general occupancy 12-unit project. Eastwood Apartments was a subsidized Rural Development project, but converted to market rate many years ago. The 12-plex has five one-bedroom units and seven two-bedroom units. Rent is \$525 for a one-bedroom unit and \$625 for a two-bedroom unit. Tenants pay utilities. The owner reported no vacancies at the time of the survey.
Golden Key Apartments	7 - 1 bedroom <u>5 - 2 bedroom</u> 12 total	\$525 \$650	No vacancies	General occupancy	Golden Key Apartments is a market rate general occupancy 12-plex. The 12-plex was constructed in the late 1960s. There are seven one-bedroom and five two-bedroom units. Rents range from \$525 to \$650. Tenants also pay electricity. The manager reported no vacancies at the time of the survey.
Rosewood Apartments	2 - studio 11 - 1 bedroom <u>25 - 2 bedroom</u> 38 total units	\$675 \$775 \$925-1120	4 vacancies	General occupancy	Rosewood Apartments is a new three-story apartment building constructed in 2021. Rents range from \$675 for a studio to \$1,120 for a two-bedroom/two-bath unit. The tenants also pay water, sewer and electric. Detached garages are available. All of the units have washers and dryers. The units range from 594 square feet to 1,111 square feet. The manager reported four vacancies at the time of the survey.

Table 20 Milbank Multifamily Rental Housing Inventory

Name	Number of Units / Bedroom Mix	Rent	Vacancy / Wait List	Tenant Mix	Comments
Market Rate					
6 th & 7 th St. Duplexes	<u>6 - 2 bedroom</u> 6 total units	\$725	No vacancies	General occupancy	This project includes three duplexes (6 units) on 6 th and 7 th streets. All of the units have two bedrooms. The rent is approximately \$725 plus utilities. The owner reported no vacancies at the time of the survey.
Meagher Twinhomes	<u>4 - 2 bedroom</u> 4 total units	\$1,500	No vacancies	General occupancy	Meagher Twinhomes includes two twinhomes (4 units). The units have recently been constructed and all of the units have two bedrooms. The rent is \$1,500 plus utilities. The owner reported no vacancies at the time of the survey.
Highlander Apartments	<u>7 - 1 bedroom</u> <u>5 - 2 bedroom</u> 12 total units	\$475 \$625	No vacancies	General occupancy	Highlander Apartments is a market rate general occupancy project constructed in 1978. The 12-plex includes seven one-bedroom and five two-bedroom units. Rent is \$425 for a one-bedroom unit and \$625 for a two-bedroom unit. Tenants also pay heat and electricity. Manager reported no vacancies at the time of the survey.
Middlebrook Apartments Market Rate	<u>22 - 1 bedroom</u> <u>9 - 2 bedroom</u> 31 total units	\$430 \$550	No vacancies	General occupancy	Middlebrook Apartments is a general occupancy market rate project with 22 one-bedroom units and nine two-bedroom units. Rent is \$430 for a one-bedroom unit and \$550 for a two-bedroom unit. Rent includes all utilities. The two-bedroom units are large as they are two one-bedroom units that been converted to a two-bedroom unit. The manager reported no vacancies at the time of the survey.

Table 20 Milbank Multifamily Rental Housing Inventory

Name	Number of Units / Bedroom Mix	Rent	Vacancy/ Wait List	Tenant Mix	Comments
Market Rate					
Ol' Mill Apartments	8 - 1 bedroom 2 - 2 bedroom <u>1 - 3 bedroom</u> 11 total units	\$475 \$550 \$600	No vacancies	General occupancy	Ol' Mill Apartments is an 11-unit market rate general occupancy project constructed in the late 1970s. Rents include utilities and are \$475 for a one-bedroom unit, \$550 for a two-bedroom unit and \$600 for the one-bedroom unit. The owner reported no vacancies at the time of the survey.
Old Landmark Apartments	<u>11 - 1 bedroom</u> 11 total units	\$455/ 1 person \$550/ 2 people	No vacancies	General occupancy	Old Landmark Apartments is an 11-unit market rate general occupancy project constructed in the late 1970s. All of the units are one bedroom. Rent includes all utilities and is \$475 for one person and \$550 for two people. The owner reported no vacancies at the time of the survey.
Old Town Apartments	1 - 1 bedroom <u>11 - 2 bedroom</u> 12 total units	\$525 \$650	No vacancies	General occupancy	Old Town Apartments is a market rate general occupancy 12-plex with one one-bedroom unit and 11 two-bedroom units. The 12-plex was constructed in the late 1970s. Rents range from \$525 to \$650. Tenants also pay electricity. The manager reported no vacancies at the time of the survey.
Park Manor	<u>4 - 2 bedroom</u> 4 total units	\$700	No vacancies	General occupancy	Park Manor is a market rate general occupancy four-plex constructed in the late 1970s. The units are 1,200 square feet and are all two-bedroom. Rent is \$700 and includes a garage. Tenants pay electricity. Manager reported no vacancies at the time of the survey.
Riggin's Mobile Home Court	16 - 2 & 3 bedroom <u>mobile homes</u> 14 total units	\$800	No vacancies	General occupancy	Riggin's Mobile Home Court is located just outside the city limits, and has approximately 16 mobile homes that are rented. The mobile homes are two and three bedroom. Rents are in the \$800 range. The rent includes pad rental and utilities. The owner reported that there were no vacancies at the time of the survey.

Table 20 Milbank Multifamily Rental Housing Inventory

Name	Number of Units /Bedroom Mix	Rent	Vacancy/ Wait List	Tenant Mix	Comments
Market Rate					
Terrace Gardens	1 - 1 bedroom 17 - 2 bedroom 18 total units	\$525 \$650	No vacancies	General occupancy	Terrace Gardens is an 18-unit market rate general occupancy project. The 18 units include one one-bedroom and 17 two-bedroom units. The rent is \$525 for the one-bedroom unit and \$650 for a two-bedroom unit. The tenants also pay electricity. The manager reported no vacancies at the time of the survey.
Subsidized					
Friendship Circle	24 - 1 bedroom 24 total units	\$735 max. 30% of income	4 vacancies	Seniors/ disabled occupancy	Friendship Circle is a 24-unit senior/disabled Rural Development project. All 24 units have one bedroom. Tenants pay 30% of income up to a maximum rent of \$735. The manager reported four vacancies at the time of the survey.
Middlebrook Apartments-Section 8	24 - 1 bedroom 24 total units	\$630 max. 30% of income	1 vacancy	General occupancy	Middlebrook Apartments is a HUD Section 8 General Occupancy project. Middlebrook Apartments has 24 one-bedroom units. Tenants pay 30% of their gross income for rent up to the market rent. All utilities are included. The manager reported one vacancy at the time of the survey.
Milbank Apartments	2 - 1 bedroom 14 - 2 bedroom 16 total units	\$548 max. \$568 max. 30% of income	1 vacancy	General occupancy	Milbank Apartments is a Rural Development family project constructed in 1975. The project has two one-bedroom and 14 two-bedroom units. The project has rent assistance for 11 of the 14 units, which allows the tenants to pay 30% of income for rent up to the market rent. The manager reported one vacancy at the time of the survey.
Pheasant Valley Courtyard Senior/ Disabled	30 - 1 bedroom 30 total units	\$657 max. 30% of income	No vacancies	Senior/ disabled occupancy	Pheasant Valley Courtyard is a 30-unit HUD Section 8 senior/disabled project. All of the units are one-bedroom. The project was constructed in 1980 and substantially renovated in 2012. Tenants pay 30% of income up to a maximum rent of \$657. Rent includes utilities. The manager reported no vacancies at the time of the survey.

Table 20 Milbank Multifamily Rental Housing Inventory

Name	Number of Units /Bedroom Mix	Rent	Vacancy/ Wait List	Tenant Mix	Comments
Subsidized					
Pheasant Valley Courtyard Family Units	22 -2 bedroom <u>8 - 3 bedroom</u> 30 total units	\$704 \$867. 30% of income	5 vacancies	General occupancy	Pheasant Valley Courtyard is a 30-unit HUD Section 8 family project. The project has 22 two-bedroom and eight three-bedroom units. Tenants pay 30% of income up to a maximum rent. The project was constructed in 1980 and substantially renovated in 2012. The manager reported no vacancies at the time of the survey.
Applecrest Apartments Big Stone City	1 - 1 bedroom <u>7 - 2 bedroom</u> 8 total units	\$625 \$665 30% of income	1 vacancy	General occupancy	Applecrest Apartments is a Rural Development subsidized general occupancy project located in Big Stone City. The project is an eight-plex with one one-bedroom and seven two-bedroom units. The manager reported one vacancy at the time of the survey.
Big Stone Apartments Big Stone City	1 - 1 bedroom <u>7 - 2 bedroom</u> 8 total units	\$515 \$560 30% of income	1 vacancy	General occupancy	Big Stone Apartments is a Rural Development subsidized general occupancy project located in Big Stone City. The project is an eight-plex with one one-bedroom and seven two-bedroom units. The manager reported one vacancy at the time of the survey.

Table 20 Milbank Multifamily Rental Housing Inventory

Name	Number of Units /Bedroom Mix	Rent	Vacancy/ Wait List	Tenant Mix	Comments
Senior with Services					
Golden Living Center	77 skilled nursing beds	N/A	N/A	Skilled nursing home	Golden Living Center currently is licensed for 77 skilled nursing beds. Some of the skilled nursing beds are for residents with dementia. The number of vacant beds varies.
Park Place	36 units	One established fee for rent and services	N/A	Assisted Living Center	Park Place is a 36-unit assisted living facility. Park Place provides the full array of assisted living services including meals, med distribution, laundry, housekeeping, bathing, etc. The facility is an alarmed facility and does have residents in the early stages of dementia.
St. Williams Care Center	60 skilled nursing beds	N/A	N/A	Skilled nursing home	St. Williams Care Center has 60 skilled nursing beds and three assisted living beds. The facility has some residents with dementia.
Darcie's Home Care	11 residential <u>living beds</u> 11 total units	Based on single/ double occupancy and services	N/A	Residential Living Center	Darcie's Home Care is licensed as a Residential Living Center. Residential Living Centers provide a lower level of services than Assisted Living Centers. Darcie's Home Care was previously Snell's Adult Care. The facility has 11 residential living beds.

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.

Table 23 Grant County Average Annual Labor Force: 2010 to 2021						
Year	Labor Force	Employed	Unemployed	Unemployment Rate - County	Unemployment Rate - SD	Unemployment Rate - US
2010	4,821	4,600	221	4.6%	5.0%	9.6%
2011	4,666	4,448	218	4.7%	4.6%	8.9%
2012	4,564	4,373	191	4.2%	4.1%	8.1%
2013	4,675	4,483	192	4.1%	3.7%	7.4%
2014	4,727	4,562	165	3.5%	3.3%	6.2%
2015	4,735	4,598	137	2.9%	3.0%	5.3%
2016	4,480	4,335	145	3.2%	3.0%	4.9%
2017	4,461	4,313	148	3.3%	3.1%	4.4%
2018	4,440	4,304	136	3.1%	2.9%	3.9%
2019	4,412	4,277	135	3.1%	3.0%	3.7%
2020	4,382	4,206	176	4.0%	4.6%	8.1%
2021	4,415	4,278	137	3.1%	2.8%	5.3%

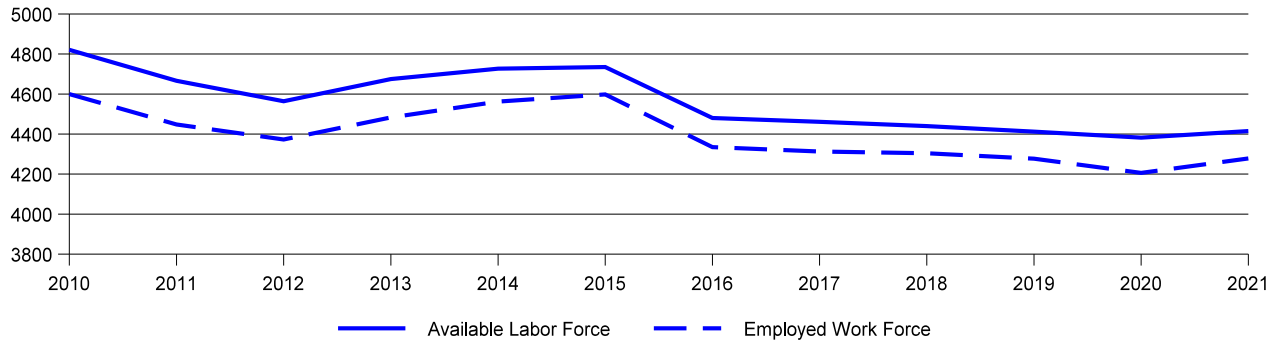
Source: South Dakota Department of Labor

When tracked over a longer time period, the size of the County’s available resident labor force has gradually been decreasing. If 2019 (pre-pandemic) is compared to 2010, the labor force had decreased by 409 people, or -8.5%.

The County’s employed resident labor force has generally followed a similar pattern. If 2019 is compared to 2020, there were 323 fewer County residents that were employed, or -7.0%.

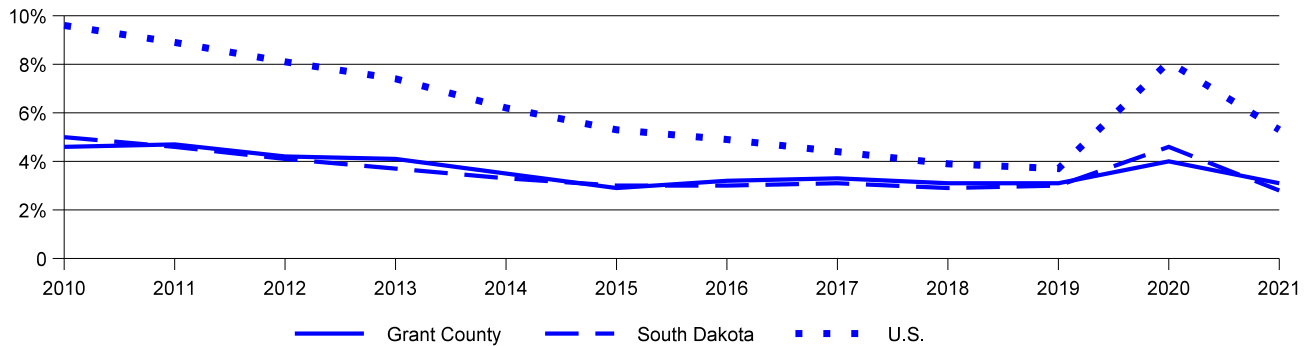
The global pandemic in 2020 then further decreased both of these labor statistics, although that short-term loss had already been recovered by 2021.

Grant County Labor Force and Employed Work Force



Throughout the entire time period reviewed, the unemployment rate in Grant County has stayed below the national rate. For most of the years reviewed, the unemployment rate in Grant County has been very similar to the Statewide unemployment rate.

Unemployment Rates



The Covid pandemic in 2020 did cause an increase in the County’s unemployment rate, but by 2021, the rate had dropped again to only 3.1%.

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. It is important to note that the major employment sectors listed do not represent all employment in Grant County. With the exception of total employment, the industry sectors reported below are for private employment.

Table 24 Grant County Average Annual Wages by Industry Detail: 2020		
Industry	Employment	Average Weekly Wage
Total All Industry	3,742	\$884
Natural Resources, Mining	268	\$831
Construction	235	\$1,046
Manufacturing	691	\$1,137
Trade, Transportation, Utilities	1,014	\$960
Information	46	\$377
Financial Activities	168	\$1,148
Professional and Business Services	175	\$799
Education and Health Services	469	\$771
Leisure and Hospitality	240	\$253
Other Services	81	\$751
Government	378	\$27,769

Source: South Dakota Department of Labor

The average weekly wage for all industry in 2020 was \$884. At full-time employment this would equate to an annual wage of \$45,968.

The highest paying wage sectors were Financial Activities, Manufacturing and Construction. Each of these employment sectors had an average annual wage above \$54,000 at full-time employment.

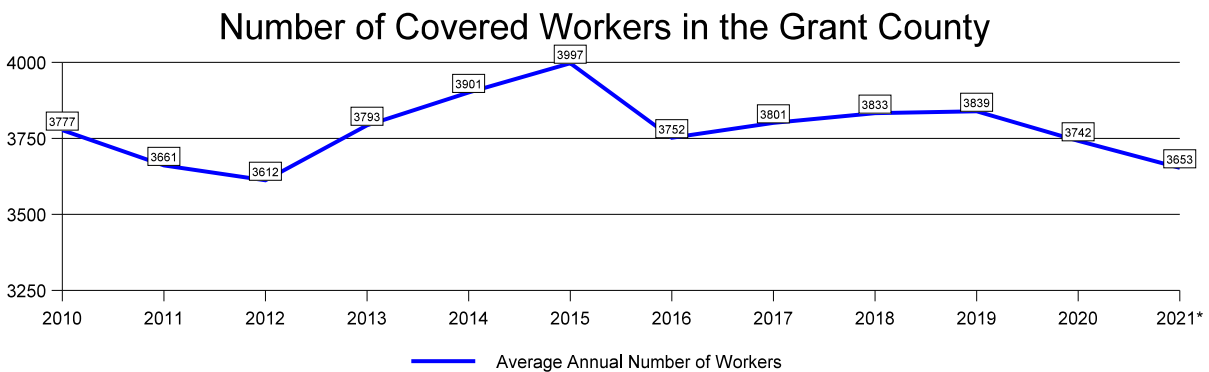
The lowest paying wage sector was Leisure and Hospitality, with an average annual wage below \$13,200.

Annual Covered Employment

Since the Quarterly Census of Covered Workers (QCEW) tracks employees covered by unemployment insurance by location of the worker, 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 back to the year 2010.

Table 25 Grant County Average Annual Employment			
Year	Total Covered Employment	Year	Total Covered Employment
2010	3,777	2016	3,752
2011	3,661	2017	3,801
2012	3,612	2018	3,833
2013	3,793	2019	3,839
2014	3,901	2020	3,742
2015	3,997	2021*	3,653

Source: QCEW - SD Department of Labor



When viewed over a longer-term there has been both upward and downward movement in the number of covered employees working in Grant County. The recent employment peak was reached in 2015, and then has declined since that time. However, if 2019 (pre-pandemic) is compared back to 2010, there had been some increase in total employment in the County. Both 2020 and partial-year 2021 show some decrease once again, but this may be due to the impact of Covid.

Commuting Patterns of Area Workers

Some information is available on area workers that commute for employment. The best information is from the 2020 American Community Survey, and has been examined for the City of Milbank. The first table examines Milbank residents that traveled to work and excludes people that work at home.

Table 26 Commuting Times for Milbank Residents - 2020		
Travel Time	Number	Percent
Less than 10 minutes	1,054	69.8%
10 to 19 minutes	286	18.9%
20 to 29 minutes	103	6.8%
30 minutes +	68	4.5%
Total	1,511	100%

Source: American Community Survey

The large majority of Milbank residents were commuting less than 20 minutes to work in 2020. Overall, nearly 89% of residents commuted 19 minutes or less to work. Fewer than 5% of the City’s residents were commuting 30 minutes or more for employment.

The American Community Survey also identifies travel time by location of employment. For people that worked in Milbank, the following travel times were identified.

Table 27 Commuting Times for Milbank-based Employees - 2020		
Travel Time	Number	Percent
Less than 10 minutes	1,178	51.3%
10 to 19 minutes	664	28.9%
20 to 29 minutes	176	7.7%
30 minutes +	278	12.1%
Total	2,296	100%

Source: American Community Survey

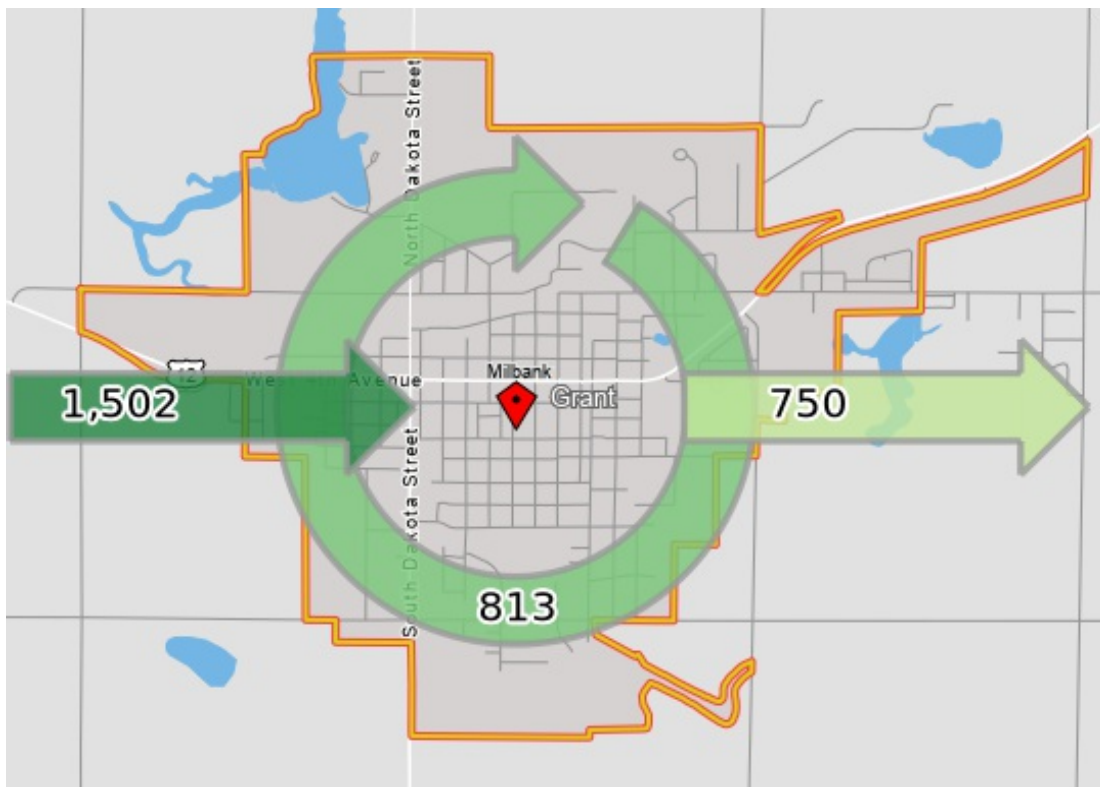
For people that worked in Milbank, nearly 49% traveled 10 minutes or more, and presumably lived outside the city limits. However, most workers lived within the immediate vicinity, with only 12.1% of all employees traveling 30 minutes or more to Milbank.

Census On the Map

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

According to the report for Milbank, there were 2,315 people that were employed within the City in 2019. Only 35% of these City-based employees also lived in Milbank, with an estimated 1,502 employees commuting into the City for their primary job. The identified home locations for workers traveling to the community were Alban Township, Big Stone City, Ortonville, Melrose Township, Big Stone Township, Grant Center Township and Watertown.

On the Map can also be used to track worker outflow patterns from the City. Overall, there were 1,563 Milbank residents that were employed. Most of these City residents also worked inside the community, but approximately 750 traveled to other locations. The primary identified work locations were Sioux Falls, Alban Township, Big Stone Township, Watertown, Ortonville and Big Stone City.



Findings on Growth Trends

The release of the 2020 U.S. Census provided a new benchmark for demographic data. For the City of Milbank, the 2020 results showed an increase in both the City's permanent resident population and number of households. When compared to 2010, Milbank had added 33 households and 191 people.

The most recent decade reversed some longer-term patterns for the City, as population loss had been occurring between 1990 and 2010. However, much of this was due to fewer people living in each household. While the City had lost some households in the 1990s and between 2000 and 2010, the actual reduction in households was small. With some rebound in households after 2010, the City had only 16 fewer households in 2020 than had been present in 1990.

As the largest single jurisdiction in Grant County, the demographic patterns in Milbank are evident in Countywide statistics. Between 2010 and 2020 Grant County did add population, although this was largely due to growth in Milbank. The County also added permanent households, although if Milbank is removed, the remainder of Grant County had a minor loss of households over the past decade.

Similar to Milbank, the longer-term patterns for Grant County show fewer permanent residents, as the County's average household size continues to decrease. But the County's household count has remained relatively stable. If 2020 is compared to 1990, there were only 51 fewer resident households living in Grant County, for an annual average loss of less than one household per year.

Findings on Projected Growth

This Study has examined projections from established national sources, including both Applied Geographic Solutions (AGS) and Esri. In general, these sources are not viewed as reliable by the analysts.

Applied Geographic Solutions is forecasting strong household growth for Milbank and Grant County over the 5-year projection period. This source shows Milbank adding an average of 35 households per year through 2026. While this rapid rate of growth is potentially achievable, it would require a significant change in past patterns. In the previous decade, the City averaged approximately three to four new households per year.

Milbank did see a large increase in housing unit construction in 2021. However, it is doubtful that this new unit production will be sustained over a 5-year period, and a lower level of household growth is probable.

Community Partners Research, Inc., has also calculated household projections based on the annualized growth rates and housing construction patterns in recent years. This information was then used these patterns to project probable growth to the year 2026.

The trend-based projection method anticipates that Milbank will have approximately 1,607 total households by 2026, or an annual average increase of 11 households per year going forward.

The trend-based projection for all of Grant County indicates that there will be approximately 3,150 total households by 2026, or an annual average increase of approximately eight households per year going forward. It is important to note that this trend-based projection does anticipate minor household losses continuing in the County's combined rural jurisdictions outside of the City of Milbank.

While the trend-based projections are potentially conservative, especially for near-term growth in Milbank, the projections from Applied Geographic Solutions appear to be overly optimistic.

Going forward it is probable that the City of Milbank will add households within a range of between 10 and 15 households in a typical year. Over the 5-year projection period this would be the expected addition of between 50 and 75 households, provided that adequate housing choices are available.

Summary of Grant County’s Growth Projections by Age Group

The Demographic section of this Study presented projection information for Grant County 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 age patterns of the area’s residents.

The projections on expected changes by age are taken from Esri, but have been modified by Community Partners Research, Inc., to better reflect the probable total household count in Grant County. Esri’s household estimates and projections are low by approximately 3% and 5%, depending on the year. However, their expectations for age-based change, after adjustments to the total, are viewed as relatively accurate for broader demographic patterns.

The movement of the large “baby boom” generation through the aging cycle should generate much of the County’s change in households over the next five years. In broader terms, Esri is projecting an overall increase in households age 65 and older, but a decrease in the number of households age 64 and younger.

The largest increase is projected among households age 75 and older, followed by households in the 65 to 74 year old range. In total approximately 150 households will probably be added in the senior age groups in Grant County.

The age-based projections show limited change in some of the younger adult age ranges. The largest projected decrease is expected in the age range between 55 and 64 years old, with 60 fewer households by 2026.

The younger adult ranges are projected to remain relatively stable or decrease slightly in size. If all of the age groups 54 and younger are combined, these projections would indicate a net reduction of nearly 40 households Countywide.

<u>Age Range</u>	<u>Projected Change in Households 2021 to 2026</u>
15 to 24	-4
25 to 34	-19
35 to 44	0
45 to 54	-16
55 to 64	-60
65 to 74	59
75 and older	<u>90</u>
Total change	50

Findings on Unit Demand by Type of Housing

Based on the household by age projections presented earlier, the changing age composition of Milbank'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 minimal loss of 4 households in the 15 to 24 age range through the year 2026. Past tenure patterns indicate that approximately 75% of these households in Milbank will rent their housing. Relative stability in the number of households in this age range should mean that rental demand from younger households will also remain stable during the projection period.

25 to 34 Years Old - The projections show a minor loss of 19 households in this age range by 2026. Within this age range households often move from rental to ownership housing. The ownership rate among these households in Milbank was approximately 65% in 2010. Relative stability within this age range indicates demand for both first-time home buyer and rental opportunities from this age range will remain unchanged or decrease slightly during the projection period.

35 to 44 Years Old - The projections for this 10-year age cohort expect no change through 2026 in Grant County. In the past, this age group has had a home ownership rate in Milbank of approximately 65%. 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 minor loss of 19 households in this age range by 2026. This age group historically has had a high rate of home ownership, approximately 78% in Milbank in 2010, and will often look for trade-up housing opportunities. Relative stability within this age range indicates demand for trade-up housing will remain stable or potentially decrease slightly during the projection period.

55 to 64 Years Old - By 2026, this age cohort will include part of the "baby bust" generation that followed behind the baby boomers. This age group tends represents a much smaller segment of the population than the baby boom age group. For Grant County, the projections show a loss of 60 households in this range. This age group has traditionally a high rate of home ownership in Milbank, at approximately 77% in 2010. Despite some expected decrease, age-appropriate housing, such as town house or twin home units, will be 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 59 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 2010 Census, approximately 76% of the households in this age range owned their housing in Milbank. Once again, preferences for age-appropriate units would increase from household growth within this age cohort.

75 Years and Older - There is also strong growth projected, with 90 households added in Grant County in this age range by 2026. In the past, households within this age range have had a relatively low rate of home ownership in Milbank. 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 Milbank to gain between 50 and 75 households from 2022 to 2026. Household growth will yield demand for new housing production in Milbank.

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 Milbank, some dilapidated housing has been demolished, 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 Milbank. We have included our estimates of pent-up demand into the specific recommendations that follow later in this section.

Strengths for Housing Development

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

- ▶ **Milbank serves as a small regional center** - Milbank provides employment opportunities, retail/service options, health and professional services, governmental services and recreational facilities for a small geographical area that surrounds the City.
- ▶ **Affordable priced housing stock** - The City of Milbank has a stock of affordable, existing houses. Our analysis shows that the City's median home value based on recent sales is approximately \$110,000. This existing stock, when available for sale, provides an affordable option for home ownership.
- ▶ **Adequate land for development** - Milbank has adequate land available for both residential and commercial/industrial development. However, some of this land needs to be serviced with infrastructure improvements and/or annexed into the City limits.
- ▶ **Educational system** - Milbank has an excellent public K-12 school system.
- ▶ **Health facilities** - Milbank has excellent health facilities including a hospital, medical clinic and senior with services facilities.
- ▶ **Infrastructure** - Milbank's water and sewer infrastructure can accommodate future expansion.
- ▶ **Commercial development** - Milbank's commercial district is adequate to meet most daily needs.
- ▶ **Grant County Development Corporation** - The Grant County Development Corporation is active in promoting economic and industrial development and job creation.
- ▶ **Employers** - Milbank has several large employers that provide job opportunities for local residents. Also, some employers are planning expansions and new companies may locate in Milbank.

- ▶ **Commuters** - More than 1,500 employees are commuting into Milbank daily for work. These commuters are a potential market for future housing construction.
- ▶ **Desirable location of seniors and retirees** - Milbank is an attractive community for seniors as a retirement location. As the providers for the area's health, retail and government services, the City has amenities that are attractive for seniors as they age.
- ▶ **Recreational and tourism opportunities** - Milbank is in an area that provides excellent fishing, hunting and other recreational and tourism opportunities.
- ▶ **Milbank Housing Authority** - The Milbank Housing Authority administers the Housing Voucher program in the City of Milbank and in Grant County.
- ▶ **New housing projects** - There are several housing projects that are in the planning phase.
- ▶ **New senior with services project** - A new senior housing with services project is currently under construction. The project includes units for assisted living, memory care and independent living.
- ▶ **Population and households** - Based on trend-based projections, Milbank will add population and households over the next five years.

Barriers or Limitations to Housing Activities

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

- ▶ **Age and condition of the housing stock** - While the existing stock is affordable, some of the housing is in need of improvements to meet expectations of potential buyers.
- ▶ **Low rent structure** - The area's rent structure is relatively low, which makes it difficult to construct new rental housing.
- ▶ **Value gap deters new owner-occupied construction** - Based on market values from recent residential sales, we estimate that the median priced home in Milbank is valued at approximately \$110,000. This is below the comparable cost for new housing construction, which will generally be above \$275,000 for a stick built home with commonly expected amenities. This creates a value gap between new construction and existing homes. This can be a disincentive for any type of speculative building and can also deter customized construction, unless the owner is willing to accept a potential loss on their investment.
- ▶ **Distance from a larger regional center** - Some households need or desire to be close to a larger regional center, which offers additional health services, retail/commercial opportunities, recreational and cultural options, etc. The nearest large regional center to Milbank is Watertown, which is 45 miles from Milbank.
- ▶ **Lower paying jobs** - Although Milbank has job opportunities, some jobs are at the lower end of the pay scale and employees with these jobs have limited housing choices.
- ▶ **Commercial/retail options** - Milbank has a limited number of commercial and retail opportunities compared to larger regional centers.

Recommendations, Strategies and Housing Market Opportunities

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

- ▶ **Be realistic in expectations for housing development** - Large-scale residential growth has not occurred in the recent past and is not likely to occur in the near future. The scale of activities proposed for the future should be comparable with the area's potential for growth.
- ▶ **Proactive community involvement** - New home and apartment construction will more likely occur in Milbank if there is proactive support from the City, local and regional housing and economic development agencies and the South Dakota Housing Development Authority.
- ▶ **Protect the existing housing stock** - The future of Milbank will be heavily dependent on the City's appeal as a residential location. The condition of the existing housing stock is a major factor in determining the City's long-term viability. The existing housing stock is in good condition and is a major asset, however, rehabilitation efforts are needed to preserve the housing stock.
- ▶ **Protect the existing assets and resources** - Milbank has many assets including a K-12 school, large employers, a Downtown Commercial District, health facilities, recreational opportunities, etc. These are strong assets that make Milbank a desirable community to live in, and are key components to the City's long-term success and viability. These assets must be protected and improved.
- ▶ **Develop a realistic action plan with goals and time lines** - In the past the City has been involved in housing issues. The City should prioritize its housing issues and establish goals and time lines to achieve success in addressing its housing needs.
- ▶ **Access all available resources for housing** - In addition to the local efforts, the City has other resources to draw on including USDA Rural Development, the South Dakota Housing Development Authority, Inter-Lakes Community Action Partnership, Grow South Dakota and Homes Are Possible, Inc. 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 Milbank 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 48 to 58 general occupancy market rate and moderate rent (workforce housing) rental units
2. Promote the development/conversion of eight to 10 affordable market rate rental housing units
3. Promote the development of 10 to 12 general occupancy subsidized rental housing units
4. Senior with services recommendation
5. Develop a downtown mixed-use commercial/housing project
6. Continue to utilize the Housing Choice Voucher Program

Home Ownership

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

Single Family Housing Development

9. Lot availability and development
10. Strategies to encourage residential lot sales and new home construction in Milbank
11. Coordinate with economic development agencies, housing agencies and nonprofit groups to construct affordable housing
12. Promote twin home/town home development
13. Development of owner-occupancy workforce housing

Housing Rehabilitation

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

Other Housing Initiatives

18. Continue to acquire and demolish dilapidated structures
19. Continue to plan a coordinated effort among housing agencies
20. Encourage employer involvement in housing
21. Strategies for downtown redevelopment and commercial development
22. Develop home ownership and new construction marketing programs

Milbank - Rental Housing Development

Rental Housing Development

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

From the time of the 2015 Milbank Housing Study to 2021, we are aware of 42 rental units that were constructed in Milbank. These units include a 38-unit market rate rental project and four units in two townhomes. Also, some single family homes were converted from owner-occupied to rental use and vice versa from 2015 to 2021.

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

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

Our household projections for Milbank expect some household growth over the next five years. From 2022 to 2026, it is projected that there will be a gain of approximately 50 to 75 households in Milbank. It is projected that approximately 50% of these households will be rental households, thus, there will be a demand for up to 37 additional rental units due to household growth over the next five years.

Demand created by replacement of lost units is more difficult to determine, but the best available evidence suggests that the City will lose as many as four to five units per year. As a result, approximately 20 to 25 additional units will be needed over the next five years to replace lost units. In some cases, this unit replacement will be necessary as existing units are removed from the inventory through demolition 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. Rental units will also be lost due to rental units converting to owner-occupancy.

Pent-up demand also exists. As part of this study, a rental survey was conducted. The survey found four vacancies, for a 2% vacancy rate, in conventional general occupancy market rate units. The four vacancies were in the City’s newest rental project, Rosewood Apartments, which is still in its initial lease-up phase. All of the other conventional rental projects in Milbank reported full occupancy.

We identified pent-up demand for market rate rental units, including workforce housing and subsidized rental units.

These three demand generators, after factoring current occupancy rates, show a need for 66 to 80 rental units over the next five years. 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	48-58 units
▶	Affordable/Conversions	8-10 units
▶	Subsidized	<u>10-12 units</u>
	Total	66-80 units

It is important to recognize that this is the potential demand within all of the various market segments, including some need for unit replacement. If this level of unit production is achieved, the total household growth within the community would exceed the expected growth projection presented earlier in this Study. The analysts recognize that production of all of these units may not actually occur at the recommended level.

1. Develop 48 to 58 general occupancy market rate and moderate rent (workforce housing) rental units

Findings: Approximately 79% of the rental housing in the City of Milbank 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 199 market rate rental units we surveyed, we found only four vacancies. These vacancies were in one project, Rosewood Apartments, which was constructed in 2021 and is in its initial lease-up phase. All of the other rental projects surveyed had no vacancies. The owners and managers of rental properties reported very high occupancy rates and strong demand for rental housing. Also, several market rate projects had waiting lists.

There is a wide variation in rental rates in the market rate segment in the City of Milbank. The existing rent range including utilities is \$430 to \$900 for a one-bedroom unit, \$550 to \$1,700 for a two-bedroom unit and \$600 to \$950 for a three-bedroom unit.

From 2015 to 2021, 42 market rate rental units were constructed in Milbank, including Rosewood Apartments with 38 units and Meagher Twinhomes with four units. Also, some single family homes have converted from owner-occupied to rental units and vice versa. Two projects in the preliminary planning phase include a second Rosewood Apartment project and four additional Meagher Twinhome units.

The City's largest employer is planning a substantial expansion which will increase the demand for rental housing. Also, other commercial and industrial developments are in the planning phase, and if they come to fruition, will increase the demand for rental housing.

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

Based on this combination of demand generators, we believe that it is reasonable to plan for production of between 48 to 58 market rate rental units over the next five years, including luxury, moderate rent and workforce housing.

Based on our research, there is a lack of three-bedroom rental units, thus, some of the new units constructed over the next five years should be 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 Milbank. One segment is seeking a high quality unit and can afford a higher rent. The second segment is seeking work force housing and a more modest rent. This segment may not qualify for subsidized units, but affordability is still an issue.

There is a need to construct both types of market rate rental housing. There is a wide rent range in the following table reflecting the two segments. To construct the workforce housing and charge affordable rents, financial assistance, such as land donations, tax abatement, tax deferral, tax increment financing, SDHDA Programs such as the DakotaPlex Program, GOED funds, etc.

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 rental property owners expressed interest in constructing rental housing in Milbank if it was economically feasible. Some of these rental property owners have land available for additional rental units.

If private developers do not proceed, the Milbank Housing Authority or the Grant County Development Corporation could potentially utilize essential function bonds, or similar funding sources, to construct market rate units.

Also, the Milbank Housing Authority or the Grant County Development Corporation could partner with private developers to construct additional units. Additionally, the City could assist with land donations, tax increment financing, tax abatement, reduced water and sewer hookup fees, SDHDA fund, GOED funds, etc. 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 Rent Payment Standards. The 2022 Rent Payment Standards are \$633 for a one-bedroom, \$833 for a two-bedroom and \$1,030 for a three-bedroom unit.

**Recommended unit mix, sizes and rents for the Milbank
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	650 - 800	\$625 - \$975
Two Bedroom	28-34	850 - 1,050	\$750 - \$1,800
Three Bedroom	12-14	1,100 - 1,250	\$900 - \$1,900
Total	48-58		

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

2. Promote the development/conversion of eight to 10 affordable market rate rental housing units

Findings: The previous recommendation addressed the market potential to develop high quality rental units in Milbank. Unfortunately, these units would tend to be beyond the financial capability of many area renters. A majority of Milbank's renter households have an annual income below \$30,000. These households would need a rental unit at \$650 per month or less.

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

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

Recommendation: We encourage the City of Milbank to promote the development/conversion of more affordable rental units. We continue to recommend a goal of eight to 10 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.

The estimated prevailing rent range for older rental units in Milbank is typically between \$450 and \$700 per month. Creating some additional units with contract rents below \$700 per month would help to expand the choices available to a majority of the City's renter households.

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

3. Promote the development of 10 to 12 general occupancy subsidized rental housing units

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

The research completed for this Study found seven subsidized projects in Grant County, which have a combined 140 units. Five projects are located in Milbank and two projects are located in Big Stone City. Two projects with 54 units are senior/disabled rental housing and seven projects with 86 units are general occupancy. There are 132 subsidized units with the City of Milbank and they represent approximately 21% of all rental options in the City Milbank. This is a relatively average percentage of subsidized rental housing compared to other similar sized cities.

A summary of the seven subsidized projects is as follows:

- ▶ **Pheasant Valley Courtyard (senior/disabled)** - Pheasant Valley Courtyard is a 30-unit HUD Section 8 senior/disabled project. The project was constructed in 1980 and substantially renovated in 2012. All of the units are one-bedrooms.
- ▶ **Pheasant Valley Courtyard (family)** - Pheasant Valley Courtyard is a 30-unit HUD Section 8 general occupancy project. There are 22 two-bedroom and eight three-bedroom units. The project was constructed in 1980 and substantially renovated in 2012.
- ▶ **Friendship Circle** - Friendship Circle is a 24-unit Rural Development senior/disabled project. All of the units are one-bedrooms.
- ▶ **Middlebrook Apartments** - Middlebrook Apartments is a HUD Section 8 general occupancy project with 24 units. All of the apartments have one bedroom.
- ▶ **Milbank Apartments** - Milbank Apartments is a 16-unit Rural Development general occupancy project. There are two one-bedroom and 14 two-bedroom units. The project was constructed in 1975.

- ▶ **Applecrest Apartments** - Applecrest Apartments is an eight-unit general occupancy Rural Development project located in Big Stone City. There are one one-bedroom unit and seven two-bedroom units.
- ▶ **Big Stone Apartments** - Big Stone Apartments is an eight-unit general occupancy Rural Development project located in Big Stone City with one one-bedroom and seven two-bedroom units.

A total of 13 vacancies were identified in the subsidized projects, which is a 9.3% vacancy rate. At the time of the 2015 Milbank Housing Study, there were no vacancies in the 140 subsidized units.

In 2015, some projects had waivers, which allowed non-low income tenants to rent a unit including power plant workers. Several managers in 2015 expressed concern about vacancy rates when the power plant construction project was completed and the construction workers left Milbank. It appears that the concerns had merit.

Of the 140 subsidized units in Milbank, 82 are one-bedroom, 50 units have two bedrooms and eight units have three bedrooms.

There are additional “deep subsidy” resources available to Milbank residents through the tenant-based Housing Choice Voucher Program. The Vouchers allow tenants to pay 30% to 40% of their income for housing in suitable private-market rental units. The Voucher Program for Milbank is administered by the Milbank Housing Authority. Approximately 50 Milbank households were using a Voucher in April 2022. There are currently vouchers available for Milbank and Grant County households.

The 2019 American Community survey estimated that approximately 31% of all renter households in the City of Milbank were paying 35% or more of their income for rent. Most of the households with a severe rent burden had low annual incomes, and would be under the income limits for subsidized housing.

Eastwood Apartments, with 12 units, was a USDA Rural Development subsidized project, but converted to market rate many years ago, thus, the subsidized housing inventory in the City was reduced.

Recommendation: Although there are currently several vacancies in the existing subsidized projects, we are recommending the development of 10 to 12 subsidized rental units. This is based on the cost burden data contained in the American Community Survey, the age of the subsidized rental housing in Milbank, and the limited number of larger units in Milbank. The new units will expand the supply of deep subsidy rental housing for lower income renters. The construction of 10 to 12 units will achieve a rent level that would be affordable to very low income households earning less than \$25,000 to \$30,000 per year.

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

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

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

4. Senior housing with services recommendation

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. Milbank has four specialized projects that provide housing with supportive services for an elderly population. These senior housing with services projects include:

- ▶ **Golden Living Center** - The Golden Living Center is licensed for 77 skilled nursing beds. Some of the skilled nursing home beds are for residents with dementia.

- ▶ **Park Place** - Park Place is a 36-unit assisted living facility. Park Place provides the full array of assisted living services, including meals, medication distribution, laundry, housekeeping, bathing, etc. The facility is secured and does have residents in the early stages of dementia.
- ▶ **St. William's Care Center** - St. William's Care Center has 60 skilled nursing beds. The facility has some residents with dementia.
- ▶ **Darcie's Home Care** - Darcie's Home Care is an 11-bed Residential Living Center. Residential Living Centers are intended to provide a somewhat lower level of services than Assisted Living Centers. Darcie's Home Care was previously Snell's Adult Care.

To determine future senior with services housing demand in Milbank, we determined that Milbank's market for senior with services housing includes all of Grant County.

Recommendation: A new senior with services facility, Koch Senior Living, is currently under construction. The new facility will have approximately:

- ▶ 18 assisted living units
- ▶ 18 memory care units
- ▶ 20 independent/light services units

It is our opinion that the new Koch Senior Living project and the four current senior with services projects will address Grant County's senior with housing services needs over the next five years.

However, the need for future additional senior housing with services should continue to be monitored.

5. Develop a Downtown Mixed-Use Commercial/Housing Project

Findings: A new mixed-use rental housing/commercial project would be an asset to Downtown Milbank. Currently, there are several mixed-use buildings downtown.

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

Recommendation: We continue to recommend the development of a mixed-use building in the downtown Milbank area. There are several potential sites in the downtown area for a mixed-use project.

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

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

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

6. Continue to Utilize the Housing Choice Voucher Program

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

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

The Housing Choice Voucher Program is administered in Grant County by the Milbank Housing Authority. The Milbank Housing Authority has the authorization to issue approximately 64 Vouchers in Grant County, although fewer are actually in use. At the time of the research for this Study, approximately 50 Vouchers were being utilized by Milbank and Grant County households.

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

Currently, there are vouchers available for Milbank and Grant County households.

The 2022 household income requirements to qualify for a housing voucher are:

- ▶ 1 person household - \$28,500
- ▶ 2 person household - \$32,550
- ▶ 3 person household - \$36,600
- ▶ 4 person household - \$40,650
- ▶ 5 person household - \$43,950

For a rental unit to qualify for a household with a voucher, the gross rents must be below:

- ▶ 1 bedroom - \$633
- ▶ 2 bedroom - \$833
- ▶ 3 bedroom - \$1,030

Milbank - 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. The median owner-occupied home value in Milbank is estimated to be approximately \$110,000 based on sales activity from 2021. The home values in Milbank provide a good opportunity for first time buyers and households seeking moderately priced homes.

Some households have not been able to achieve the goal of home ownership and may need the assistance of special programs to help them purchase a home.

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

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

Findings: We believe that affordable home ownership is one of the issues facing Milbank 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 City of Milbank has a supply of houses that are price-eligible for these assistance programs. The home value estimates used in this study indicate that a majority of the existing stock currently is valued under the purchase price limits for the first-time home buyer assistance programs.

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

Recommendation: We recommend that the City of Milbank, the Grant County Development Corporation and the Milbank Housing Authority should continue to work with area housing agencies, the South Dakota Housing Development Authority, USDA Rural Development and local financial institutions to utilize all available home ownership assistance programs. Private and nonprofit agencies should also be encouraged to provide home ownership opportunities.

The City of Milbank, the Grant County Development Corporation and the Milbank Housing Authority should also work with housing agencies to assure that Milbank 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. Also, Grow South Dakota and HAPI, Inc., utilize several funding sources to provide home ownership programs.

8. Develop a Purchase/Rehabilitation Program

Findings: Milbank has a stock of older, lower valued homes, some of which need repairs. Our analysis of recent sales activity indicates that approximately 50% of the homes in Milbank are valued less than \$110,000. As some lower valued homes come up for sale, they may not be attractive options for potential home buyers because of the amount of repair work that is required.

Some communities with a stock of older homes that need rehabilitation have developed a purchase/rehabilitation program. Under a purchase/rehabilitation program, the City or a housing agency purchases an existing home that needs rehabilitation, rehabilitates the home, sells the home to a low/moderate income family and provides a mortgage with no down payment, no interest and a monthly payment that is affordable for the family.

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

Recommendation: We continue to recommend that Milbank work with a housing agency to develop and implement a purchase/rehab program. Attitudinal surveys that we have conducted in other cities have found that purchase/rehabilitation programs are appealing to people who are currently renting their housing. In some similar sized communities, a large majority of survey respondents who were renters indicated an interest in buying a home in need of repair if rehabilitation assistance was available.

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

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

Also, based on our interviews, private individuals are purchasing homes in Milbank, rehabbing the homes and selling the homes. There may be an opportunity for local housing agencies to financially assist the private sector with purchasing, rehabilitating and selling homes. This may increase the inventory of substandard homes that economically can be rehabilitated and sold.

Milbank - Single Family Housing Development

Single Family Housing Development

Findings: Based on City and Census Bureau reports, Milbank has experienced some single family housing development from 2015 to 2021. Over the past seven years, 17 single family owner-occupancy units have been constructed in Milbank. This is an average of approximately two to three owner-occupancy units constructed annually in Milbank.

From 2000 to 2014, 69 new owner-occupied housing units were constructed, which is three to four units annually.

It is our opinion that if the City of Milbank, the Grant County Development Corporation, housing agencies, builders and developers are proactive, 7 to 11 homes can be constructed or moved into Milbank annually from 2022 to 2026. This is a total of 35 to 55 new units over the next five years.

The breakdown of our projection of 7 to 11 new owner-occupied housing units annually over the next five years is as follows:

▶ Higher and Median priced homes (over \$300,000)	3-4
▶ Affordable Homes (under \$300,000)	2-3
▶ Twin homes/Town homes	<u>4</u>
Total	7-11

9. Lot availability and development

Findings: As part of this Study, we attempted to identify the inventory of available residential lots for single family housing construction in the City of Milbank. Currently, there are approximately 24 lots available in the City of Milbank’s existing subdivisions. Some of these lots are designated for twinhome development.

There are also miscellaneous infill lots scattered around the city that we did not attempt to count. We do not know the availability of some of these infill lots. Also, additional dilapidated houses may be acquired and demolished over the next five years. Some of the cleared lots may be sites for new construction.

Recommendation: We use a standard that a three-year supply of lots should be available in the marketplace based on annual lot usage. With projections that 7 to 11 new owner-occupied housing units will be constructed per year, the City should have approximately 21 to 33 residential lots available to meet the expected demand. Part of this demand would be for attached unit construction.

With approximately 24 available lots, plus any infill lots, the City of Milbank will need additional lots, if the new housing construction that is projected comes to fruition. Therefore, it is our recommendation that an additional 38 to 52 lots be developed in the Milbank within the next five years. In 2022, there are a number of potential subdivisions in the planning phase that could add a significant number of lots to the community to address expected demand.

Future lots/subdivisions should include the following:

- ▶ Adequate land should be available, if possible, to allow for lot development in phases, based on demand.
- ▶ The lots 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 subdivision.
- ▶ 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, funding agencies, employers, the Grant County Development Corporation and the City of Milbank. Financial assistance such as tax increment financing and tax deferral may be necessary to make the development of lots feasible.
- ▶ The lots should expand the market by providing an attractive, affordable product.

- ▶ Some lots should be available for twin home/town home development.
- ▶ The development process should be as user-friendly and streamlined as possible.

10. Strategies to encourage residential lot sales and new home construction in Milbank

Findings: New home construction has been limited over the past seven years with an average of two to three single family homes constructed annually. Also, two twin homes (4 units) were constructed in Milbank in 2020, however, these units are renter-occupied.

Recommendation: We recommend that the City of Milbank, employers, the Grant County Development Corporation, the Milbank Housing Authority, area housing agencies, builders and developers coordinate efforts to promote lot sales and housing development in Milbank.

Our recommendations to promote lot sales and housing development include:

- ▶ ***Continue competitive pricing*** - The current lot prices in Milbank are competitive. To encourage new home construction, lots must remain competitively priced.
- ▶ ***Plan for long-term absorption*** - The research completed for this Study expects limited annual absorption of lots in Milbank. We are projecting the construction of 7 to 11 new units per year. It is therefore necessary to view the development of lots as a long-term plan.
- ▶ ***Generate activity*** - To stimulate new construction, proactive efforts, such as the sale of some lots at discounted prices, reduction of hookup and permit fees or other incentives could be provided if the buyer agrees to build a home of a certain quality and style within one year. This will help create some momentum for more houses to be built.
- ▶ ***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 are 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 significant price concessions are required.

- ▶ ***User-Friendly*** - The lot purchase and homebuilding process must be 'user-friendly.' This includes the construction of spec homes, and builders that are readily available to build custom homes.
- ▶ ***Spec home development*** - Spec houses can 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. A more aggressive approach is to become directly involved in helping cover the payments on a home builder's construction loan, if the house does not sell within a reasonable period of time. A community risk pool would need to be established for this type of activity. These types of approaches would somewhat reduce the builder's risk, by lowering the upfront development costs.
- ▶ ***Range of house prices*** - Lots should be available to as wide a range of home 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, tax deferral, cash incentives, etc. Incentives should be considered to promote new home construction.
- ▶ ***Lot availability for twin home/town home development*** - It is our opinion that there will be a demand for twin homes/town homes over the next five years. Lots should continue to be available for twin home/town home lot development.
- ▶ ***Marketing*** - The City of Milbank, the Grant County Development Corporation, the Milbank Housing Authority, the Milbank Chamber of Commerce, employers, builders and developers should create a comprehensive marketing strategy to sell the available lots. In addition to marketing the lots, the City of Milbank and its amenities should continue to be promoted.

- ▶ **Covenants** - Some subdivisions have covenants that assure quality development. The covenants should be reviewed to assure that they protect the integrity of the subdivision, but are not a barrier to new construction.
- ▶ **Lot Availability for affordable homes** - Lots should be available for affordable homes including modular homes and governor's homes.
- ▶ **Publically or non-profit-owned subdivision** - Private developers often have limited incentive to develop lower-priced lots and houses. A possible approach is to develop a public or non-profit-owned subdivision, which could offer lower-priced lots for affordable homes.
- ▶ **Infill lot Home Development** - Infill lots in existing neighborhoods are often affordable and have existing City services.
- ▶ **Housing Programs** - The South Dakota Housing Development Authority, USDA Rural Development and other housing agencies may have housing programs available to assist developers, builders and home buyers. Also, the Governors Office of Economic Development may have funds available for subdivision development in the future.

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

Findings: There are several housing agencies and nonprofit groups that may have the capacity to construct new housing in Milbank, including Grow South Dakota and HAPI, Inc.

Recommendation: We encourage the City of Milbank to continue to actively work with economic development and housing agencies, nonprofit groups and the private sector to develop affordable housing.

Also, in the past, Governor's homes have been moved into Milbank. These represent an affordable housing option that should be encouraged and supported.

12. Promote twin home/town home development

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

In many cities the size of Milbank, approximately 20% to 25% of the new ownership housing constructed are twin homes/town homes. In Milbank, from 2015 to 2021, only four new housing units have been constructed in two twinhomes and these units are renter-occupied.

In 2021, Milbank had an estimated 570 households and Grant County had approximately 1,125 households in the 65 and older age ranges. These age ranges are expected to have an increase of households in Milbank and Grant County 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 new owner-occupied twin homes or town homes could be constructed in Milbank annually over the next five years for a total of 20 units. Our projection is based on the availability of an ideal location for twin home/town home development as well as high quality design and workmanship.

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

Milbank'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. Development of owner-occupancy workforce housing

Findings: The City of Milbank and the Grant County Development Corporation have an interest in workforce housing development. The State of South Dakota may provide funding in the future to assist with affordable housing development.

Recommendation: From 2022 to 2026, we are projecting that 10 to 15 workforce housing units will be developed. We recommend the following be considered in developing workforce housing:

- ▶ The development of single family homes, townhomes and detached townhomes should be considered
- ▶ To assure that the units are affordable, all funding sources should 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
- ▶ 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 Milbank 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

Milbank - Housing Rehabilitation

Housing Rehabilitation

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

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

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

14. Promote rental housing rehabilitation

Findings: Based on the U.S. Census data, the City of Milbank had approximately 610 rental units in 2022. These rental buildings are in multi-family projects, small rental buildings, duplexes, single family homes and mixed-use buildings. Many of these rental structures could benefit from rehabilitation as more than 50% of all rental units in the City are more than 40 years old and some are in need of improvements.

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

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

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

15. Promote owner-occupied housing rehabilitation efforts

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

According to the American Community Survey, approximately 50% of all owner-occupancy houses in the City are more than 50 years old. A substantial percentage of homes in Milbank’s older neighborhoods need minor or major repair. Without rehabilitation assistance, the affordable housing stock will shrink in Milbank.

The City has been working with housing agencies and households to rehabilitate homes in Milbank.

Recommendation: We recommend that the City of Milbank, the Milbank Development Corporation and the Milbank Housing Authority 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, Grow South Dakota, HAPI, Inc., and Inter-Lakes Community Action Partnership are potential funding sources.

Grow South Dakota and Inter-Lakes Community Action Partnership currently have several housing programs to assist households with the rehabilitation of their homes including the Self Help Rehabilitation Program and programs utilizing Home and CHIP funds. Also, Grow South Dakota provides Weatherization funds for Milbank and Grant County.

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

16. Develop a Neighborhood Revitalization Program

Findings: The City of Milbank 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 City of Milbank, area housing agencies, and the private housing sector continue these efforts and select a neighborhood and develop and implement a Neighborhood Revitalization Program. Potentially, the neighborhood could be a consolidation of the four neighborhoods that were surveyed.

Redevelopment strategies and opportunities should be identified including:

- ▶ A plan for each parcel in the neighborhood
- ▶ 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 rezoning, variances and/or replatting 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.

17. Develop a Rental Inspection and Registration Program

Findings: A Rental Inspection and Registration Program can be a valuable tool in improving the quality of the City's rental housing. It is estimated that there are approximately 610 rental units in the City of Milbank, many of which are more than 30 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. Also, our housing condition survey identified substandard rental units.

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 Milbank is more than 30 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, rental property owners may 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 Milbank's buyers want more amenities and conveniences, and less maintenance, thus, they are less likely to purchase older homes. 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

- ▶ Milbank has a significant number of rental property owners. Many of these rental property owners 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 recommend the development and implementation of the Rental Inspection and Registration Program to assure that all rental units in Milbank comply with housing laws and codes. The Program assures that Milbank rental units are safe and sanitary, thus, removing blighted and unsafe conditions.

Milbank - Other Housing Initiatives

Other Housing Initiatives

18. Continue to acquire and demolish dilapidated structures

Findings: There are single family houses in the City’s oldest neighborhoods that are dilapidated and too deteriorated to rehabilitate. There are also single family houses in Milbank as needing major repair and some of these homes may be too dilapidated to rehabilitate. To improve the quality of the housing stock and to maintain the appearance of the City, dilapidated structures should be demolished.

Recommendation: We recommend that Milbank work with property owners on an ongoing basis to demolish dilapidated homes. The appearance of the City is enhanced when blighted and dilapidated structures are removed. Also, some of the cleared lots can be utilized for the construction of new affordable housing units.

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

19. Continue to plan a coordinated effort among housing and economic development agencies

Findings: Milbank will continue to need staff resources in addition to existing City, Grant County Development Corporation and Milbank Housing Authority staff to plan and implement many of the housing recommendations advanced in this Study. The City of Milbank has access to Grow South Dakota, HAPI, Inc., the South Dakota Housing Development Authority, USDA Rural Development and Dakota Resources. These agencies all have experience with housing and community development programs.

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

It will also be important for the City of Milbank 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.

20. Encourage employer involvement in housing

Findings: The City of Milbank has several large employers. The connection between economic development and housing availability has become an increasingly important issue as low area unemployment rates dictate the need to attract new workers into the community. Housing for new employees is a concern for employers, thus, it may be advantageous for employers to become involved in housing.

Valley Queen, Milbank's largest employer in the past, has been involved in addressing the need for employee housing.

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

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

Employers can also continue to support other city projects such as trails, parks, ball fields, etc., that directly have a positive impact on housing in Milbank.

21. Strategies for downtown redevelopment and commercial development

Findings: The City of Milbank's downtown has buildings that have been renovated and have high quality commercial space. There are also buildings that need renovation. This recommendation provides an outline of actions that could be taken to complement the ongoing renovation and redevelopment initiatives that are ongoing to renovate the downtown, to maximize the usage of downtown buildings and to promote new downtown businesses.

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

In addition to the City's downtown, Milbank has other commercial areas.

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

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

- ▶ Identify funding sources
 - ▶ Property owner funds
 - ▶ City of Milbank
 - ▶ Grant County Development Corporation
 - ▶ Federal Home Loan Bank
 - ▶ Milbank Chamber of Commerce
 - ▶ Special tax districts
 - ▶ Tax increment financing
 - ▶ Tax abatement and deferment
 - ▶ Funds from South Dakota State Agencies

- ▶ Work with stakeholders to identify roles, secure funding, develop and implement programs and projects
 - ▶ Property owners
 - ▶ City of Milbank
 - ▶ Milbank Chamber of Commerce
 - ▶ Grant County Development Corporation

The City of Milbank, the Milbank Chamber of Commerce and the Grant County Development Corporation should also continue to work with the building owners, businesses and land owners to construct new commercial buildings and to encourage new businesses to locate in the City's other commercial areas.

22. Develop home ownership and new construction marketing programs

Findings: With the downturn in the housing economy, the competition among cities for households looking to buy or build a home has been greater than in the past. Also, some cities have an excess inventory of residential lots, homes for sale, vacant homes and homes in foreclosure. Additionally, households are evaluating the appropriate timing to buy or build a home.

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

Recommendation: The City of Milbank, the Grant County Development Corporation and the Milbank Chamber of Commerce have been active in promoting and marketing housing in Milbank. We recommend the continuation or consideration of the following:

- ▶ Determine the City’s strengths and competitive advantages and heavily promote them
- ▶ Continue to create marketing materials that can be distributed regionally (including internet, TV, radio, etc.)
- ▶ Work closely with employers (Milbank and the entire region) to provide employees with housing opportunities in Milbank
- ▶ Work with housing agencies to provide down payment assistance, low interest loans, gap financing, home owner education and home owner counseling programs
- ▶ Consider an annual Housing Fair that provides information on lots, builders, finance programs, etc. Developers, builders, lenders, realtors, public agencies and local businesses could participate
- ▶ Work with builders and developers to make the construction of new homes or rental units a very user friendly process
- ▶ Continue to develop new home construction and home purchase incentive programs
- ▶ Continue to work on the creation of jobs and the development of retail, service and recreational opportunities that make the City a “full service” community
- ▶ Continue to provide attractive lots at an affordable price for a variety of home sizes, styles and price ranges
- ▶ Preserve the quality of existing neighborhoods through the rehabilitation of substandard housing and the demolition of dilapidated structures that are beyond repair
- ▶ Continue to develop new housing choices that serve life-cycle housing needs, such as new rental housing, twin homes, senior with services housing, etc.
- ▶ Review the City’s policies and fees to assure that they are user-friendly, fair and receptive for developers, builders and households
- ▶ Develop a coordinated housing plan with the private sector and area housing agencies

Agencies and Resources

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

Grow South Dakota

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

Inter-Lakes Community Action Partnership

111 North Van Eps
PO Box 268
Madison, SD 57042
(605) 256-6518

South Dakota Housing Development Authority

PO Box 1237
3060 East Elizabeth Street
Pierre, SD 57501
(605) 773-3181

USDA Rural Development

810 10th Ave. SE
Watertown, SD 57201
(605) 886-8202